Literature Review

Major Trends and Current Concepts

prepared for

Grant Professionals Certification Institute (GPCI)

2011

by

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Note on new version: This document is an update of a 2006 literature review which was created as part of developing standards and identifying “core competencies” in developing the original GPCI examination. While this version may be used for updating the exam, but its purpose has broadened. The literature review has become a reading list for people studying for the GPCI exam as well as a resource for other grant professionals. This version will not be as comprehensive as the first, so it won’t include unreviewed books.

Purpose of review: This review identifies books and literature pertaining to the competencies and skills that grant professionals consider important and/or standard for practice at the level of expertise of the GPCI test.

Historical and current status of recognizing grantwriting as a distinct field and profession: When fundraising began being identified as a distinct field in the 1960’s, grantwriting wasn’t considered a separate skill and was not addressed. Books such as The Raising of Money (Lord) and The Grassroots Fundraising Book (Flanagan) barely mentioned grant preparation.

At the same time, books on grantwriting began appearing. They generally discussed the mechanics of developing a grant proposal, which has been the standard approach of most grantwriting books to this day. Some like Program Planning and Proposal Writing (Kiritz) and Developing Skills in Proposal Writing (Hall) have stood the test of time -- the former in its original form, the latter now in its fourth edition as Getting Funded. Others such as The Bread Game (Allen et. al) and The Quick Proposal Workbook (Conrad) have long been out of print.

The progress of fundraising as a profession and of grants as a separate but related field can be traced by looking at the development of the major professional organizations in the United States.

1981- NSFRE develops the Certified Fund Raising Executive (CFRE) designation.
1997 - CFRE International becomes a separate certifying organization.
1997 - American Association of Grant Professionals (AAGP) founded.
2003 - Grant Professionals Certification Institute (GPCI) established as an AAGP-affiliated certifying organization.
2008 - GPCI completes development of a psychometrically valid credentialing program and holds first GPC (Grant Professional Certified) test.

Since 2000, several newer books on grants have been published that began to go beyond the simple mechanics of proposal development. They began looking at the process of grant seeking or grantsmanship including developing and maintaining relationships with funders, working within grantseeking organizations, researching funding sources and other issues. For example:

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1 Note on terminology: This review will use the term grantwriting to describe the field. Many professionals justifiably argue that proposals are written to obtain grants, and that there is much more to the craft of proposal development than writing. Nevertheless, the terms grantwriting and grantwriter have entered the language and are widely used and recognized, while substitutes such as grant developer are clumsy and require explanation.
In *Grassroots Grants*, Robinson focuses heavily on working within an organization to develop programs for grant funding, then building peer-to-peer relationships with funders.

In *Demystifying Grant Seeking*, Brown focuses on the principles behind successful grantseeking, and describes building and operating a year-round grant seeking operation.

In the *Grantwriting Beyond the Basics* series, Wells takes in depth looks at different areas of knowledge important to grant professionals. The first book focuses on strategy, the second on finances, the third on evaluation and research.

At the same time, different publications began focusing on grant related subjects.

- The *Journal of the American Association of Grant Professionals* contains both academic and practice related material [http://www.grantprofessionals.org/about/77-gpa/105-journal-articles](http://www.grantprofessionals.org/about/77-gpa/105-journal-articles).
- The *Grantsmanship Center Magazine*, established in the 1980’s, includes articles on every aspect of grantwriting. Back articles are now available on the Grantsmanship Center Website [www.tgci.com](http://www.tgci.com).
- The online *Grants and Foundation Review* with weekly grant related articles was launched in 2002 by Charity Channel [http://charitychannel.com/enewletters/gfr/](http://charitychannel.com/enewletters/gfr/).

**Recognition of the field:**

The self-recognition of working with grants as a distinct profession that led to the formation of AAGP and GPCI is also shared by an important stakeholder group -- employers of grantwriters. Nonprofit organizations are hiring grantwriters and grant managers, separately from development directors. In many larger social service organizations the grantwriter(s) for government grants are entirely separate from the development departments. Local governments including school districts have long hired grantwriters to seek state and federal funds, and are starting to seek foundation funding. Research universities have “offices of sponsored research” to assist faculty in seeking research grant funding. A growing number of independent consultants provide grantwriting services to nonprofits, local governments, school districts, Indian tribes and others.

In addition, colleges and universities are offering graduate and undergraduate classes in grantwriting. At Portland State University for example, there have been seven instructors in four departments teaching grantwriting, in addition to the Office of Sponsored Research serving faculty and graduate researchers.

However outside the grants field, fundraising organizations such as the Association of Fundraising Professionals (AFP) and CFRE International pay little attention to grantwriting and consider it a subset of fundraising.

