

## Project Streamline: Principles in Practice

### Should Reporting on Operating Support Be Simpler?

If your organization has received general operating support from the Saint Luke's Foundation in Cleveland, you no longer have to submit a final budget report.

The shift was made over a year ago, when staff realized the report was not relevant when it came to general operating support grants. "In the proposal, we already ask them to list their annual operating budget and the lump sum they want from us," Peg Butler, grants manager at Saint Luke's, says. "At the end of the grant, we don't need to know what they're spending on, itemized."

As funders take a step back to examine their processes and requirements, many are questioning the value of grant reports for general operating support, wondering if the two main purposes of such reports—compliance and evaluation—apply. For example, an organization receiving general operating support is considered in compliance as long as it operated during the grant period with no major changes to its tax status or mission. And, while the organization's programs may have specific outcomes, operating support does not have a direct, cause-and-effect connection to them that can be evaluated.

With operating support accounting for 19 percent of grants given by foundations<sup>1</sup>, eliminating the report requirement presents a significant streamlining opportunity.

With this in mind, some grantmakers have decided to combine the final grant report with the new application when general operating support is likely to be renewed, lowering the amount of overall paperwork required.

One example is the Gaylord and Dorothy Donnelley Foundation in Chicago. After participating in the Center for Effective Philanthropy's grantee perception survey, the Foundation discovered that its grantees in the arts, the majority of which reapplied every year, gave the Foundation much lower scores than the rest of its surveyed grantees when it came to the application process. Donnelley Foundation staff realized that, for these renewing grantees, the standard form was too time-intensive and burdensome.

By taking information from both application and renewal forms, they were able to **create a new combined form** for its arts grantees. One new question asked: What has been their biggest challenge this year? "We always get really interesting answers to this," says Susan Clark, the Donnelley Foundation's grants manager. "A lot of the responses have to do with staff rebuilding, or their technology is dragging them down, or plans for a capital campaign. It's good for us to know as grantmakers."

The challenge question has also changed parts of the Donnelley Foundation's grantmaking. "We used to do matching grants a lot," says Clark, "but we started doing less because of comments on the form and other reviews that said matching was harder to sustain and count on."

The Bush Foundation in Saint Paul also combines year-end and renewal reports for its Regional Arts Development Program grants. These grants are 10-year long strategic commitments for arts organizations, broken up into initial 12- to 18-month entry grants, then three-year implementation grants. For each grant in this sequence, organizations submit a combined form, which includes a narrative account of any actions taken to overcome the unexpected during the grant period.

According to grants administrator Erin Dirksen, the change happened in 2004, when Bush Foundation grantees expressed frustration at the redundancy of the final report and renewal application that were both due at the same time. The new single form creates a one-step system in Bush Foundation grantmaking. "When we receive this final form, we mark it as 'done' in our grants database and open a new pending grant request at the same time," according to Dirksen, who says streamlining this part of the application saves staff time and limits grantee frustration.

For years, the Roy A. Hunt Foundation in Pittsburgh has been using a simple approach to track use of general operating support funds: asking for grantee organizations' annual report publications. "Our general operating support grants are made with the understanding that the trustees must embrace the mission of the organization," said executive director Bea Carter. "The annual reports, over time, tell us if the organization is on or off course."

What about for grantmakers that offer multi-year operating grants? The McKnight Foundation in Minneapolis no longer requires a final report for general operating funds, but it does require interim reports to "check-in" with grantees before the next check is released.

McKnight Foundation staff have found that making these changes is only half the battle. Communicating about the changes is the other half, even when making changes that are beneficial to grantees, according to their grants administration manager Stephanie Duffy. The more opportunity for feedback between grantees and funders, the better streamlined the application and reporting process can be, and the further the general operating support can go.

<sup>1</sup>Foundation Giving Trends (2009 Edition), Foundation Center