

# General Operating Support

## Grantmaker Policies and Practices

 Institute for Nonprofit Organization Management

# What is general operating support?

*General operating support is defined as income that can be used flexibly, with no strings attached from the funding source.*

# Methodology

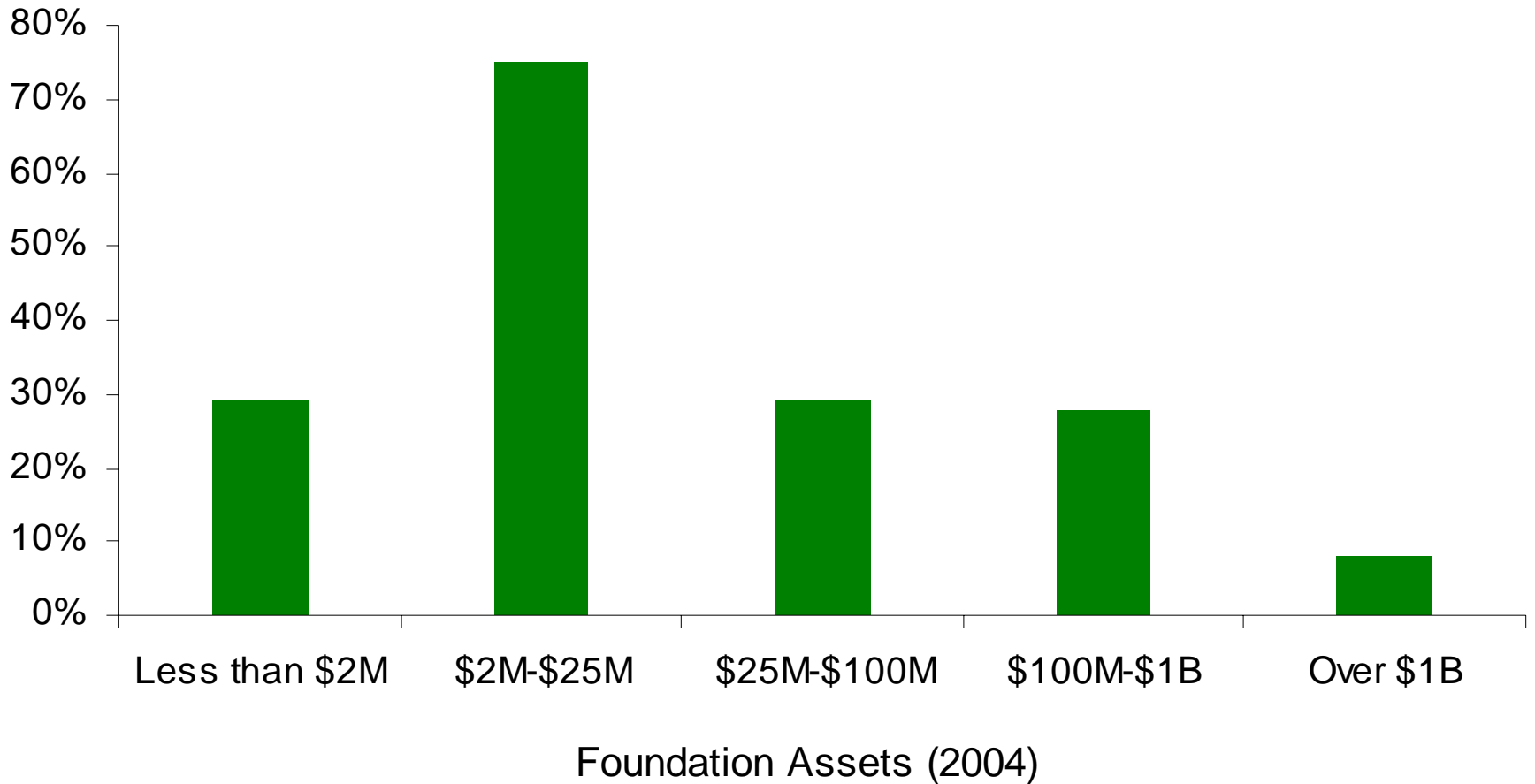
- Multi-method approach
  - Mail survey to 500 California foundations
  - Three focus groups of foundation executives and board members
  - Individual interviews of four foundation executives