**General content areas:**

As an emerging profession, or perhaps a profession with emerging recognition, grantwriting does not have established historical textbooks for use in academic settings. The books below are written to be instructive, helping the reader through the process of developing successful grant proposals. While they take different approaches, they cover many of the same subject areas. These are helpful in identifying knowledge the authors consider important for successful grantwriting. Following are some of the most covered subjects:

- Planning the project: *Hall, Clarke, Carlson*.
- Assessing and describing the applicant organization: *Hall, Brown, Carlson, Robinson, Wells*.
- Identifying and describing the need for the project: *Hall, Clarke, Carlson, Robinson*.
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- Researching and identifying funding sources: Hall, Brown, Carlson, Robinson.
- Developing narrative: Hall, Clarke, Carlson, Barbato.
- Designing goals and objectives: Hall, Clarke, Carlson.
- Developing an evaluation plan: Hall, Clarke, Carlson, Wells.
- Writing a letter of intent: Hall, Carlson.
- Developing a budget: Hall, Clarke, Carlson, Wells.
- Establishing and maintaining relationships with funders: Clarke, Brown, Robinson.

After the long process of developing the GPCI exam, these areas were identified as the core competencies of a grant professional and are the areas tested. They overlap with the previous list, showing that the books authors have covered the field accurately. The exceptions are ethics and raising professionalism, largely because the books focus on the practice rather than the profession.

- Knowledge of how to craft, construct and submit an effective grant application.
- Knowledge of strategies for effective program and project design and development.
- Knowledge of how to research, identify and match funding resources to meet specific needs.
- Knowledge of organizational development as it pertains to grant seeking.
- Knowledge of nationally recognized standards of ethical practice by grant developers.
- Knowledge of methods and strategies that cultivate and maintain relationships between fund-seeking and recipient organizations and funders.
- Knowledge of post-award grant management practices sufficient to inform effective grant design and development.
- Knowledge of practices and services that raise the level of professionalism of grant developers.

The books listed below are my recommendations, the ones I think give the best overall complete coverage of the subject. There are dozens, perhaps hundreds of books on the subject of grantwriting. The large majority are basic “How to write a grant” manuals and cover the same basic subjects, so I didn’t feel the need to include them. If your favorite isn’t listed, it’s probably because I thought it repeated the information in the first few below.
General Grantwriting Books: These are the best in the field in my opinion.


*Winning Grants Step by Step* (3rd ed.) by Mim Carlson and Tori O’Neal McElrath. Jossey Bass (2008)—Carlson takes a workbook approach, with “fill in the blanks” forms for each component of your proposal. Really a planning tool, this book helps organize your work so you’re ready to write effectively. Also often used as a textbook. *The new edition includes a CD with sample grants and forms.*

*Grassroots Grants: An Activist’s Guide to Grantseeking* (2nd ed.) by Andy Robinson. Jossey Bass/Chardon Press (2004)—As the title suggests, this is oriented for community organizers. However, its straightforward approach explains how the process works, from fundraising planning to talking with foundation staff. It also includes annotated examples of funded grants.

*The Only Grant-Writing Book You’ll Ever Need* (2nd edition) by Ellen Karsh and Arlen Sue Fox. Carrol & Graph Publishers (2006) Complete and folksy, it covers readiness as well as writing, tips for cultivating foundations, and interviews with funders. Of course if you’re serious it’s not the only book you’ll even need, but is a good introduction for the novice with some hints for those with experience.

*Proposal Planning and Writing* by Lynn and Jeremy Miner (4th ed.). Greenwood Press (2008)—This how-to book has a detailed section about using the Catalog of Federal Domestic Assistance, the Federal Register, and government Web pages. It also includes a good discussion on pre-proposal contacts.

*Demystifying Grant Seeking* by Larissa and Martin Brown. Jossey Bass (2001)—The Browns don’t rehash the basic “how to write grants” book. Rather, they tell us what we need to do to seek and manage grants. Intended for the small shop or one-person office, *Demystifying Grant Seeking* talks about how to set up an office to keep track of deadlines, building and maintaining relationships with funders, and what to do after submitting a proposal.

*Grantseeker’s Guide to Winning Proposals*. Judith Margolin, editor. The Foundation Center (2008) With forty examples of successful proposals from a variety of organizations, this guide gives readers a good look beyond theory to see what’s actually worked. There have been a few editions, the older ones were called *The Foundation Center’s Guide to Winning Proposals*—all with different sample proposals.

