

Multiyear Grants From Foundations Have Been Dropping Sharply

By Holly Hall

In a new analysis of grants by more than 1,400 foundations, the National Committee for Responsive Philanthropy found that multiyear grants to charities dropped by \$2.2-billion, or 32 percent, from 2008 to 2010.

Multiyear grants peaked in 2008 at a total of \$6.9-billion. But in 2009, they declined by 21 percent, to \$5.5-billion. They dropped again in 2010 to \$4.7-billion.

When the nation's largest grant maker, the Bill & Melinda Gates Foundation, is excluded from the analysis, the 2009 decrease is even bigger—33 percent. That year, the Gates foundation gave away \$2.9-billion in multiyear grants—more than half of the overall total.

In multiyear grant making, Gates is unusual indeed: Over all, 90 percent of foundations in the study did not report or make any multiyear grants from 2004 to 2010.

“Clearly multiyear grants are difficult for nonprofits to find,” the researchers write. “Without intentional effort on the part of trustees and staff of grant-making institutions to begin providing significant multiyear funding, nonprofit sustainability and impact will continue to be stymied.”

The analysis follows a recent study that showed a sharp decline in large gifts from individuals.

But there was some encouragement for nonprofits in a companion study the researchers conducted of 906 foundations. They found that grant makers gave \$3.4-billion more in highly coveted grants for general operating costs during 2008 to 2010 than during the period from 2004 to 2006. That's a 34-percent increase.

But while that might seem like good news for charities, the researchers were quick to point out that as a percentage of all grants, general-operating-support awards were actually stagnant during the recession, averaging 16 percent of annual grant dollars from 2008 to 2010.

The new report from the National Committee for Responsive Philanthropy is the second version of the research to be released; the first was recalled due to a programming error, the committee said.

Should foundations make more multiyear and general-operating-support grants? If so, how can charities persuade them to do so?