# Survey Mailing

- Survey sampled 500 CA foundations
  - Included all 342 members of various Regional Associations of Grantmakers throughout CA
  - Additional random sample of 158 private foundations from NCCS database
- 203 foundations responded (43% response rate)

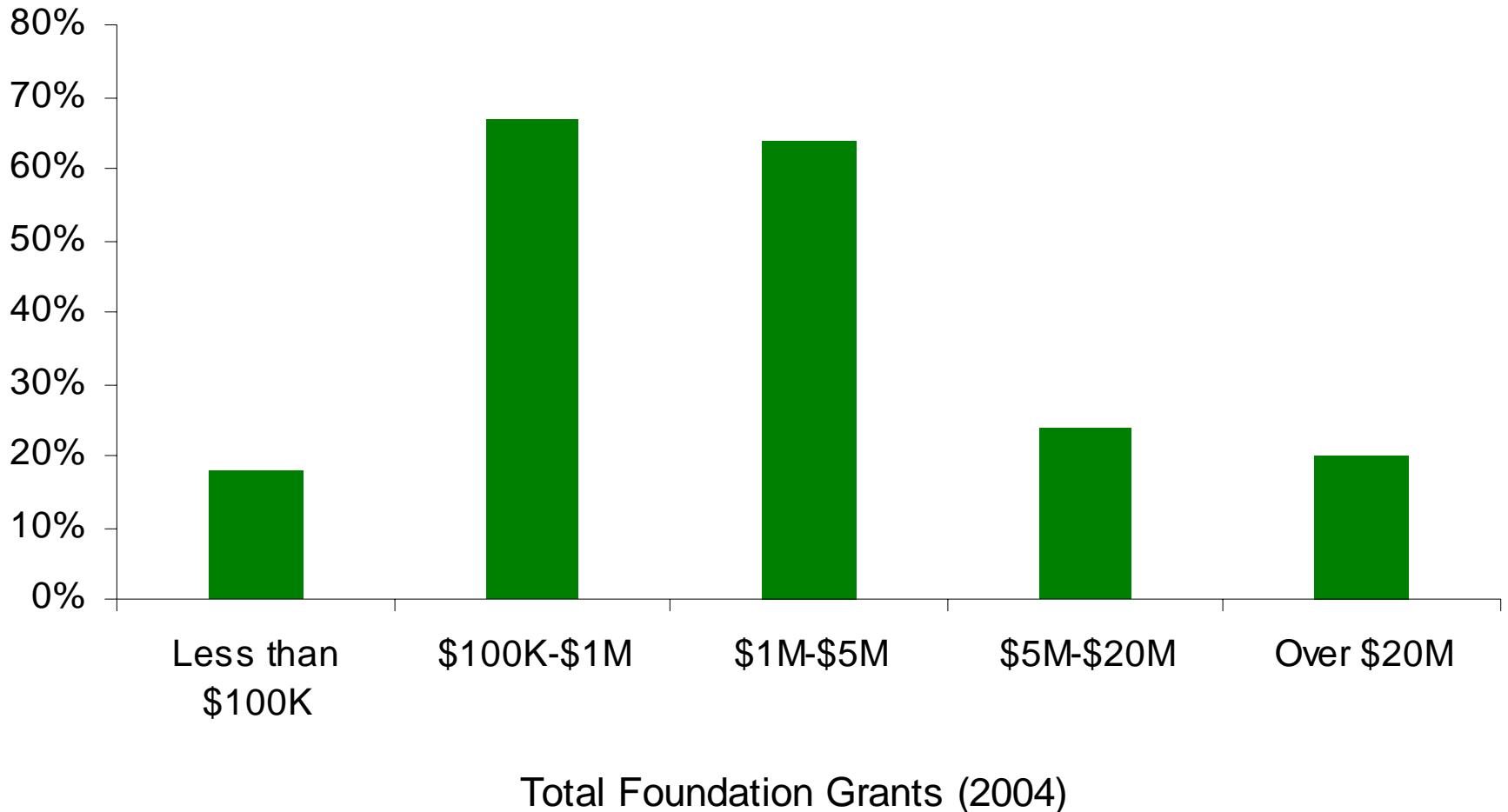