*Proven Strategies Professionals Use to Make Their Proposals Work* by Michael Wells. Portland State University Continuing Education Press (2005) This book is intended for experienced grant professionals and provides a strategic approach to grantwriting, with several examples in areas such as research, logic models and using the budget to tell your story. [http://www.grantsnorthwest.com/resources/books/](http://www.grantsnorthwest.com/resources/books/)


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2 Portland State University Continuing Education Press closed in 2009, so its books are listed as available through the author’s websites.
Writing Style

*Writing for a Good Cause* by Joseph Barbato and Danielle S. Furlich. Fireside (2000)—Unlike fiction, grantwriting isn’t all about the writing. Nevertheless, good writing is important. These authors give probably the best treatment of how to use language in your proposal, with advice on strategy mixed in.

*How to Write Knockout Proposals: What you must know (and say) to win funding every time* by Joseph Barbato. Emerson & Church (2004) -- Grantwriting, the digest version. 53 quick tips on style, content and relationships that every grant professional should know. A much quicker read than Barbato’s *Writing for a Good Cause*, with much of the same content. Assumes a paper application and loose guidelines, so some of the approaches won’t work with restrictive online applications.

*Storytelling for Grantseekers* by Cheryl A. Clarke. Jossey Bass (2001) Like *Writing for a Good Cause*, this is about writing, but focuses on developing a story narrative rather than on writing style.


Specialized Grant Areas

*Applying for Research Funding: Getting started and getting funded* by Joanne B. Ries and Carl G. Leukefeld (1995) Sage Publications, Thousand Oaks, CA. This book gives a strong overview of research funding and is written for the beginning principal investigator. Research grants are different from the program grants sought by nonprofit organizations and local governments. They are designed to further knowledge in a specific field through posing and answering questions, and are often highly technical. Research grants are generally sought by universities or independent research institutes and focus on the work of individual researchers called principal investigators (PI’s). The principal investigators will usually write the grant proposal, sometimes with help from a university Office of Sponsored Projects.

*How to Evaluate and Improve Your Grants Effort (2nd ed.)* by David G. Bauer (2001) American Council on Education and The Oryx Press. This well written and organized book does for university grants offices what the Brown’s *Demystifying Grant Seeking* does for small nonprofits -- it describes how to organize and run an effective grants office. However, this book goes further in exploring how to evaluate an existing operation and improve it, with checklists and forms.

*Program Related Investments: A guide to funders and trends* by Loren Renz, Cynthia W. Massarsky, Riikard R. Treiber and Steven Lawrence (1995) The Foundation Center, New York. Private funders such as foundations and corporations generally fund projects through grants, but some take a different approach of making loans or even equity investments in projects related to their interest areas. These program related investments are done to preserve the capital of the funder, to facilitate major construction such as low income housing, to promote economic development or to assist very low income individuals to become self sufficient.
Federal Grants


Winning Federal Dollars: The essential skills of federal grantsmanship by Maryn Boess, GrantsUSA, Glendale, AZ. (2004) This workbook presentation is designed to lead the participant through the federal grants process, including the internal workings of the government and the formal application process.

Applying for Federal Grants and Cooperative Agreements, Management Concepts, Vienna, Virginia (2011) The course materials for Management Concepts two-day course, this 2” thick workbook is incredibly complete. The approach is straightforward, if a little formal and linear. It covers in detail how to research opportunities on the web, understand legislative history and other background. It has very important sections on assessing opportunities (“Is this a good match?”) and evaluating impact (“Is this a good idea?”) which many grants books don’t cover. The appendixes have full texts of legislation, administrative requirements and cost principles. Revised in 2011.

Grants Management

AFTER THE GRANT: The Nonprofit’s Guide to Good Stewardship Judit Margolin, editor. The Foundation Center (2010) A good overview for working with foundations and private funders. The book covers grant award letters, grant reports and basic grants management. It’s also strong on building relationships, meetings with foundation program officers and communications with funders.

Federal Grants Management Handbook (2 volumes) Thompson Publishing Group (2010 and regularly updated) Recommended by both the Grant Professionals Association and National Grants Management Association, these loose bound binders are invaluable to anyone involved in the labyrinth of federal grant management. Purchasers also get a subscription to a searchable online edition.

Managing Federal Grants and Cooperative Agreements for Recipients, Management Concepts, Vienna, Virginia (2011) The course materials for Management Concepts three-day course, this includes much of the same information as Thompson’s Federal Grants Management Handbook. It provides guidance for agencies which have received federal grants, with an emphasis on nonprofits. Again, it includes an extensive set of full text appendixes. Recommended by the National Grants Management Association.

