PHASE II REPORT

Overview

Project Streamline is a collaborative effort of both funders and nonprofits working to improve grant application, monitoring, and reporting practices. The initiative is being led by a National Advisory Committee made up of representatives of the project's key partners, including:

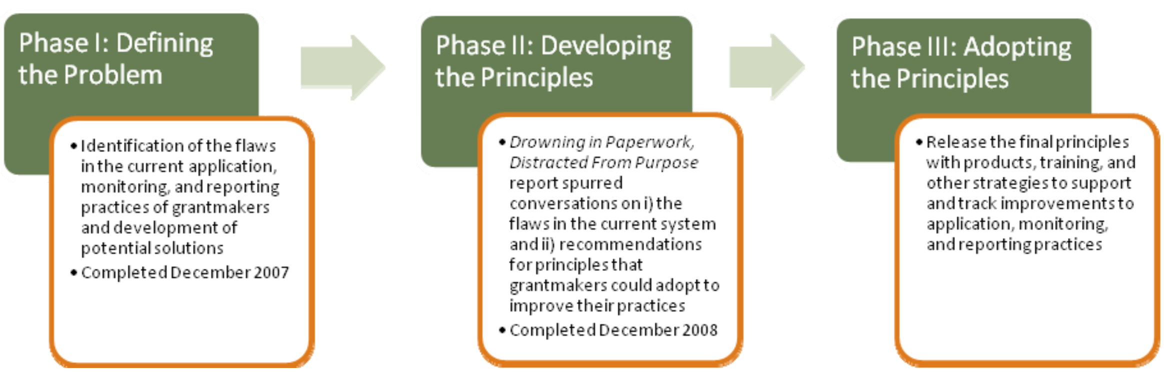
- Grants Managers Network (GMN)
- Association of Fundraising Professionals (AFP)
- Association of Small Foundations (ASF)
- Council on Foundations (CoF)
- Forum of Regional Associations of Grantmakers (Forum)
- Foundation Center
- Grantmakers for Effective Organizations (GEO)
- National Council of Nonprofits (NCN)

The Grants Managers Network serves as fiscal agent and provides management and administrative support.

The goals of Project Streamline are to:

1. Increase awareness among grantmakers of the impact of their requirements on grantseekers
2. Reduce resources used in application and reporting processes, allowing both grantmakers and grantseekers more time to focus on mission-related activities.

The project has three phases:



Phase II of the project was successfully completed at the end of 2008. The following provides a narrative and financial report on Phase II activities and outlines plans for Phase III.

What We Accomplished

Phase II focused primarily on i) advancing the project's goal to increase awareness among grantmakers of the impact of their requirements on grantseekers and ii) gathering input to shape adoption strategies for Phase III.

In April 2008, *Drowning in Paperwork, Distracted From Purpose* was released and a supporting website, www.projectstreamline.org, was launched. The report identifies ten flaws in the current application and reporting system and recommends that grantmakers adopt four core principles as a first step towards improving the system. The website solicits feedback on the report and captures solutions that address the flaws from grantmakers and grantseekers.

Using the research report and four core principles as a jumping off point, Project Streamline then sought a broad national consensus on the development of application, monitoring, and reporting principles and promising practices.

The major accomplishments of Phase II are:

Disseminated 14,000 copies of the report and promoted the findings to more than 83,000 grantmakers and grantseekers

The report generated significant interest in the field. Nearly 14,000 reports have been delivered in paper and electronic form to interested grantmakers and grantseekers and all eight partners have promoted the report to their constituencies, informing more than 10,000 grantmakers, 3,000 fundraising professionals, and 70,000 nonprofit leaders of the report and its findings. This outreach, combined with coverage in the Chronicle of Philanthropy, Responsive Philanthropy, and other industry publications and blogs has raised awareness of the project throughout the field. The Project Streamline website (www.projectstreamline.org) contains samples of articles written on Project Streamline.

In addition, nearly 6,000 visitors have accessed the Project Streamline website. The site now appears as the first search result on Google and other search engines, confirming its popularity.

