

# Providing Core Funding to Non-Profits

## A Review of the Research Landscape and the *Pilot Stewardship Works! Initiative*



**A Report produced for the Stewardship Centre of BC**

**Naomi Tabata, Coordinator**

583 Island Highway,  
Campbell River BC V9W 2B9

**By: Sue Staniforth**

**Staniforth & Associates**

**Environmental Education & Evaluation Consulting**

1248 Laurel Road

North Saanich BC V8L 5K8

Phone: (250) 655-6300

Email: [sstan@shaw.ca](mailto:sstan@shaw.ca)

March 2009

## Introduction

The *Stewardship Works!* (SW!) Initiative is a two-year pilot project overseen by the Stewardship Centre of BC, which provides core funding to selected stewardship groups across the province. The project's main goal is to build the capacity of volunteer groups by addressing their basic organizational needs. The project provides small amounts of core funding to nine stewardship groups around British Columbia for a period of two years. This report reviews the preliminary findings of the first year of the SW! pilot, and compiles some of the research literature and examples of other core funding initiatives and models elsewhere in Canada and the U.S. Evaluation reports of several core funding projects were reviewed, and several funders and stakeholders were interviewed to provide perspectives on their experiences. It is hoped that this report will serve to support the SW! initiative as it enters its second year, as well as provide a rationale and basis for initiating other core funding projects.

## Background

The *Stewardship Works!* initiative grew out of surveys and interviews spanning the past ten years, which found that acquiring core funding was the number one barrier that community-based stewardship groups currently experience (Anderson, 2003; Gardner, 2003; Harvey, 2004; Smailes, 2006). *Stewardship Works!* aims to address the basic organizational needs of frontline non-profit groups who provide valuable services to achieve their conservation and stewardship mandates. It addresses the need for core (operational) funding at the local level – a critical barrier to the effectiveness of community-based stewardship groups. The project was designed to give community-based environmental stewardship groups “a hand up instead of a handout”. An Advisory Committee, along with staff of the Stewardship Centre of BC and the BC Ministry of Environment and an evaluation consultant are providing administrative and logistical support to the pilot project.

This funding model is unique in that its goal is to build volunteer capacity of local groups by addressing their basic organizational needs, and not to provide project-based funding. The goal of this funding is to enable healthier groups that will be much more successful at delivering a wide range of projects. An annual grant of \$2,500 or \$5,000 was provided in March 2008 and February 2009. Funding was made available to organizations in each of the following regions:

- Upper Fraser (participant as of 2009)
- Cariboo-Chilcotin
- Thompson
- Fraser Valley
- North-North Coast
- Kootenays-Boundary
- Vancouver Island-Sunshine Coast (2 groups split the \$5,000)
- Okanagan
- Greater Vancouver-Squamish-Pemberton

The project is being tracked and evaluated by an evaluation consultant Sue Staniforth. The evaluation goals include conducting baseline data survey and needs assessments for the stewardship groups, measuring successes, capturing process decisions, quantifying the effects of core funding

through developing qualitative and quantitative indicators, and documenting lessons learned. The evaluation also hopes to provide a standardized reporting and assessment mechanism for stewardship groups applying for funding grants, and to set the stage for measuring the overall implementation of large scale provincial environmental/ stewardship outcomes.

## **What is Core Funding?**

Core funding. Operating support. General-purpose support. These phrases are often used to refer to the same thing: grants in support of a non-profit organization's mission rather than specific projects or programs. In this report, we use the phrase *core funding* to describe these grants. In 2003, an Independent Sector committee of grantmakers and non-profit leaders developed the "Statement on Guidelines for the Funding of Non-profit Organizations." It defined general operating support as follows: "...*funding directed to an organization's basic operational needs as a whole, rather than to particular projects*". (Brest, 2003).

The amount of overall grant funds devoted to core funding is very small – no specific data is available for British Columbia, but a major U.S. study found that less than 20% of grants from the largest 1,200 private and community foundations were for general operating support (Foundation Center, 2007).

The *Stewardship Works!* (SW!) project defines core funding as follows: "Core funding is small amounts of ongoing financial support for community-based groups to maintain and build capacity associated with managing, training, retraining, deploying and recruiting volunteers. Generally, core funding supports the capacity of groups and is not directly related to projects. Examples of activities covered by this definition include: office expenses such as telephone, heat, courier, computer upgrades, etc.; volunteer coordinator fees; part-time contractor; production of project fund-raising applications, training; travel; professional fees; insurance; etc." (from the SW! Proposal Application Letter; 2008). Stewardship groups participating in the pilot spent the monies during the first year primarily on administration costs, office expenses, salaries, fund raising and marketing/outreach.

Paul Brest, president and CEO of the William and Flora Hewlett Foundation, distinguishes two types of general operating support: *unrestricted* and *negotiated*. The latter, he says, is "based on an agreed-upon strategic plan with outcome objectives." In providing negotiated core funding, Brest says, "...the funder engages in a due diligence process, which culminates in an agreement about what outcomes the organization plans to achieve, how it plans to achieve them, and how progress will be assessed and reported." (Brest, 2003).

The funds provided through the SW! project were of this negotiated form – stewardship groups were provided with a list of things they could spend the core funding money on with some negotiable flexibility, and had to commit to baseline data collection, participation in telephone research interviews and focus groups, brief interim and final report, and the collaborative development of impacts and indicators of success.