Arts Funding

Both of these books focus on the specialized area of grant funding for individual artists. Both are complete and readable. Rosenberg is a little more informal and Liberatori more structured. A grantwriter could read either one, I’d recommend an artist read both.


Funder Perspectives

These two books by foundation veterans (Orosz at Kellogg, Teitel at Cedar Tree Foundation, CS Fund and The Youth Project) are valuable looks behind the scenes that help the grantwriter understand the funding process and strategize for proposal development.


*“Thank You for Submitting Your Proposal”* A Foundation Director Reveals What Happens Next by Martin Teitel (2006)

Funder Research

No literature review of the grants world would be complete without covering the many sources of information about funders. As companies merge and more information moves to the Internet, the names change and books disappear. This section will mention the major ones and refer the reader to a local Foundation Center cooperating collection library, a list of which can be found at: http://fdncenter.org/collections/

The Foundation Center is the major publisher of funding directories and publications on the field. The Center also publishes annual reports about foundations (*Foundation Staffing, Foundation Growth and Giving Estimates, Foundation Giving Trends, etc.*) some of which are listed in the Trends section.

- *The Foundation Directory, 2011 Edition* Regina Judith Faighes, Coordinator (2011), The Foundation Center, New York. The Directory lists the 10,000 largest U.S. Foundations, arranged alphabetically within each state. The *Foundation Directory, Part 2* lists the next 10,000 largest. The *Foundation Directory Supplement* is published 6 months later and has updates. Also available online. (see non-book resources.)


Schoolhouse Partners publishes a number of subject-specific books on funding sources:


*Annual Register of Grant Support* (2004) Information Today, Medford, NJ. Several subject areas, including grants for graduate fellowships.

*Catalog of Federal Domestic Assistance.* A complete listing of all federal grants programs, listed by agency number, then program. It’s also available online (see below under non-book resources).

STATE FOUNDATION DIRECTORIES: A 2009 study found foundation directories for 45 states, with some states having more than one. Entering a state name plus “foundation directory” in Google would find most of them. A local Foundation Center cooperating collection library should have any books for its state.
**Finances**


*Fiscal Sponsorship: 6 Ways To Do It Right* by Gregory Colvin. Study Center Press, San Francisco (2000) -- Fiscal Sponsorship is easy to do wrong, with hurt feelings and potential IRS problems for everyone involved. This book points the way to do it right.

**Evaluation**

*Successful Program Evaluation* by Michael Wells. Portland State University Continuing Education Press (2007) -- The third book of the *Grantwriting Beyond the Basics* series. It covers what a grantwriter needs to know in order to develop a good evaluation section for a grant proposal, and in order to talk to a professional evaluator, rather than how to conduct a full scale evaluation.


For Capital Campaigns

Capital Campaigns: Strategies that Work by Andrea Kihlstedt and Catherine Schwartz. Aspen Publishers (1997)—Although this book doesn’t say much about grants, it will give you a good idea of what you’re getting into and the questions you need to be thinking about if you’re contemplating a capital campaign.

Non-Book Resources

GPA Code of Ethics at http://www.grantprofessionals.org/about/ethics.php. This is probably the best resource for ethics in grantwriting.


Foundation News & Commentary at http://www.foundationnews.org/—Looking at the grants world from the foundation funder’s point of view.

Grassroots Fundraising Journal at http://www.grassrootsfundraising.org/—At the opposite end of the spectrum from the Chronicle, the Journal says they provide “practical tips and tools to help you raise money for your organization.” An excellent how-to resource for the small agency or beginning fundraiser.

Journal of the Grant Professionals Association at http://www.grantprofessionals.org/—This combination research and practice journal is available to GPA members only. Early editions were uneven, but is now peer-reviewed and the best place to find out what’s happening on the ground in the grants world.

The Web Center for Social Research Methods at http://www.socialresearchmethods.net/ This website is for people involved in applied social research and evaluation, with resources and links to other locations on the Web that deal in applied social research methods.

American Evaluation Association (AEA) at http://www.eval.org —This national trade group of professional evaluators is a good place to start looking for an outside evaluator. Its Web page includes links for state and local affiliate organizations and for evaluation firms and individuals.
National Grants Management Association (NMGA)
https://netforum.avectra.com/eWeb/StartPage.aspx?Site=NGMA This nonprofit membership organization includes people who manage federal grants and work for Federal (36%), State (7%) and Local (13%) governments, Non-profits (20%), Universities (6%) and Accountants, Grants Consultants and Attorneys (16%).

Online resources for foundation research

The Foundation Center at http://fdncenter.org/ — In addition to the list of cooperating collections, The Foundation Center provides lots of background information on private foundations, a search engine for the IRS Form 990PFs for all U.S. foundations, and a very basic search engine for foundation Web sites. You can also pay to subscribe to their Foundation Directory Online, or it may be available free at your nearest Foundation Center cooperating collection library.