Held 39 conversations with more than 1,000 grantmakers and grantseekers to gather input on potential principles and needed resources

Project Streamline presented the research report findings and gathered input on potential principles and resources through:

a. National conferences, including Council on Foundations, Grantmakers for Effective Organizations, and Association of Fundraising Professionals
b. Local meetings with regional associations of grantmakers and Grants Managers Network regions
c. A series of on-line chats and teleconferences

A total of 39 sessions reaching more than 1,000 grantmakers and grantseekers have been held across the country. These sessions not only met Project Streamline goals, but provided partners, particularly the Forum of Regional Associations of Grantmakers and the Grants Managers Network who sponsored the majority of the sessions, with highly relevant content and effective programs for their members, creating a "win-win" situation for everyone. A list of the completed sessions can be found in **Attachment A**.

To ensure consistent communication and input gathering, Project Streamline developed a "Conversation in a Box" for the sessions, including a presentation, talking points, participant worksheets, and other helpful items. The original intent was that any interested group could use the "Conversation in a Box" materials to make a presentation to their constituencies. It quickly became clear, however, that these groups preferred to have a presenter who was more familiar with the material, and Project Streamline met these requests. As we move forward with Phase III, Project Streamline will need to allocate resources for presenters as well as content for any future trainings or sessions.

Based on the number of requests for presentations and the level of participation by those who attended the sessions, it is clear that the Phase II dissemination strategy has been successful and achieved the dual objectives of building awareness of the issues and generating input on the findings and recommendations contained in the report. The feedback we received from these sessions has been overwhelmingly positive and affirming. The sessions enhanced understanding among grantmakers and grantseekers of the need for streamlining. Those who had not considered these issues were intrigued and inspired, and those who already had begun to streamline felt justified and supported in their efforts.

Word of mouth about the sessions has spread and Project Streamline continues to receive requests to provide content and speakers for these introductory sessions. With resources redeployed to Phase III activities, Project Streamline will develop an alternative, web-based method to deliver an “Introduction to Project Streamline” to interested grantmakers and grantseekers.

Philanthropy NW and its members expressed such an interest in streamlining that Project Streamline is partnering with them on a pilot training program to teach grantmakers how to streamline. If successful, this will become a cornerstone of the Phase III strategy and be replicated across the country. This is scheduled for April 2009.

What We Learned

Session participants were asked about their general reaction to the report and the Project Streamline initiative. In addition, they were given the opportunity to react to the recommended core principles, the flaws in the system and the barriers to change identified in the report. Group members were encouraged to share their experiences in attempting to streamline grantmaking processes, make suggestions of others who should be solicited for input, and make recommendations on how to promote adoption of the principles. **Attachment B** is a detailed report on the comments.

Most comments from the Project Streamline sessions related to clarifying the purpose and intent of the project and the recommendations. For instance, one participant recommended we emphasize that streamlining is about mission and being “distracted from purpose,” and not only about “drowning in paperwork.” Other suggestions included maintaining the flexibility to appropriately apply the principles to various sizes and types of grantmakers.

Only one substantive change to the principles was suggested. It was recommended that we use a different phrase than “begin from zero.” This implies getting rid of all current practices and starting over as opposed to doing a thorough assessment of existing processes and requirements and eliminating or adjusting those that are unnecessary or ineffective. Most other comments related to specific ways to support the principles and address the barriers to change. The questions and suggestions raised in this context will be valuable in building support for the change process.

Many grantmakers reported on planned or current efforts to improve grantmaking processes. Among those are decisions to use letters of inquiry or other means of determining eligibility prior to submission of a full proposal, a move to multi-year grantmaking, and the use of common and online grant applications. There were several examples offered of strategies to improve communication and facilitate grantee feedback, including having potential grantees beta test grant applications.

The challenge of ensuring appropriate evaluation strategies and useful reporting requirements surfaced in many of the meetings. Additionally there was a good deal of interest in the idea of centralized data repositories, although there were many questions about how to make them useful.

A number of people expressed an interest in discussing the broader concept of partnership between funders and grantees. A frequently raised concern was how to address the responsibilities of grantseekers, and several participants remarked on the importance of engaging grantseekers in the process of streamlining and improving grantmaking processes.