## **Core Funding and Overhead Costs**

Core funding should not be confused with funds included in project grants to cover overhead. These funds usually are restricted to operational costs associated with a specific project. Research shows that grantmakers rarely cover all the associated direct and indirect costs of funded projects, making

core funding that much more essential (York, 2005). Moreover, many funders seem to regard overhead or basic operating costs as a poor use of their funding, making the acquisition of these funds that much more difficult.

*“The general view of donors, the media, and even many of the organizations that evaluate and rate nonprofits is that overhead is bad and therefore less overhead is always better. While understandable, such thinking is self-defeating – and it represents one of the major obstacles to remedying the leadership deficit.”*

– Thomas Tierney, The Bridgespan Group (as quoted: GEO, 2007)

In recent years, donors have focused on overhead as an indicator of organizational effectiveness. The lower the overhead, the thinking goes, the more effective the organization. Donor reluctance to fund overhead was cited in a December 2006 *Wall Street Journal* article:

*“Many givers have chosen to support charities that spend only a tiny fraction of their budget on overhead expenses, such as staff pay and facilities, while others have imposed restrictions on how their gifts could be spent.”*

The concern about overhead has led many grantmakers not to fund any indirect costs in their program grants, or to add a fixed percentage to cover the costs of operating the project. Evaluation research on non-profit success states that is crucial to pay attention to how charities spend their money, but not through using overhead as a measure for performance. The measure of a non-profit’s success should be social outcomes. As one funder stated:

*“grantmakers should focus on the ends, not one of the means” (GEO, 2007).*

According to the 2007 GEO report, the biggest problem with adding a fixed percentage (say, 10 or 15 percent) to program grants for overhead or operating costs is that it is usually not enough. The Non-profit Overhead Cost Project found that large grants for program services *“tended not to include their fair share of the organization’s administrative costs.”* A complicating factor is that no standard exists for calculating overhead. Foundation CEO’s surveyed reported providing for overhead costs of 10 to 30 percent of a grant amount; some said they refuse to fund any overhead. However, non-profits can also be their own worst enemies in this area, by underestimating overhead costs in grant budgets. More explicit tracking of expenses and activities would improve transparency for both grantees and funders.

### **SW! Participant Reporting: A Fine Balance**

The *Stewardship Works!* participants were required to agree to some specific reporting and participation elements in order to receive the core funding grants. This data was requested to enable important documentation of groups’ progress and challenges, ensure collaborative development of assessment criteria, and provide evaluation information around the process and funding impacts. However, the project Advisory Committee and stakeholders were well aware that report writing could easily “use up” the core grant funds by creating excessively arduous reporting conditions. Therefore, baseline data collection was accomplished through telephone interviews conducted by the project evaluator, and on-line templates were developed for both the interim and final reports. To assist groups further, the final report template provided the groups with their interim report data and requested updates and additional qualitative and quantitative impact information. (See Appendix 1 for report templates). The final reports’ questions and indicator elements were developed from work

completed at the November SW! meeting in Kamloops, BC, where project stakeholders were brought together to share learnings and collaboratively develop project impacts and indicators.

## ***Stewardship Works! Year One Conclusions***

### **Core Funding Grants are Supporting Groups' Basic Work**

*“Providing general operating support is critical to achieving organizational effectiveness,”*  
- Paul Shoemaker, executive director, Social Venture Partners, Seattle.

All the short term and long term measurement indicators, as well as the qualitative and quantitative impacts noted by the SW! participants point to a range of positive and far-reaching outcomes of providing core funding to stewardship groups. Everything from increasing a group's viability through enabling it to apply for additional grants, to increasing its community profile and volunteer satisfaction support the main objective of the *Stewardship Works!* initiative – to provide core funding in order to build healthier stewardship groups that will be more successful at delivering a wide range of projects.

The most commonly cited quantitative indicators of the success of providing core funding were increases in the number of grants applied for (and received), increases in the number of public planning processes participated in, and in the number of events and workshops held. These activities are at the core of stewardship groups' sustainability and mission. Building relationships and partnerships with other groups, attracting new members and volunteers, and increasing public awareness of stewardship issues were also cited, and also speak to groups' main mission and objectives. It seems from this preliminary data that providing core funding to the stewardship groups enabled them to “get on with their work” – the business of public engagement in stewardship. Core funding support also allows non-profits the flexibility to direct their spending where it is needed and to address key infrastructure issues.

### **Positive Impacts on Volunteers and Staff**

Seven of the eight participating SW! groups highlighted two main areas where the grants directly supported their volunteers:

- an increased ability to attend and host public events and programs, meaning more public presence to attract and engage both new and current volunteers, and
- funding to host appreciation events and gifts for volunteers, to recognize and celebrate their accomplishments.

Improvements in volunteer management was also seen as a significant impact, as support for volunteer coordinators, and more training, resources and recognition all contributed to happier and more productive volunteers. Positive perspectives of long term volunteers, directors and members were cited by half the groups as important qualitative indicators of the grant's success This also speaks to the sense of sustainability of a group - the psychological effects of knowing that basic costs are covered supports staff, encourages volunteers and lets community members know that the

group is viable over the long term. This sense of security, accomplishment and positive action is critical for volunteer-run groups to survive and flourish.

### **Bolstered Groups Mission**

Six of the nine groups have public outreach and education as their main focus. All these groups noted increases in their level of profile in the community. This is understandable due to the quantitative indicators cited: groups' increased participation in public meetings and events, and more media coverage, press releases, and workshops held. Increased community awareness is beneficial for attracting volunteers to stewardship projects, as well as increasing a groups' efficacy and overall authority around stewardship issues.