GrantStation at http://www.grantstation.com/ — Another subscription service for foundation funding. Free as a membership benefit to Grant Professional Association members.

GuideStar at http://www.guidestar.org/ — GuideStar has a free search engine for the IRS Form 990PFs of all U.S. foundations and the Form 990s of all nonprofit organizations.

Online resources for government research

Grants.gov at http://www.grants.gov/ — The central source for federal government grant information. It’s not elegant, but with a little work you can track down all current RFPs and sign up for e-mail notification of opportunities in your field.

Catalog of Federal Domestic Assistance at https://www.cfda.gov/ — The Catalog contains all federal grants programs, listed by agency number, then program. It’s a little obscure, but if you find a program that doesn’t have a current RFP, this is the place to look. The printed volume is about six inches thick and probably available at your library.

The Federal Register at http://www.gpoaccess.gov/fr/index.html — This daily journal publishes all of the official daily activities of all federal agencies, including rules, proposed rules, and notices of agencies and organizations—and, of course, RFP’s for grants. It is often the first public notice of new grant programs. The grants notices are moving to grants.gov, with some agencies stopping use of the Federal Register. Each day’s Federal Register grant listings are available on http://www.tgci.com.

Dun & Bradstreet (DUNS) Number at http://www.dnb.com/ccr/register.html — Federal agencies are now requiring every organization applying for federal grants to get a DUNS number and use it on all applications. The number can be applied for free from this site.

Several federal agencies have posted classes or tutorial on proposal writing that are helpful to someone starting to work in the government arena. Here are a few:
http://www.hrsa.gov/grants/apply/granttips.html
http://www.grants.gov/help/newsletter.jsp
http://www.grants.gov/applicants/resources.jsp
http://www.imls.gov/Project_Planning/index.asp
http://bja.ncjrs.gov/gwma/index.html
http://www.whitehouse.gov/omb/mgmt-gpra/gplaw2m

**Canada**

Canadian nonprofits operate similarly to those in the United States, but there are some differences in both tax exemption and financial reporting. Budgeting and operations are pretty similar. Canada has a large and active nonprofit sector, accounting for 6.85 of gross domestic product and over 12% of employment. Measured by the percentage of the workforce, it is larger than the U.S. and second only to the Netherlands.

Canada is more of a European-style “Welfare Partnership” state than the U.S., with the government assuming responsibility for health care, and more of housing and social services. On the other hand it is closer to the U.S. than many European countries in using charities to carry out many social service activities. Government accounts for 51% of Canadian nonprofits’ income, with fees bringing in 39% and philanthropy 9% (including volunteers, philanthropy reaches 20%).


The key organization for researching Canada’s nonprofit sector is Imagine Canada (formerly the Canadian Centre for Philanthropy). http://www.imaginecanada.ca/

**Trends Literature:** In addition to the books in the main literature review, the following sources were used in developing the trends section which follows:


*The Great Reset* by Richard Florida, Harper, 2010. A serious look at the new economy. Florida argues that when the economy comes back, it won’t be the same one that left.


*Foundation Yearbook: Facts and figures on private and community foundations*. The Foundation Center (published annually).

*America’s Nonprofit Sector* by Lester Salamon. The Foundation Center (1999).
Trends that are Changing Grantwriting

2011 Introduction In the five short years since the original 2006 version of the literature review, the grants field has changed tremendously. The two major influences were the continual growth and changes of the Internet and World Wide Web, and the financial crisis of 2007-09. Both continue to have repercussions so the information here may be outdated in the near future.

The Internet continues to have a major impact

- Many more foundations not only have websites but Facebook pages and Twitter accounts. There will undoubtedly be new and unforeseen changes in the next five years.
- Some corporate funders are asking for participation in who wins their funds through voting programs such as the Pepsi Refresh Project or Toyota’s 100 Cars for Good. The potential grantee prepares a grant application and then sets about having the community vote for their cause using mobile phones and other internet access devices (computers, game consoles, e-readers, tablets, etc.).
- Many more foundations are requiring online submission of letters of inquiry and full proposals.
- Some foundations are doing background research online using websites like GuideStar. Some are getting tax exempt information from the IRS and not requiring 501(c)(3) letters.
- The federal government has taken its application process entirely online. The trouble-plagued Grants.gov system continues to improve, although there are still glitches which vary by agency. And several agencies have established their own complimentary or competing online application websites such as: National Science Foundation Fastlane; Department of Education e-GRANTS; National Institutes of Health eRA Commons; Office of Justice Programs Grants Management System.