# Survey Respondents

## Most Responding Foundations were Small



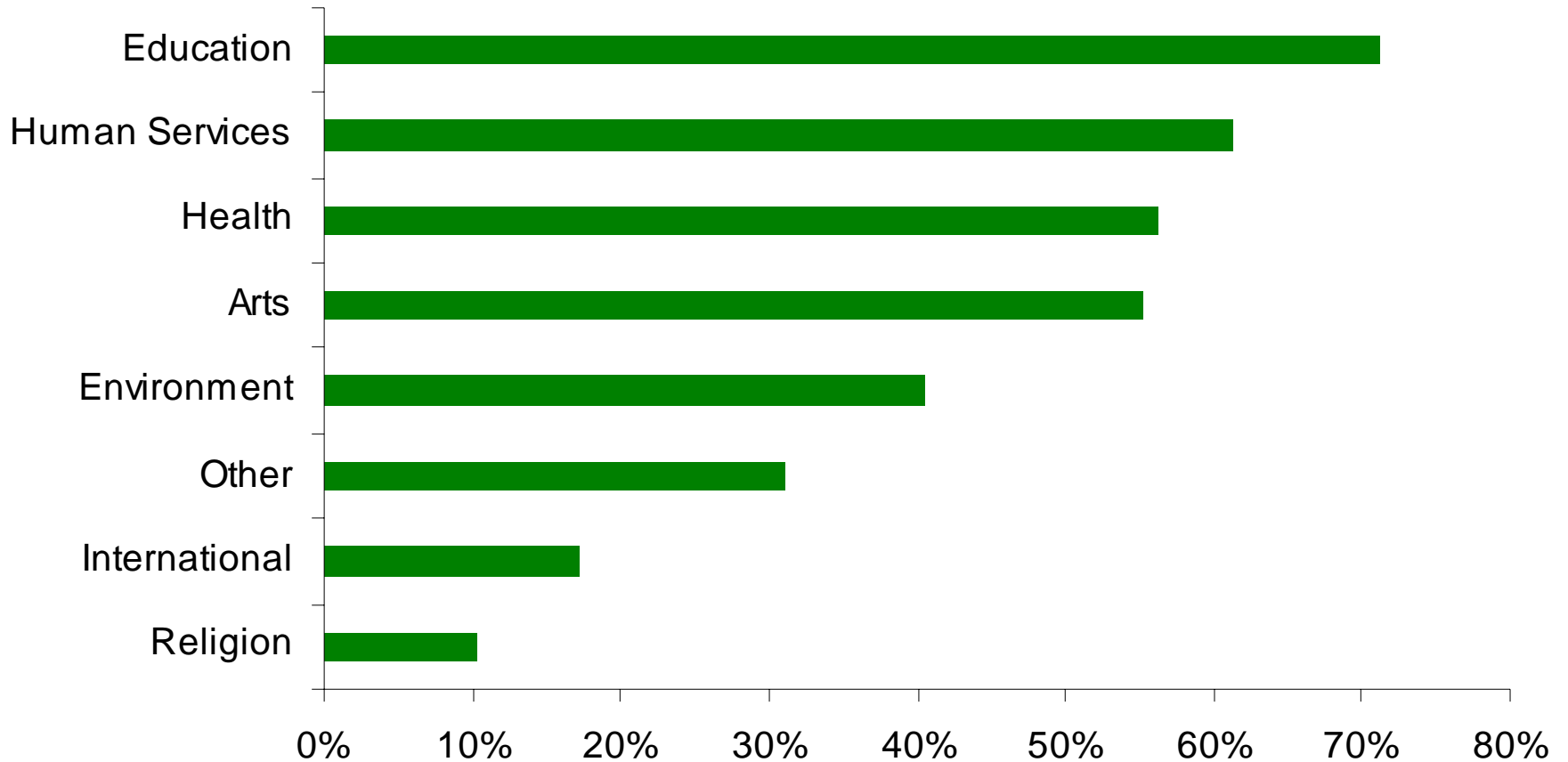
# Survey Respondents

## Few Foundations Exceeded \$5M in Annual Grants



# Survey Respondents

## Education and Human Services Dominate Programs

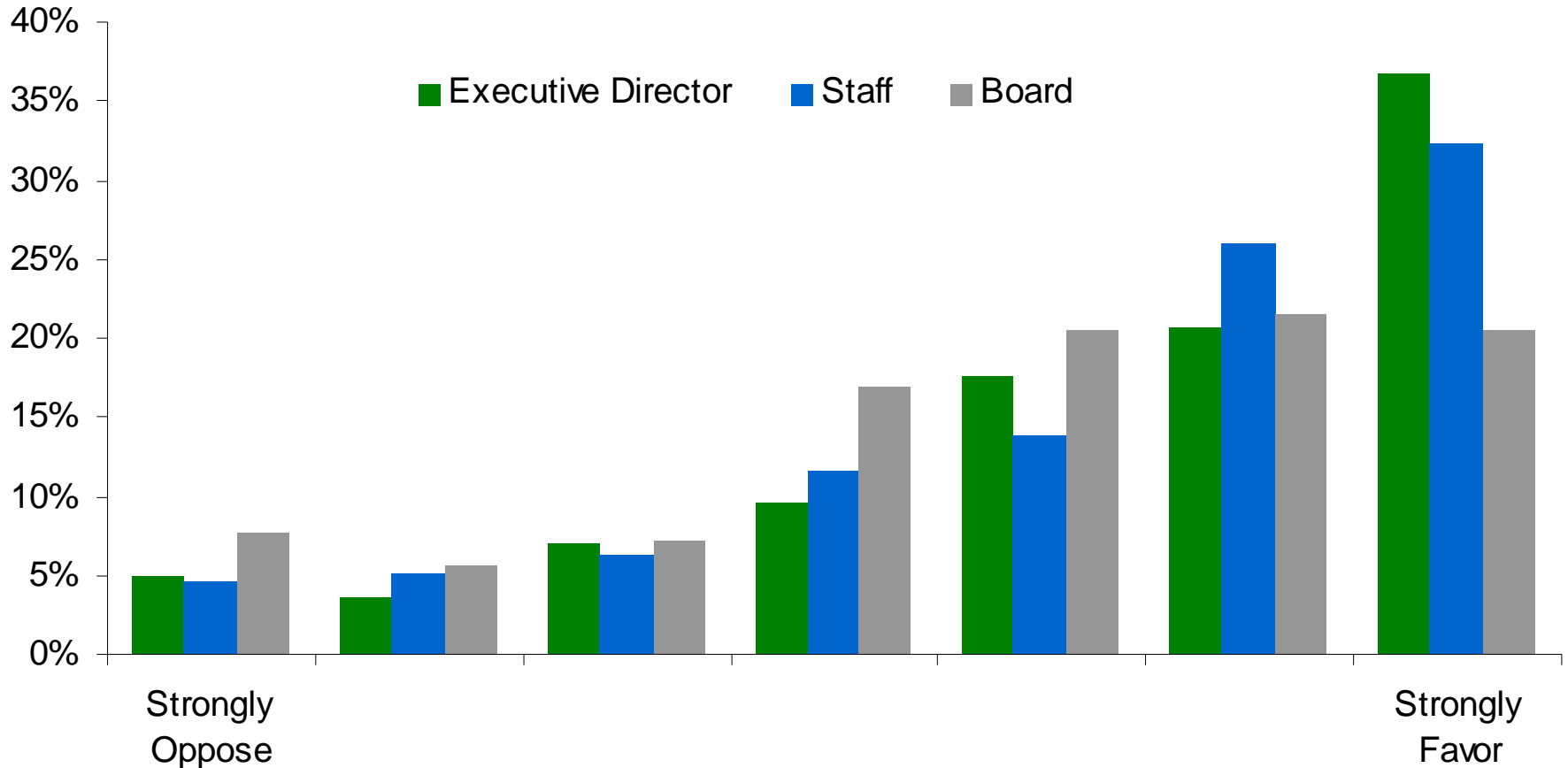


# Foundations “Do” It

- Foundation Center data shows that 68% of foundations made general operating support grants in 2005
- Urban Institute study (2004) found that 70% of surveyed foundations make general operating support grants “sometimes” or “often”
- 78% of the foundations participating in our survey said they made general operating support grants