### **Flexibility of Funding Important**

A major challenge that all the groups spoke to at the start of the pilot is the “project-based funding focus”: having to write grants around projects, and then get the projects completed and reported on, leaving little time for any long term strategic planning, assessment, or administration. The SW! funds were the first time most of these groups had money to put towards basic core tasks. All the groups expressed great appreciation for the SW! core funds, as they are not tied to project delivery and are fairly unencumbered in terms of where they can be used. All eight groups noted the short term impact of being able to “pay for things most others won't”, and were thankful for the grants' flexibility.

The wide range of indicators and impacts described by all the participating groups further underlies the necessity for the core funding grants to be unrestricted in how they are offered. The specific core needs of different stewardship groups are unique at any given time and location, and to dictate how the funds should be spent would compromise their usefulness and adaptability. These core funds are the “working capital” that stewardship groups need to sustain their day-to-day operations. In the business world, working capital is the difference between an organization's assets and liabilities, and it is a key barometer of the health of a business (GEO, 2007).

## **Some Research into Other Core Funding Programs**

### ***Why Should Grant makers provide Core Funding?***

#### **It's A Top Priority for Non-Profits**

A key question is at the heart of the core funding discussion: How can grantmakers expect non-profits to perform effectively when they don't have the funds they need to invest in administrative costs, technology, workspace and other infrastructure?

*Grantmakers for Effective Organizations* is a coalition of more than 350 grantmaking organizations in the U.S. committed to building strong and effective nonprofit organizations. In 2008, Grantmakers for Effective Organizations (GEO) conducted a comprehensive study of the attitudes and practices of 820 grantmaking foundations in the United States. The study found that a pronounced disconnect remains between the ways in which grantmakers are supporting nonprofits

and what non-profits say could contribute most to their success. Core funding support was identified as one of the most effective changes grantmakers could make to improve non-profit results.

Both funders and non-profits agreed on three top priorities when asked for practices most likely to have a positive impact on nonprofits' ability to achieve results:

- 1) Provide more general operating support
- 2) Provide more multi-year support
- 3) Work in a supportive and respectful relationship with grantees

As discussed earlier, current Canadian studies reveal similar findings; mainly that acquiring core funding is the number one barrier that community-based stewardship groups currently experience (Anderson, 2003; Gardner, 2003; Harvey, 2004; Smailes, 2006). These results are reflected in the SW! participants' responses to questions regarding their main barriers to success. Capacity, in the form of adequate funding to cover core expenses and not having long term, predictable cash flow, and the ability to retain staff and volunteers are the main factors that prevent the groups from fulfilling their mandate. Ironically, the lack of volunteers limits many groups' ability to carry out more project work, and yet many spoke to the "Catch-22" of not having the time or staff capacity to solicit, train, support and retain more volunteers.

These findings are also echoed by other research in the field. For example, "*Daring to Lead 2006*," a survey of nearly 2,000 non-profit executives (conducted by Compass Point Non-profit Services and The Eugene and Agnes E. Meyer Foundation), found that respondents rated more general operating support number one in a list of funder actions that could help them in their work. (Second on the list was "more multiyear support.") (cited in GEO; 2007).

The 2006 report "*Listen, Learn, Lead: Grantmaker Practices That Support Non-profit Results*," highlights five main reasons for providing core funding to non-profit groups:

- Gives non-profit organizations the flexibility to direct their spending where it is needed.
- Enables non-profits to build a strong and sustainable infrastructure to run effective programs.
- Eases fund-raising pressures on non-profit executives, reducing burnout and allowing them to focus on the mission.
- Fosters innovation and risk-taking, providing non-profits with resources to take advantage of new opportunities as they arise.
- Reduces the power imbalance between grantmaker and grantee, bringing new transparency and trust to the relationship.

### **A California Example**

The *Sobrato Family Foundation of California* is committed to "exclusively providing general operating support grants to Silicon Valley nonprofits." The foundation defines general operating support as: "*resources to build and strengthen the human resources or building capital of effective community based nonprofits so that they can more fully accomplish their missions. We invest in the people and places of local nonprofits.*" "Our bottom line is to build robust, healthy local organizations to serve local public needs," said the foundation's executive director, Diane Ford. "It

makes sense to give them the money and let them put it where they need to put it to fulfill their missions. They know best where that is”. ( - GEO, 2008)

## Concerns about Providing Core Funding - Why Don't Funders Provide It?

### Some Grantmaker Input

Several interviews were conducted with grant makers in Quebec and Alberta to assess this question, and current research was reviewed. While some funders know of the research that supports non-profits acquiring core funding, many are uncertain how to proceed. Many grantmakers object to the perceived loss of control that comes with unrestricted funds. Not knowing how the monies will be spent makes it difficult for funders to assess results and impacts. Some grantmakers are concerned about a potential loss of accountability, and others have concerns about offering general operating support, including the fear that they would be “flooded with proposals.”

Another concern is that operating support may make a non-profit overly reliant on the grantmaker that provides it. The concern is that the organization will not be able to sustain its operations if that grantmaker withdraws funding.

Some of these concerns were voiced by Janice Astbury, Senior Program Officer at the **J.W. McConnell Family Foundation** in Montreal. Janice said that the conversation about supplying core funding to non-profit groups has been going on for decades.