The changing economy and financial crisis

- When the US economy almost crashed in 2007-8 and the stock market lost half its value in late 2008, many foundations portfolios dropped dramatically. Even though the markets are recovering and most foundations are back to 80% or more of their peak, many have changed their behavior. After the dot-com crash of 2000 and the recent crisis, many foundations are more cautious and assume that they can’t predict what the economy will do in the future.
  - When unemployment shot up, many foundations focused on basic needs like food banks.
  - Some foundations have reduced the size of their larger grants.
  - Many foundations have increased due diligence, are looking much more closely at the health of applicant organizations.
  - Some foundations which didn’t previously have started considering operating grants.
- Some economists such as Richard Florida argue that the crisis wasn’t a typical recession, but the start of fundamental changes in the world economy, equivalent to the industrial revolution. They say that when the economy recovers it will be qualitatively different than it was before.
- The ARRA Stimulus Act created a huge infusion of grant opportunities in 2008-09. This attracted many organizations which hadn’t previously considered federal funding, and which may continue to apply.

Original trends version

The world of grants is changing rapidly, along with most of modern society, and the grants professional needs to be aware of these changes. Some are minor trends which may or may not last, such as “social venture philanthropy,” which grew out of the high-tech bubble of the late 1990s. Major trends, like the use of the Internet, show increasing impacts.
Grantwriting is Becoming a Distinct Profession

Grantwriting is emerging as a separate field within fundraising. There is a growing demand for experienced, successful grantwriters, and the number of grants consultants and of grants departments within agencies seems to be increasing.

One indicator of this emergence is the formation of the American Association of Grant Professionals (AAGP) in 1998. This occurred partly because the 40-year-old Association of Fundraising Professionals (AFP) focuses mostly on those who raise funds from individuals. Because grantwriting spans the private fundraising and government contract worlds, it requires knowledge and skills that are increasingly different from other types of fundraising.

Government grants and contracts are driving changes in the field. More nonprofits and local governments are hiring “grants managers,” who may or may not be doing actual grantwriting.

There are nonprofit institutes and nonprofit management degree programs at dozens of universities, as well as hundreds of grantwriting classes offered by colleges, United Way affiliates, consulting firms, and technical assistance organizations. There are more grant trainers and training organizations, both locally and nationally as well as on the Internet -- some good, some mediocre.

Young people are considering nonprofit work, including grantwriting, as a career and are being trained for it. Increasing numbers are calling themselves grants consultants, many with little actual experience.

Opportunists have Emerged on the Scene

Hucksters are making money by selling innocent people worthless books and classes on how to get “free government money.” They appear on late-night TV, in newspaper ads, and on the Internet. Do a Google search for “grants,” and these show up as the paid ads on the right-hand side of the screen. Some of their victims have shelled out anywhere from $10 for a book to thousands of dollars to become a “conference member,” then often end up calling a legitimate grantwriter looking for help who has to break the bad news to these folks that they’ve been conned.

There’s More Competition for Grants

More nonprofit organizations are formed every year. In 1992, 516,554 public charities were registered with the IRS; in 2002, there were 909,574—a 76 percent increase. Approximately 25 percent, or 227,400, reported annual income over $500,000. This group probably includes the ones most likely to be able to apply for and receive large grants.

Local governments and public schools are increasingly seeking—and obtaining—private funding from sources that include private foundations. Some of them are setting up separate “friends” groups or operating foundations to seek funding for popular programs like schools, parks, and libraries. A growing number of grantmaking foundations that previously had shied away from funding government programs are responding, due to tax and service cuts at the state and local level, especially in education.

As state and local government funding for social services declines, more nonprofit agencies that previously supported their work through government contracts are seeking private funding, including
grants. Also, agencies that were previously locally funded have begun to seek federal grants and contracts.

**Funders are Looking for—and Receiving—Better Proposals**

Partly as a result of the increased competition and partly because of funder requirements, the quality of grant submissions is improving. This has led to more organizations using professional grantwriters, either on staff or as consultants.

Both public and private funders are looking for measurable results, better client outcomes, lasting change, and organizational sustainability. Government funders are starting to require evidence-based “best practices,” literature searches, and logic models for “outcome-based evaluation.” To be competitive, an agency must be current in its field and document its practices. Some private funders are likely to start following the government’s lead.