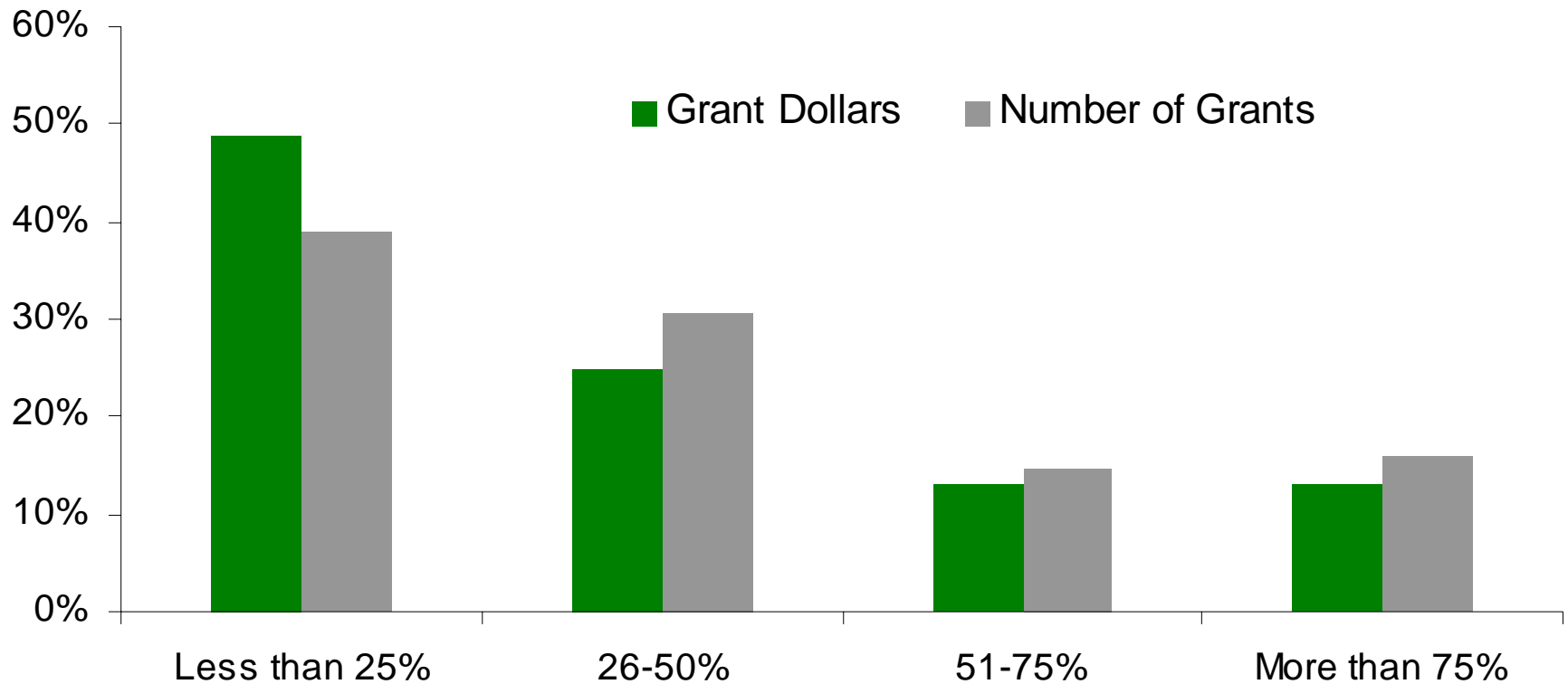
# Survey Findings

## Opinions Regarding General Operating Support Vary Within Foundations