*“Most funders see the need for it and agree with it in principle. However, the main stumbling block is the perception of maintenance: the McConnell Foundation and other grant-making organizations are not in the business of maintenance: the philanthropic sector is just not large enough to do that. If the Foundation paid for basic operating costs for all of its programs, that would absorb all of the funding. How do you draw a line and say who gets the core funding and who doesn't? It is also difficult to define core funding and then evaluate the effectiveness of providing those funds.”*

Janice also spoke about the Quebec government's commitment to providing core funding every year to health and social services community groups: these groups receive \$20,000 a year for their general operating costs.

*“There is a recognition in Quebec of the value of the voluntary sector in maintaining the health and social services 'cushion', so enabling these groups to maintain a basic core level of functioning is seen as a priority. It is also seen to be a public sector responsibility. Non-profit environmental organizations and stewardship groups are also very concerned with health and education, and should fall under the same mandate, but they don't as yet.”*  
(February 17, 2009)

Kevin Wirtanen, Operations Manager for the **Alberta Stewardship Network** (ASN) based in Edmonton, was asked about the ASN's program that has been providing core funding to water stewardship groups in the province - the Watershed Stewardship Grant Program:

*“... this core funding support that the Alberta Stewardship Network provides is seen as key project related funding. It began through a very forward-looking Minister (of Environment)... who was frustrated with the compliance model. The Alberta Water Council was established that set up watershed planning advisory councils for each watershed in the province. A third level were the watershed stewardship groups, not just water groups but a broader net was cast: watersheds and water quality.*

*The ASN was in the right place at right time, we were the beneficiary of funding to support these groups. We have received funding annually for four years now, for dispersal to water stewardship groups.*

*We developed a grant program that was intended to be more open, less cumbersome, with loose parameters that include the groups’ operations. So – these funds could cover wages, office supplies administrative costs.*

*We try to help groups get around the sharply defined application lines... we ask groups to frame their application as a project to fit within the grant timeline, and they can define their “project” as an outreach campaign, so they can lump a lot under this! We ask them to think about what they need to do their work for this year. We try to get out of their way.”*

Kevin was also asked about group selection, reporting back and assessment of grant impacts.

*“The groups are selected by our committee on the basis of past stability and project work. We give them \$7,500 annually, we ask for a very brief internal report mid-project on the tasks and deliverables. We ask for receipts for proof of expenditures. We try to keep the informal connections going, and it takes some capacity on this end to check in with the groups, see what is happening, is it on track versus off track. We focus on this kind of (personal feedback) ...versus the paper reporting. We also ask them for photos, stories, and a brief final report due the end of March. (March 4, 2009).*

This Watershed Stewardship Grant Program is one that the Stewardship Centre of BC used as a model for designing the *Stewardship Works!* program, both through ensuring that the reporting demands were kept light, and that group selection was done through an Advisory Committee using agreed-upon criteria.

Sarah Hipkin, Director of Communications & Education of the Land Stewardship Centre of Canada, based in Edmonton, Alberta discussed the challenges of tracking core funding’s impacts:

*“... generally funders are reluctant to provide core funding. Most funding for groups is on a project and annual basis – staff or resources are funded only in so far as it is essential to the project being carried out and assessed against deliverables. Funders look to groups for measurable deliverables and outcomes.”*

She also discussed the provision of core support through the sharing and subsidy of office space for non-profit groups:

*“Also, the Alberta Stewardship Network has been supported at the core ... by sharing office space and materials (including computer, printer, ink, paper and stationary to some degree)*

*with the Land Stewardship Centre of Canada. In Alberta, Alberta Sport & Recreation, part of the Provincial Government, has enabled a number of charitable/non-profit organizations to access office space at a reduced rate depending on the agreement.” (March 3, 2009.)*

## **What if Core Funding is Not Provided? Some Consequences**

Non-profit organizations that are financially challenged may divert from their missions to make funders happy. This can create a situation where organizations design projects not to achieve the best results they can for the communities and land bases they serve, but to coincide with what they see as the desires of their funders. This has the effect of weakening the non-profit group as a whole, as well as reducing its effectiveness in delivering project results.

*“[A]n underlying assumption in many funder grantee relationships is that the funder can’t trust its non-profit partners to not misuse unrestricted funds. Yet, the result of a steady diet of restricted project-based funding is non-profits hobbled in their ability to strengthen their infrastructures, have flexibility to respond to new or changing conditions, plan for the long term, invest in staff and technology — all those things that any business...needs to do to be successful over the long haul.”*

- Pamela David, executive director of the Walter and Elise Haas Fund, San Francisco. (GEO, 2007)

## **Keeping It Accountable: How Do We Assess Core Funding Effectiveness?**

*“It is the nature of this type of support that you are buying into the organization’s goals, as defined by the organization itself.” - Paul Brest, CEO, The William and Flora Hewlett Foundation*

The difficulty of measuring the impact of providing core funding to a non-profit group is one of the most frequently cited reasons for not providing it in the first place. However, much of the recent literature states that grantmakers need to keep in mind that the primary purpose of providing core funding is to give grantees flexibility to pursue their goals as *they* see fit. This speaks to building a relationship of trust between the funder and the non-profit. Imposing conditions on precisely how these funds will be spent — or on precise outcomes that grantees will achieve with this support — opposes the true intent of the core funds. Compared with grants for specific programs or projects, core funding support requires grantmakers to give up some control over where the money goes. Funders do not have to give up on the expectation that their investments will yield demonstrable results, but rather, think about assessment in a different way. Funder need to explore questions such as:

- How is the organization delivering on its mission?
- What is the organizations’ baseline capacity?

