Project Streamline

Drowning in Paperwork, Distracted from Purpose

Challenges and Opportunities in Grant Application and Reporting

Snapshot of Key Findings and Recommendations

Our sector faces an effectiveness paradox. Funders, striving to be strategic and diligent, adopt what seem like sensible application and reporting requirements. But these practices—multiplied by thousands of grantmakers—place a heavy burden on organizations seeking funding, hampering their ability to be efficient with their time and effective in their missions. *Project Streamline,* a collaboration of eight prominent organizations representing grantmakers and grantseekers, will engage grantmakers and grantseekers over the next year in a conversation about improving grant information gathering for a stronger, more effective sector.

Key Findings

Our study found ten ways that the current system of grant application and reporting creates significant burdens on the time, energy, and ultimate effectiveness of nonprofit practitioners.

> "We assume that they feed everything to a giant fiery furnace"
>
> —Nonprofit Executive

1 **Enormous Variability** Nonprofits encounter a dizzying range of practice when it comes to the types of information they are required to gather.

2 **Requirements Aren't "Right-Sized"** Most foundations don't vary their requirements depending on the *size* of the grant given, the *type* of grant given, or their *relationship* with the grantee.

3 **Insufficient Net Grants** Nonprofits must weigh the possibility of funding against the cost of seeking it. At times, the net grant isn't worth the effort.

4 **Outsourced Burdens** Grantmakers commonly "outsource" administrative and evaluative work to grantseekers without compensating them for their time and effort.

5 **Trust Undermined** Many nonprofits believe that foundations do not trust them and interpret application and reporting burdens as evidence of that distrust.

6 **Reports on a Shelf** Few foundations use grant reports strategically, either to influence future grantmaking or to share with the field. In fact some aren't even read.

7 **Fundraising Gymnastics** Application and reporting requirements can cause nonprofits to reinvent themselves and develop strategies that are the opposite of what foundations intend.

8 **Due-Diligence Redundancy** Grantmakers tend to play it safe at the recommendation of their legal and financial advisors, requiring redundant and often unnecessary documentation from grantseekers.

9 **Double-Edged Swords** Some streamlining strategies, notably online applications and common grant applications, have created new issues for grantmakers and grantseekers alike.

10 **Time Drain for Grantmakers, Too** Funders struggle with inefficiencies too, including time spent tracking down paperwork. Indeed, 13 percent of foundation dollars are spent on grants administration.

Recommended Core Principles and Practices

What can grantmakers and philanthropy associations do to continue reducing the burden on nonprofits and free up more time and money for mission-based activities? Our research suggests four core principles grantmakers can adopt to relieve the burden on nonprofits. Each principle encompasses a range of concrete practices that could be implemented, examples of which are listed below.

1 **Begin from zero** Begin with a rigorous assessment of what kind of information is really needed to make grantmaking decisions. Ask: Are we really going to use this? Is there another way we can get it? Have we sufficiently explained to our grantees why we need it?

- Separate basic due-diligence requirements from program assessment and treat them differently

2 **Right-size grant expectations** Ensure that the effort that grantseekers expend to get a grant is proportionate to the size of the grant, appropriate to the type of grant, and takes into consideration any existing relationship with the grantee.

- Develop a streamlined application and reporting form for small grants
- Ensure that reporting requirements are congruent with the grant
- Store appropriate grantee information so that repeat grantees can provide updates without resubmitting

3 **Relieve the burden on grantees** Minimize the amount of time, effort, and money that grantseekers spend getting and administering grants, creating more time for mission.

- Stop outsourcing basic administration, including requirements such as multiple copies of application and reporting documents
- Take advantage of technology, including accepting applications and reports electronically
- Use GuideStar, the IRS Business Master File, or IRS Publication 78 to verify grantee status
- When possible, accept common applications/reports and existing grantee materials
- Streamline processes for seeking project timeline extensions and budget modifications
- Consider a two-part grantmaking process with a short letter of inquiry or concept paper
- Pay for specific evaluation measures if they are required

4 **Make communications and grantmaking processes clear and straightforward**

- Seek feedback from grantees and applicants, preferably from a third-party evaluator
- Conduct a business process review and objective audit of foundation's information needs
- Communicate clearly and regularly with grantees. Make sure that web and print materials are accurate, up-to-date, and easy to access

"We prefer to limit the amount of time busy grantees spend raising money and encourage more time achieving their goals"

—Grantmaker

www.projectstreamline.org

Project Streamline is a collaborative initiative of the Grants Managers Network, in partnership with the Association of Fundraising Professionals, the Association of Small Foundations, the Council on Foundations, the Forum of Regional Associations of Grantmakers, the Foundation Center, Grantmakers for Effective Organizations, and the National Council of Nonprofit Associations.