# Survey Findings

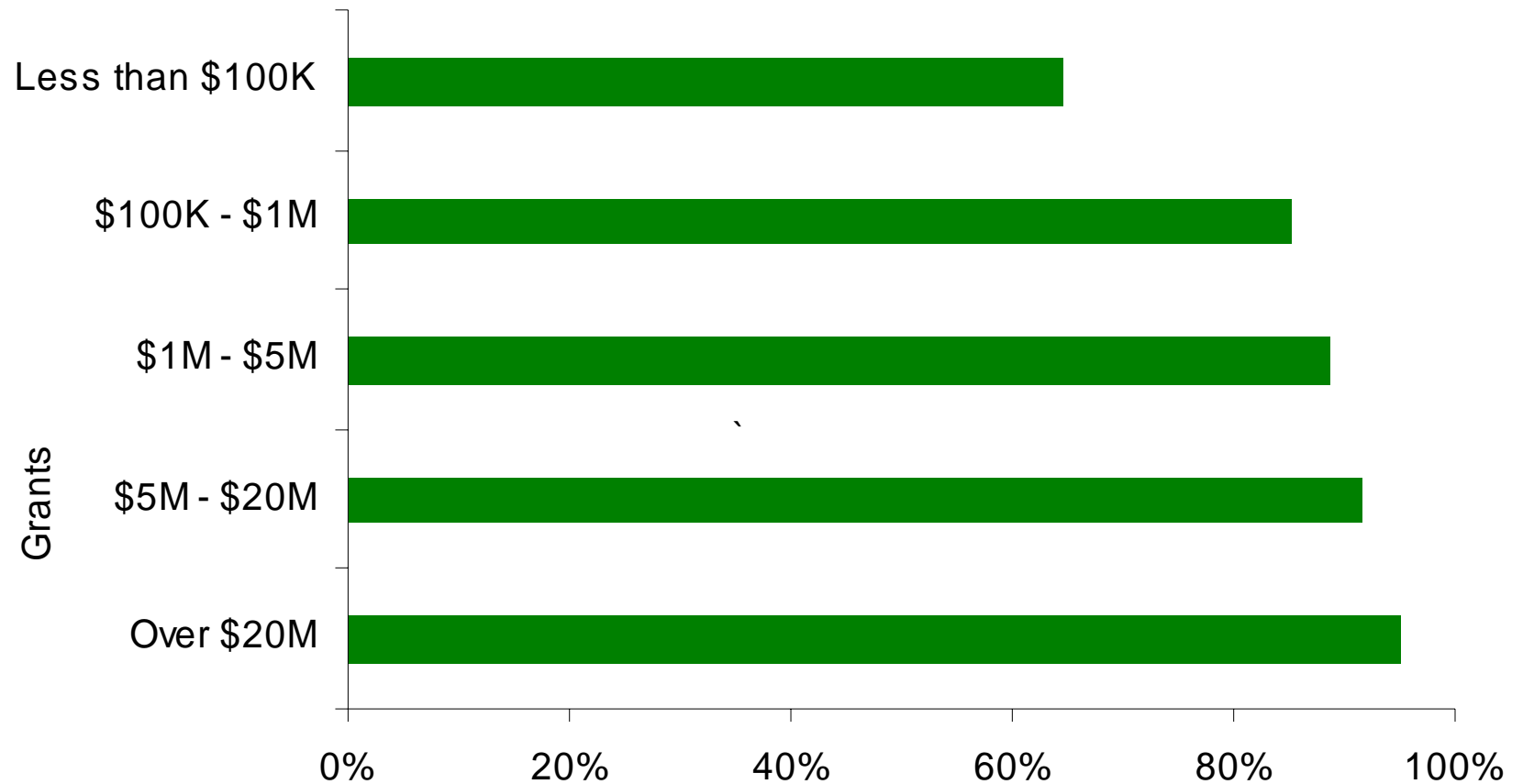
## Small Percent of Grants were Awarded for General Operating Support



