

Foundations Step Up Spending on Efforts That Augment Grant Making

By Marty Michaels

Foundations have increased their spending on conferences, training, and other “direct charitable activities” that complement grant making, according to a new report by the Foundation Center, in New York.

But while expanding numbers of foundations are engaging in such activities, the center says it has traditionally been difficult to track such spending for several reasons, including limitations in the Form 990-PF, the informational return that private foundations file annually with the Internal Revenue Service.

While the definition of such activities is broad, the survey found the three most prevalent types to be holding conferences and other events, providing training and other assistance to grant recipients, and supporting the service of foundation staff members on the advisory boards of other charities or public commissions.

For example, the report highlights the Rockefeller Brothers Fund’s Pocantico Conference Center, which in 2005 held 56 confer-

ences where nonprofit and government officials met to examine issues crucial to the fund’s grant making, which focuses on social justice. In another example, the Skoll Foundation supplements its work to advance social entrepreneurship with Social Edge, its online forum for entrepreneurs, nonprofit professionals, and philanthropists.

The report was based on results

of a 2007 survey of more than 900 of the 3,000 foundations that give the most to charity. This includes 684 independent and family foundations, which the survey found most likely to be involved in “hands on” charitable programs that augment their grant making.

Among the report’s findings:

- Foundations with greater assets are more likely to engage in direct charitable activities. While

25 percent of the independent and family foundations surveyed operated such programs, the percentage rose to 50 percent among those giving \$10-million or more annually, and dropped to 12 percent for those with giving of less than \$1-million.

- Six out of 10 independent and family foundations involved in direct charitable activities increased such programs over the past five years.

- Of all grant makers, community foundations were the most likely to cite increases in direct charitable activities over the past five years, with 75 percent saying they had done so.

“These activities represent an increasingly hands-on approach by foundations and explain in part their need for professional staff,” said the report’s author, Loren Renz, senior researcher for special projects at the Foundation Center.

While the practice is not new, Ms. Renz said that such “hands on” practices are “certainly char-

acteristic of what we think about with younger foundations and their involvement in other kinds of philanthropy.”

Ms. Renz said that it is increasingly important to understand how much foundations spend on such efforts, especially as lawmakers and regulators have raised questions about spending by grant makers.

“If they’re going to do that,” she said, “they need to understand that beyond looking at grants, they also have to have a way to measure how much of administrative expenses are really involved in running programs, which are costly and involve staff as well as consultants and potentially many other types of expenses.”

The report, “More Than Grant-making: A First Look at Foundations’ Direct Charitable Activities,” is available for download on the Foundation Center’s Web site at <http://foundationcenter.org/gain/knowledge/research/specialtrends.html>.

Types of Direct Charitable Activities Supported by Grant Makers

	All foundations	Foundations that give \$10-million or more	Foundations that give \$1-million to \$9,999,999	Foundations that give less than \$1-million
Holding educational conferences or cultural events	71.7%	74.6%	78.4%	52.8%
Providing technical assistance or training to charities	59.0	69.8	54.1	50.0
Supporting the service of foundation staff members on advisory boards of other charities or public commissions	49.7	55.6	54.1	30.6
Publishing and disseminating research to the public	31.2	36.5	31.1	22.2
Conducting research that goes beyond assessment of potential grants	30.6	34.9	32.4	19.4
Maintaining facilities used for direct services	20.2	46.0	8.1	0.0
Operating direct-service programs	7.5	9.5	5.4	8.3
Other	10.4	11.1	9.5	11.1

SOURCE: Foundation Center