**The Internet is having a Huge Impact on Every Aspect of Grants**

People are going online to research funders. One important source of information are online subscription services, including The Foundation Center’s “Foundation Directory Online” at [http://fdncenter.org/](http://fdncenter.org/) and GrantStation at [http://www.grantstation.com/](http://www.grantstation.com/). The Foundation Center also provides a basic (incomplete) foundation search engine called “Foundation Finder” for free. However, as of this writing, a good, complete funder search engine that you don’t have to pay for doesn’t exist. The Internet has also replaced the library for other kinds of research—demographics, literature searches, community needs among them.

The federal government has put most of its grants information online, including RFPs (requests for proposals) and supporting material, and most agency Web sites are very good. States and local governments are following this trend, albeit with mixed results. Most large foundations have good Web sites and are posting in PDF format the guidelines, application forms, and annual reports that they used to print.

Grants are written on computers, and drafts are traded back and forth between grantwriter and program staff as e-mail attachments. Many grantwriters work almost entirely on-line with clients, whether they’re in another city, only a couple of blocks away or even down the hall.

**Foundations are Growing . . .**

. . . both in numbers and in assets. The total number of foundations has grown 155 percent in the last 20 years. Foundations show the fastest growing changes in giving of any private source. Between 1975 and 2003, foundation giving increased by 375%, corporations by 185%, bequests by 135% and individuals by 142%. However, individual giving remains the largest source by far, with foundations accounting for about 10% and corporations about 5% of all private giving.

**2006 version:** The assets of American foundations have also grown. Most large foundations invest in the financial markets, and the rates of return from those investments can fluctuate over time. Many people bemoaned the steep losses in foundation assets from the stock market decline of the early 2000s, but if we take a slightly longer view, their asset growth has been phenomenal. Figure 1-2 shows this growth over the past 25 years, based on 1975 dollars. In 2002, foundation assets were down about 20 percent from their peak in 2000, yet they remained 66 percent above the 1995 level. In 2004, most foundations had recovered from the 2002 dip. **2011 addition:** The 2007-09 financial crisis has a much
broader financial and social impact than the “dot-com” plunge earlier in the decade, but again the markets rebounded and so did foundation assets, as shown below. The charts below have been updated.

**U.S. foundation asset growth.** The first historical chart is shown in billions of constant 1975 dollars to provide an accurate graph. The second is unadjusted and shows the impact of the 2007-08 financial crisis. At this writing (April, 2011) many large foundations have recovered but the future is uncertain.

**Total Foundation giving in billions of dollars.**
A shorter term look at foundation giving shows the growth in current dollars. Since most foundations give at the required 5% payout, we can assume foundations assets have recovered at about the same rate. According to the Foundation Center, most foundations are projecting a small increase in giving in 2011. The total number of foundations has grown 155% in the last 20 years. The Foundation Center says that 50% of all foundations and 40% of the larger ones were established since 1990.
This growth in number and wealth of U.S. foundations is driven by demographics and shows no signs of declining in the near future. At least four factors are contributing to this:

- Wealthy people are dying and creating or enlarging private foundations in their wills.
- Wealthy people are aging and creating or enlarging private foundations as part of their estate planning.
- Newly rich people are creating their own foundations. (The most famous example is the Bill & Melinda Gates Foundation, the world’s largest).
- The stock market went berserk in the 1990s, with the Dow Jones Industrial Index more than tripling in value from about 3,300 to over 11,000 and continuing to almost 14,000 in 2007. Even with the 2007-09 crisis, the Dow’s lowest point was around 7,000 or almost triple its 1990 level. As of April 2011, it has floated around 12,000 and seems unlikely to fall to pre-2000 levels.

The nature and distribution of foundations is changing

The geography of foundations has changed dramatically in the last 30 years.

- In 1975, most foundations were clustered in the Northeastern states, plus California, Florida and Texas. Only 13 states were home to more than 500 foundations, only 6 had more than 1,000 and only New York had more than 2,000.
- In 2003, 32 states had more than 500 foundations, 12 had over 1,000 and nine (California, Florida, Illinois, New Jersey, New York, North Carolina, Ohio, Pennsylvania and Texas) boasted more than 2,000.
- While the East and West Coasts house most of the private foundations, the Midwest has the largest number of corporate foundations.
In addition, the sources of capital for foundations have changed. Of the top 25 largest foundations, four are high tech money: Gates (Microsoft), Hewlett (Hewlett Packard), Packard (Hewlett Packard), and Moore (Intel). Others such as Dell are over $1 billion in assets.

**Private funders are wanting to be more involved in their giving.**

**Program Related Investing (PRI):** Private funders such as foundations and corporations generally fund projects through grants, but some take a different approach of making loans or even equity investments in projects related to their interest areas. These program related investments are done to preserve the capital of the funder, to facilitate major construction such as low income housing, to promote economic development or to assist very low income individuals to become self sufficient.