- How does the organization set goals to track its progress?
- To what extent is core funding contributing to its success?

### **Reduce Reporting Demands**

Grantmakers are justified in trying to understand the impact of their core support dollars — but they should be careful not to impinge on grantee effectiveness in the process. Brest (2003) said there is a tendency among grantmakers to always add to the reporting requirements on grantees without taking anything away. He states that the Hewlett Foundation currently is weighing how to “ease the administrative burden” of reporting on grantees, and on the foundation’s own program staff . His ultimate goal is to develop a “dashboard-like” system that would allow a program officer to glean how a grantee is faring by glancing at a condensed set of indicators.

*“We need to make sure we only ask for information that is important,” - Paul Brest.*

Too much “evaluation interference” and heavy reporting demands can negate the benefits of the small amount of funding provided in core support. This doesn’t mean grantmakers shouldn’t try to assess the impact of these funds, only that they should keep in mind the difference between “attribution” and “contribution.”

As Peter York states: “... *the evaluation question should then become: “How did these flexible dollars contribute to this organization’s success?”*”

### **Selection of Groups to Receive Core Funding**

The GEO 2007 survey of grantmakers in the U.S. found that a rigorous up-front assessment of potential grantees is seen as an important first step. Life cycle analysis, mission and goal alignment, overall track record and capacity, and site visits with Board and staff are some ways in which funders have assessed potential non-profits’ status for core support.

*“As a proactive funder, we do a lot of homework before we meet with prospective grantees. Mission alignment and leadership are key factors for us. We also ask grantees to talk about what success will look like for them over the next year and how they’ll know they achieved it,”*

*- John Esterle, Executive Director, Whitman Institute*

The selection process for the pilot groups in the *Stewardship Works!* initiative followed many of these guidelines: a range of groups were chosen from across the province based on criteria developed with an Advisory Committee of stakeholders from government, the non-profit sector and funding agencies. Selection criteria included clear vision, mission, and goals, a comprehensive organizational profile, good alignment between activities and overall mission, and a documented track record over several years.

These criteria are also reflected in the GEO publication *Assessing the Impact* (2008), which provides an Appendix checklist for grantmakers (“Grantmaker Strategies”) of things to think about and review before, during and after providing core funding support to a non-profit. Their list of things to look for in a potential grantee include a clear mission, vision and values, stable group structure and management, good governance procedures, financial management and administrative systems.

## Evaluating the Impacts/ Improving Relationships

As grantmakers consider how to measure the impact of core funding, they need to explore using evaluation as a way to promote learning and continuous improvement. This also means using evaluation as a platform for a stronger grantmaker-grantee relationship. Assessing the organization's progress should become a learning experience for grantmakers and grantees alike, forcing them to keep tabs on what is or is not working and to adjust strategy accordingly. The process also enables funders to determine if and where the grantee might need other types of support, such as capacity building through consulting and professional development. The SW! project has tried to ensure that its expectations for accountability are proportional to the size of the grants provided to the stewardship groups. The evaluator has also attempted to minimize the amount and frequency of reporting, and also engaged all stakeholders in the development of the evaluation tools, such as the grantee interviews, indicators of success and report templates.

This has served to provide some organizational learning to all parties, which in itself can be an impact measurement - "What is the organization learning?" According to York (2005), one of the crucial ways to assess the impact of general operating support is to look at the extent to which organizations are using data and information from their ongoing work to improve outcomes over time.

*"It's really about asking the right questions and engaging in a continuing conversation with grantees about how this support is impacting their capacity to do their work." - Samin Dadelahi, Wyoming Community Foundation*

## Encouraging Learning and Improvement

The evaluation process being undertaken through the *Stewardship Works!* initiative is one endorsed by much of the existing research on providing core funding for non-profits. The recent GEO report (2007) cites David Hunter, former director of evaluation and knowledge development with The Edna McConnell Clark Foundation, who says that grantmakers providing core funding should care about two kinds of results. First, they want to see that the organization is getting stronger and developing the capacity to do its work better and more effectively over time.

For example:

- Does it have access to reliable funding streams?
- Is it tapping into other sources of unrestricted funding?
- Is there growing depth on the staff ?

Secondly, Hunter states that it is important to build evaluation capacity within non-profit organizations. Funders want to see that the organization is learning important lessons about what does or does not work to achieve progress, and that it can share that learning with others. Toward that end, Hunter encourages grantmakers to work closely with grantees to build their capacity to track outcomes through qualitative and quantitative measures. Then, it is critical that the groups "plough" the data back in – using it to improve their performances and programs.

## Building Relationships

Finally several research reports (Brest, 2003; GEO, 2007, 2008; York, 2005) state that understanding the impact of providing core funding is about more than identifying the right indicators and creating an efficient reporting and tracking system. It's also about opening up a more transparent, trusting relationship with grantees. This, in turn, gives funders a better idea of the challenges these organizations face, how the unrestricted dollars are helping (or not) and what types of additional support grantees may need.

Also, non-profit organizations need to learn to talk in terms of organizational needs rather than projects. Many nonprofits don't even raise the issue of core funding, as they are so accustomed to working in the arena of project-based funding. Tracking and reporting core expenses would help funders to understand non-profit needs, and feel more confident about where their dollars were being spent.