General Operating Support Giving in Proportion to Total Foundation Giving

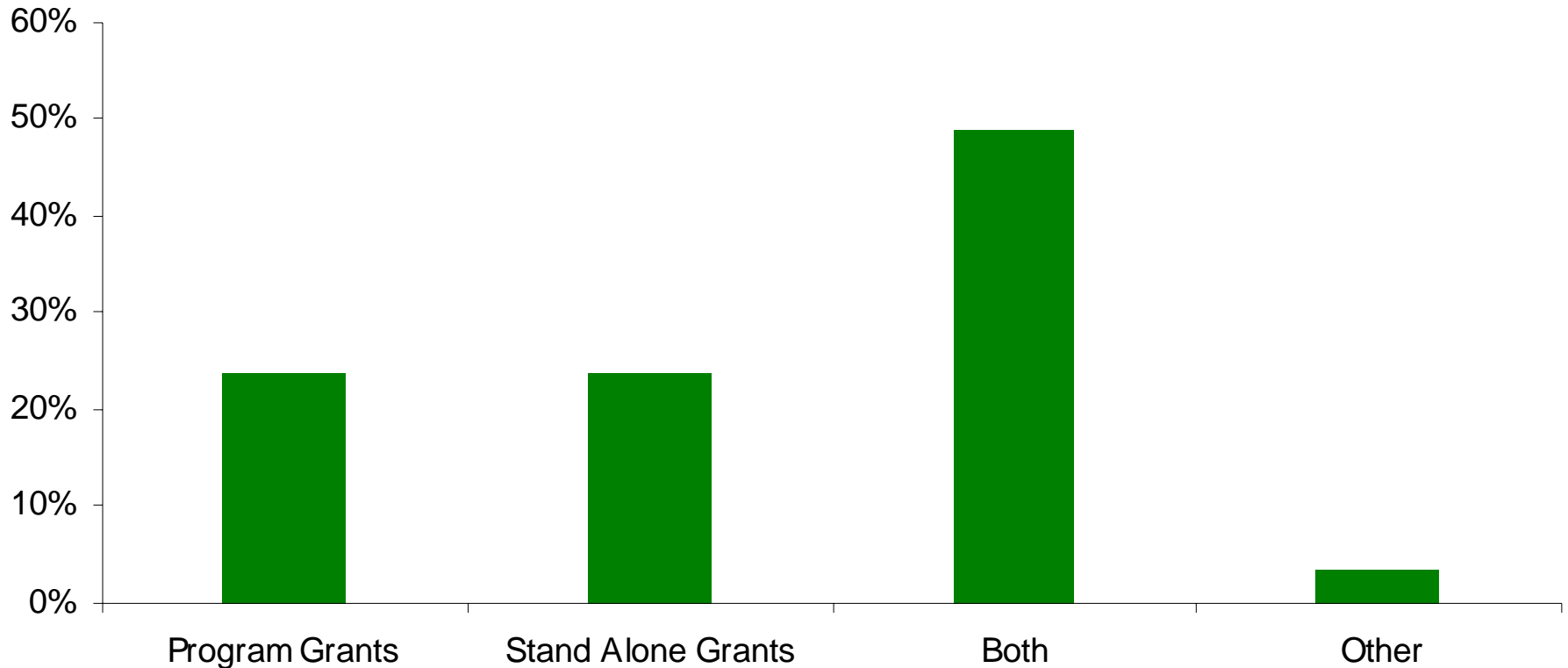
# Survey Findings

## Larger Foundations are More Likely to Make General Operating Support Grants



# Survey Findings

## How Does Your Foundation Prefer to Structure General Operating Support?



# Why do foundations make general operating support grants?

- Strategic grantmaking
- Funding for new organizations or for organizations in times of transition
- Understanding that there are some expenses that cannot be adequately covered under restricted expenses
- Interest in policy and advocacy

# What do foundations fear about general operating support grants?

- Fear of dependency
- Bailing out an organization destined to fail
- Hard to evaluate the success of the grant
- Uncertain that the funds will be spent in a manner in accordance with the strategic objectives and mission of the foundation

# Outcomes of General Operating Support Grants

- Better relationships between funders and grantees
- Increased focus on nonprofit mission
- Foundation boards focus more on the core strategy and mission of the foundation

# So what should a nonprofit do?

- Recognize that foundations do make general operating support grants
- Seek foundations whose mission is aligned with that of the nonprofit
- Understand that trust is key

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