The numbers of PRI’s and dollars involved have slowly but steadily trended upwards.

- The number of foundations doing program related investing increased from 161 in 1990 to 340 in 2001.
- The total amounts invested in PRI’s increased from $130 million in 1993 to $421 million in 2001.

**Social Venture Investing:** During the 1990’s stock boom several new foundations were created by altruistic entrepreneurs who wanted to address social needs, bringing their venture capital and management skills with them. They tend to want to be very involved with the organizations they fund, for better or worse (many did not understand how nonprofits work). With the dot-com bust and market gyrations, this trend has subsided and it remains to be seen whether it will have a lasting influence.

**Gates Foundation:** The Bill and Melinda Gates Foundation has a huge impact because of its size (the world’s largest at over $22 billion). However, the Gates Foundation’s focus on international health care and its strategy of partnering with researchers, governments, drug companies, the United Nations, other funders, large NGO’s and local health organizations to make systemic change (such as immunizing all of the world’s children or eliminating malaria) is a new model of philanthropy which may be adopted by other large funders in the future.

**Micro loans:** An experiment called the Grameen Bank, begun about 30 years ago in Bangladesh, of making small loans to impoverished villagers, mostly women, to start small businesses, has spawned a network of microlenders lending about $24 billion annually. E-Bay founder Pierre Omidyar has just donated $100 million to Tufts University to create a new microlending program.

**Charitable Gift Funds:** During the late 1990’s, some for-profit mutual fund companies began establishing “charitable gift funds” which operate like community foundations, accepting irrevokable gifts for “advised funds” from donors who would then be able to deduct the contribution and make recommendations on distributions of these funds. By 2000, the Fidelity Gift Fund had assets exceeding $2 billion. The efficiency of these funds has been questioned and it remains to be seen if the trend will continue growing.

**Government Funders**

Many states and local governments have declining revenues due to tax limitation initiatives. At the same time federal unfunded mandates are increasing, while federal funding of programs such as Medicaid is declining, putting pressure on state budgets. As a result, there are fewer state and local grants available.
The federal government has been cutting back funding to social services, housing, arts and other grant areas since the 1980’s, with increasingly deep cuts since 2000. Federal grant programs are being reduced or delayed as Congress struggles annually with appropriations bills and a growing deficit.

Federal agencies are promoting and training “faith-based” organizations to apply for grants. There are faith based and community initiatives in seven cabinet-level agencies (Justice, Agriculture, Labor, HHS, HUD, Education and AID) as well as Veterans Affairs, SBA and the Corporation for National and Community Service. Whether many of these “grassroots” organizations will achieve significant funding and be able to manage complex federal programs remains to be seen.

2011 addition: To combat the financial meltdown of 2007-09, the federal government created stimulus funding which included billions in grant funding, which has now been mostly spent. With growing concern about federal deficits, the future of federal grantmaking will slow and there may be broader impacts. The ongoing recession is having strong impacts on local and state government budgets, with negative impacts on grant funding.

Corporate funders
Consolidation in many industries has resulted in fewer headquarters companies in many states, resulting in fewer large grants and less industry leadership in community affairs.

Many companies are targeting their giving to areas like public education or children’s issues, resulting in less general community support.

There is a move towards sponsorships and “cause related marketing”, which involves partnership of companies and nonprofits to fund programs while marketing company products or image.

Public Scrutiny
There is more scrutiny of nonprofits and calls for increased oversight and regulation, by Congress, the IRS, state governments and a skeptical public. As I heard one speaker say “The era of assumed virtue is over”. While it’s unclear what legislation or regulations will be imposed, there will almost certainly be more government involvement. Partly to circumvent this, organizations like Independent Sector are urging nonprofit self-regulation. One argument for professional certification such as GPCI’s and CFRE is that it will help forestall licensing.

With the requirement to make 990’s public in the 1980’s, then their being posted on the Internet at Guidestar.com since 1997, nonprofit finances have become very public records. Increasingly, funders and potential donors are looking at these to make funding decisions. Because private foundations more detailed 990-pf’s are also posted, grantseekers are using them to find background on foundations.

International Grantmaking
International grantmaking is about 11% of total U.S. foundation giving. After growing from 5% in 1982 to 8% in 1986, to 11.5% in 1990, it seems to have stabilized at around that level. However, this is likely to increase due to the influence of what the Foundation Center calls the “Mega Foundations”, notably Gates and Packard, which have grown enormous and have strong international emphasis.

There are more partnerships among funders and with NGO’s and governments.

There is a growing preference for funders to support U.S.-based groups to do international work, rather than fund foreign NGO agencies directly.