### **Building Funder – Grantee Relationships Through Core Funding: A New Hampshire Example**

The **Endowment for Health** in New Hampshire is a grantmaker that believes deeply in general operating support as a platform for a stronger relationship with grantees. The organization has a deliberate strategy aimed at building a relationship with the grantee, starting with the expectation that endowment representatives (the vice president of programs, the president and, ideally, one trustee) will attend a grantee board meeting to discuss the grant and set mutual expectations. The endowment does not accept unsolicited proposals for general operating support, but rather approaches prospective grantees to explore the possibility of providing \$25,000 per year in core funding for three to five years. To keep tabs on what's happening during the grants, the endowment visits with the grantees' boards of directors every year or two.

Vice President and Chief Operating Officer Mary Kaplan says the meetings generally produce good, honest information about the impact of this support on the organization's ability to fulfill its mission. The endowment has been working with an evaluation consultant to assess the impact of its pilot general operating grant program, which began in 2005. At the end of the pilot, the Endowment is planning to bring all the grantee groups together to reflect on the program and provide ideas for improvement – an important feedback loop that also builds stronger relationships. (– adapted from GEO, 2007)

## Summary

From examining the current research on providing core funding to non-profits, and surveying several grantmakers about the topic, it is evident that the *Stewardship Works!* project is well positioned for success, based on its range of design and process elements:

A clear process for initial selection of stewardship groups for the pilot, its participatory, developmental evaluation strategy, the collaborative stakeholder participation and learning around setting indicators for success and developing reporting templates, and the overall cooperative and positive attitudes of all its participants.

The involvement of stakeholders in the collaborative development of qualitative and quantitative indicators of core funding success has been very positive. Due to their direct involvement, these indicators and impacts are more relevant and appropriate to the stewardship groups that will be measuring them. They will be used in tracking and documenting group capacity changes throughout Year Two (2009) of the SW! pilot. They will also provide a standardized reporting and assessment mechanism for stewardship groups applying for funding grants, and set the stage for measuring the overall implementation of large-scale provincial environmental/ stewardship outcomes.

Year One of this pilot project has had many successes to celebrate, and all stakeholders look forward to next years' accomplishments, and to future core funding support for stewardship groups and other non-profits.

As the GEO report on General Operating Support (2007) concludes:

*“An increase in general operating support will not solve all the problems confronting the sector. But a growing number of grantmakers and non-profit leaders believe philanthropy should break away from its traditional reliance on restricted, project-based funding. It is time to put more power into the hands of non-profit and community leaders to do their work — with accountability, of course, but with a minimum of restrictions and red tape.”*

## References

Anderson, Aileen (Ed). (2003). *National Watershed Stewardship Report: Policy recommendations and suggested actions to expand and strengthen watershed stewardship in Canada*. Langley Environmental Partners Society; Land Stewardship Centre of Canada, Alberta; Conservation Ontario; Comité ZIP Baie des Chaleurs; Clean Annapolis River Project. Voluntary Sector Initiative and Fisheries and Oceans Canada

Brest, Paul (2003) “Smart Money: General Operating Grants Can Be Strategic – For Nonprofits and Foundations”, *Stanford Social Innovation Review*, Winter 2003.

F.B. Heron Foundation, (2006). “Core Support,” [www.geofunders.org/generaloperatingsupport](http://www.geofunders.org/generaloperatingsupport).

Foundation Center (2007). *Foundation Giving Trends*. Based on a sample of 1,263 foundations.

Gardner, Julia, Catherine Sherlock and Garvin Hunter (2003). *Appreciating the Values, Needs and Potential of the Stewardship and Conservation Sector in Canada: Strategic Directions for Funding and Other Support*. Dovetail Consulting Inc., Vancouver, B.C. Fisheries and Oceans Canada, Environment Canada.

Grantmakers for Effective Organizations (GEO), (2007). *GEO Action Guide: General Operating Support*. Washington, DC 20005. [www.geofunders.org](http://www.geofunders.org)

Grantmakers for Effective Organizations, (2006) “Listen, Learn, Lead: Grantmaker Practices That Support Nonprofit Results,” [www.geofunders.org/generaloperatingsupport](http://www.geofunders.org/generaloperatingsupport).

Harvey B, and Greer D., (2004). *Reality Stewardship: Survival of the Fittest for Community Salmon Groups*. Vancouver, BC: Prepared for the Vancouver Foundation and Pacific Fisheries Resource Conservation Council. [www.fish.bc.ca](http://www.fish.bc.ca)

Institute for Nonprofit Organization Management,(2006). “General Operating Support: Research on Grantmaker Policies and Practices, December 2006. [www.geofunders.org/generaloperatingsupport](http://www.geofunders.org/generaloperatingsupport).

Smailes, Angela, (2006). *Volunteering for Outdoor Stewardship Activities: Survey of B.C. Stewardship Groups*. Ministry of Environment: Victoria, BC.

York, Peter. (2005). *A Funder’s Guide to Evaluation: Leveraging Evaluation to Improve Non-profit Effectiveness*. Fieldstone Alliance Publishing, St. Paul, Minnesota.

