

Charities Want More Insight Into Grant-Making Decisions

By Maria Di Mento

Foundations may think they are meeting charities' information needs when they put their financial data on their Web sites. But a new study says nonprofit leaders want to know more about why some charities get support and some don't—and how grant makers assess which grantees are performing well and which aren't.

Eighty percent of the 138 nonprofit leaders surveyed by the Center for Effective Philanthropy said they want to hear more from grant makers about how they decided what to support. Such information, survey participants said, would help them decide whether their organization's work fits a grant maker's goals, and they would waste less time on applications that are likely to go nowhere.

Three quarters of charities said grant makers also need to be more open about changes within a foundation that may affect a charity's support.

“In general, nonprofits said there's very little communication from foundations about changes due to the economy that were going to affect their funding or their ability to be funded,” said Ellie Buteau, vice president of research at the Center for Effective Philanthropy, which conducted the survey. “If a foundation knows they're not going to be able to renew a grant or renew it at the same amount, the sooner they can let the nonprofit know, the more helpful it is.”

Learning From Others

Grantees in the survey also want to learn about other charities' successes and failures, and one of the best ways foundations can help them do that, they said, is by openly discussing their grantees' performance.

Among the findings:

- Close to 90 percent of charity officials in the poll reported that they wish foundations would talk more openly about grant making that didn't work; 77 percent said they would like foundations to get better at sharing their success stories.
- Nearly three quarters said they want grant makers to disclose more about how they evaluate the work they support and a grantee's performance.
- Eighty-seven percent of charities said they think foundations should be more open about how they determine their own performance, while 77 percent said they wish foundations would talk in public about their own impact.
- Only 29 percent of nonprofits said they understand exactly how foundations use the information their grantees are required to provide.

A free copy of the study, “Foundation Transparency: What Nonprofits Want,” can be found at the Center for Effective Philanthropy Web site.