## Appendix A: Stewardship Works Interim Report Template



### Stewardship Centre for BC *Stewardship Works!* 2008 Interim Report

---

As one of ten participants in the two-year *Stewardship Works!* (SW!) pilot project, one of your obligations is to provide the Stewardship Centre with an interim report, tracking progress and events to date. As you know, the SW! funding is not intended for “on the ground” environmental stewardship projects, but rather to cover those operating and administrative expenses that grants usually won’t pay for. This unique funding model is one of the first of its kind in Canada, and in order to assess its viability and success, it needs to be monitored and evaluated. We do not want the reporting conditions to create a workload that outweighs the value of the funds, but we do need to collect sufficient information to assess the success of this venture, and fulfil obligations to our funders. Therefore, we have developed a template for you to fill in that meets our requirements for the interim report. If you have any questions or need further information, please contact Naomi Tabata ([ntabata@telus.net](mailto:ntabata@telus.net)) or Sue Staniforth ([sstan@shaw.ca](mailto:sstan@shaw.ca)).

Many thanks for your help in ensuring that this project is a success and best of luck with your important work!

*Please use **point form** in answering the following questions. Fill in the grey areas only.*

#### **A. Organization Information**

Organization Name:  
Contact Person:  
Address:  
Email:  
Phone:  
Website:

#### **B. Grant Amount**

April 2008	\$
January 2009	\$
Total Grant	<hr/> \$

#### **C. Volunteers**

1. Please outline the main ways that the SW! core funding impacted your ability to **attract** and **retain** volunteers, whether they be casual volunteers, long term volunteers or Directors.

•

2. Have you seen any increase in the numbers of volunteers so far? Please describe.

•

#### **D. Volunteer Training**

3. Did any of the funds go to supporting volunteer training? If yes, please describe:

•

### **E. Grant Writing**

4. Has receiving the SW! funds impacted your ability to apply for / attract / win grant funding? If so, please discuss how.

•

### **F. SW! Matching Dollars**

5. As you know, grants from the *Stewardship Works!* Program must be matched on a 1:1 basis with cash, donated materials, volunteer labour, and other contributions.

•

Were you successful in getting the matching funds?

•

Did you have to take them out of project-based funding?

•

### **G. Measuring the Value of the SW! Project**

6. Has the SW! project been valuable to your organization?

•

7. What has this core funding enabled you to do differently?

Please tell us how: discuss the main benefits of receiving this type of core funding in both

**i.) quantitative** (how much and the ways in which the dollars were spent, number of volunteers recruited, number of bills paid, meetings attended, etc) ways:

•

**ii.) And qualitative** ways (sense of security knowing there was core funds available, the long term nature (2 years of funds) enabling better planning, etc).

•

### **H. Measurement Indicators**

8. We are working to identify specific indicators that will track the impacts on stewardship groups of receiving core funding. The telephone interviews you completed this past summer helped us determine some specifics. Below is a draft list of indicators of impact and progress: please check off all that the SW! funds were used for by your organization this past year.

- Insurance Costs paid
- Website development enabled
- Phone / Utility Costs paid
- Rental Costs paid
- Travel Costs covered to meetings and regional gatherings, enabling more representation of our group
- Conference fees / travel covered
- Volunteer training

- More grant applications written
- Volunteer Coordinator paid
- Directors better informed, supported
- Increased volunteer numbers
- Volunteers supported through special events, food, equipment.
- Community profile increased through more attendance at events
- Community profile increased through more press contacts, media articles, press releases.
- More community projects supported
- Time to do some forward planning / strategic planning
- More community partnerships encouraged and supported

9. Please add any other indicators of success that we may have missed, even if they don't pertain directly to your organization or to how you used the funds.

•

***I. What About Next Year? ( SW! Funds to be received Spring 2009)***

10. Will you apply any of the SW! funds to any of these indicators next year??

Please check off the ones that are relevant to you ( don't worry, we wont hold you to spending the money on them: this is just a chance to show some forward planning!)

•

11. Anything else you'd like to add? Any questions or concerns?

•

**Many thanks!!**

## Appendix B: Stewardship Works Final Report Template

### *Stewardship Works! Project* FINAL Report 2008: Year One of Two-year Pilot Project

Reporting Template

January 23, 2009

#### *Dear Stewardship Group:*

Happy 2009! We hope your work is going well and we wish you all the best for the New Year.

As you know, one of your obligations is to provide the Stewardship Centre with a final report at the end of Year One of the project: 2008. As you submitted an interim report in October 2008, we felt that a full final report would not be necessary, and would create arduous reporting conditions.

However, we do need to collect sufficient information to assess the success of this venture, and fulfil obligations to our funders, thereby triggering your second Stewardship Works! (SW!) grant.

Therefore we request **three things** from you, as follows:

1. Please complete the revised Final Report template. You'll note that it includes your interim report data along with some additional questions and requests for both quantitative and qualitative information. The questions were developed from work completed at the November SW! meeting in Kamloops, where many of you helped develop project impacts and indicators.
2. We need one or more "stories" from you, in simple narrative form, about the work you are doing and the specific ways in which the SW! funds have assisted your work. These can be just one or two paragraphs in length.
3. Please send us 2-3 photos that illustrate the work you are doing.

The photos and stories will be used in publications, Powerpoint slide shows and presentations that SCBC staff will develop, to canvass funders and other stakeholders to ensure that the SW! initiative is sustained for many more years.

If you have any questions or need further information, please contact Naomi Tabata ([ntabata@telus.net](mailto:ntabata@telus.net)) or Sue Staniforth ([ssstan@shaw.ca](mailto:ssstan@shaw.ca)). Many thanks for your help in ensuring that this project is a success and best of luck with your important work!

*I have added new questions in blue to be clearer – hope they are!!*

#### **A. Organization Information**

Stewardship Group Name:

Address

Contact person(s):

Email:

Phone:

Website

#### **B. Grant Amount**

#### **C. Volunteers:**

1. Please outline the main ways that the SW! core funding impacted your ability to **attract** and **retain** volunteers, whether they be casual volunteers, long term volunteers or Directors.

Please update this information to date:

2. Have you seen any increase in the numbers of volunteers so far? Please elaborate.

Please update this information to date:

**D. Volunteer training:**

3. Did any of the funds go to supporting volunteer training?

If yes, please describe:

Please update this information to date:

**E. Grant writing:**

4. Has receiving the SW! funds impacted your ability to apply for / attract / win grant funding? If so, please discuss how.

Please update this information to date:

**F. SW! Matching Dollars:**

As you know, grants from the *Stewardship Works!* Program must be matched on a 1:1 basis with cash, donated materials, volunteer labour, and other contributions.

Were you successful in getting the matching funds?

Did you have to take them out of project-based funding?

**G. Measuring the Value of the SW! Project**

6. Has the SW! project been valuable to your organization?

Some of the **short term impacts** of receiving the core funding grants are listed below. Please check off any that apply to your organization and comment below:

√	Short Term Impacts	Note changes / increases during 2008 (since your October report)
	Removal of capacity barriers for the stewardship organizations	
	Increased output from the organization, including more efficient sourcing and completion of grant and project tasks, work on groups' mission and vision, planning	
	More security for a group, as basic costs such as rent, insurance, phone bills, etc. are covered.	

	Better volunteer management capabilities, as expressed by happier, more productive volunteers	
	Core funding supports staff, enables more community presence	
	Provides hope for the groups' longevity which increases participation, provides opportunities for skills transfer and building local support for projects.	
	Enables staff and volunteers to attend more community /regional meetings.	
	Ability to fund those things most others won't – e.g. website, coordination and administration tasks, things people don't volunteer for: media relations, evaluation, book-keeping, data entry, attending meetings, etc.	
	Other impacts:	

7. What has this core funding enabled you to do differently?

Please tell us how: discuss the main benefits of receiving this type of core funding. Check off all quantitative indicators that apply and note changes over 2008.

**Check if applicable and note changes during 2008**

√	Quantitative measurements might include	Note changes / increases during 2008 (since October report)
	Number of grants a group gets / applies for	
	Increased volunteer base	
	Number of volunteers trained	
	the number of people group attracted to meetings	
	number of meetings and events attended / presented at	
	Increased number of public planning processes participated in	
	The numbers of land owners contacted	
	The percentage of media releases / coverage	
	Increased membership	
	Increased number of public events / workshops held	
	Increase in number of new	

	programs	
	Increased number of new relationships	
	Increase in number of partnerships	
	Local knowledge of stewardship issues increased	
	Evaluations done properly and repeatedly	
	Ability to secure multi-year funding	
	Other...	

ii.) **And qualitative** indicators: Check off all that apply and note any changes over 2008.

√	<b>Qualitative indicators</b> may include:	Note changes / increases during 2008 (since October report)
	The level of profile a group has in the community	
	Positive perspectives of long-time stewardship volunteers as to how the success and culture of a group has changed,	
	Documenting success stories and case studies as models to learn from.	
	Members and volunteers express satisfaction	
	Long term relationships increase	
	Establishment of social marketing programs	
	Increase in skills learned in the volunteer community	
	Increase in skills of staff	
	Other funders “get” the benefits of core funding and offer core and endowment funding	
	Skills and knowledge transfer from stewardship work to job and home life.	
	Changes in OCP’s, bylaws, policy to support sustainability and conservation values.	
	New support in community for the group and a more “ecosystem approach” to management	

	Reflective practice and evaluation occurs in the group	
	Other...	

**8. Measurement Indicators**

We are working to identify specific indicators that will track the impacts on stewardship groups of receiving core funding. The telephone interviews you completed this past summer helped us determine some specifics. Below is a draft list of indicators of impact and progress: please check off all that the SW! funds were used for by your organization this past year.

**Please update this list by using an “X” to mark any new indicators since the October report;**

- Insurance Costs paid
- Website development enabled
- Phone / Utility Costs paid
- Rental Costs paid
- Travel Costs covered to meetings and regional gatherings, enabling more representation of our group
- Conference fees / travel covered
- Volunteer training
- More grant applications written
- Volunteer Coordinator paid
- Directors better informed, supported
- Increased volunteer numbers
- Volunteers supported through special events, food, equipment.
- Community profile increased through more attendance at events
- Community profile increased through more press contacts, media articles, press releases.
- More community projects supported
- Time to do some forward planning / strategic planning
- More community partnerships encouraged and supported

9. Please add any other indicators of success that we may have missed, even if they don’t pertain directly to your organization or to how you used the funds.

**10. What About Next Year? ( SW! Funds to be received Spring 2009)**

How do you plan to spend your Year Two dollars? (Note any changes below)

**2. Tell us your Story!**

Please tell us one or two stories of how the SW! grant funding enabled your group to succeed in its objectives, sustain itself and its membership, attract and retain volunteers, or anything else you feel the grant supported. One or two paragraphs is fine. The impacts and indicator tables above will hopefully spur some ideas.

**3. Please include 2-3 photos that illustrate your work.**

**Many thanks!!**