We received a number of suggestions regarding groups that should be solicited for input or enlisted as partners in the initiative. These included program staff, grantseekers, government agencies, affinity organizations of color, grants management software firms, data repositories, and consultants to grantmakers or grantseekers.

Ideas about how to promote the adoption of the core principles included tailoring the message to reach different audiences, *e.g.,* grantmakers of different sizes, types, and funding focuses and having a specific strategy to inform and address the concerns of trustees and grant committee members. Other interesting ideas were to organize local funders to jointly commit to streamlining grantmaking and to partner with a specific grantmaker or group of grantmakers to test a change model.

There was a strong and recurring interest in having access to tools that would facilitate the change process, such as case studies of streamlining initiatives, models for business practice review, and an instrument that could be used to assess a funder's grantmaking practices. Additionally, reaching a universally accepted determination of what is required for due diligence was a priority for many of the participants.

The comments, questions and suggestions captured in these sessions will be used to finalize the principles and drive the Phase III strategy. The fact that the findings and recommendations have been validated by a broad cross section of those who work in the philanthropic and nonprofit sectors provides credibility and promotes confidence in the final product.

Other Activities

Project Streamline launched two additional efforts in 2008 to support the adoption of principles by the field.

Communications

Project Streamline continued to update the content on its website to promote discussion, share ideas, and deliver tools to help grantmakers streamline and engage grantseekers in the discussion. An inaugural newsletter was produced that was received by more than 45,000 people primarily through existing newsletters and communications tools. Recipients included:

- 1,300 GMN members
- 30,000 AFP December eWire subscribers
- 4,900 people on ASF's mailing list

- 3,200 subscribers to NCN's email newsletter
- 1,200 American Association of Grant Professionals members
- 500 Grantmakers for Children, Youth, & Families members
- 4,000 members of regional associations of grantmakers

The second issue of the newsletter is planned for a March 2009 release.

Workgroups

Working groups charged with resolving specific issues and developing tools are a critical component of Project Streamline's Phase III work. The workgroups are composed of field representatives (both grantseekers and grantmakers) and address priorities identified through the Project Streamline research and national and regional conversations. Each group is responsible for making recommendations about a specific issue and coming up with a useful and durable product for dissemination to the field.

Four workgroups have been formed based on recommendations from the *Drowning in Paperwork* report and input from grantmakers across the country. Workgroups are facilitated by Jessica Bearman (Project Streamline consultant) and chaired by members of the project's National Advisory Committee.

The tools and resources produced by these workgroups will be key components of our Phase III strategy to promote adoption of the principles by the field. All workgroups anticipate completing their work by mid-2009.

These workgroups are:

Due Diligence Workgroup

The Due Diligence Workgroup was created to:

- Provide specific information about the minimum grant due-diligence requirements and make them into a set of standards.
- Make a distinction between the basic legal requirements and the other fact-finding activities that help grantmakers make wise decisions about a particular organization or proposal.
- Help grantmakers think responsibly about these additional fact-finding activities, exploring what funders need to know and what is the least onerous way to get that information.
- Engage auditors, lawyers, financial advisors, accountants, and others who are providing advice to grantmakers in the setting and proliferation of these standards.

Right-Sizing Workgroup

The Right-Sizing Workgroup was created to determine and promote guidelines for right-sized requirements. Nonprofit organizations often spend considerable time and energy (and therefore money) seeking, applying for, managing, and reporting on grants. When the grant is small, and the requirements are large, the organization may actually be left with a negative "net grant" – the amount of money left over once the cost of getting and managing the grant is considered.

This workgroup will provide recommendations, examples, and stories to help grantmakers think about the appropriate requirements for different sizes of grants, different types of grants, and different levels of knowledge about and comfort with the grantee.

Budgets and Financial Reporting Workgroup

This workgroup was formed to address grantmaker budget and financial reporting templates, as well as grant periods, which often don't align with fiscal years or project timelines. This workgroup will explore:

- How grantmakers can work with the budget materials that nonprofits have available or make it easy for them to provide information without having to rework how they think about their budgets.
- How reporting is connected to original budgeting.
- How to utilize official information that already exists.
- Tying reporting periods to the organization's fiscal year or the project timeline.
- Budgeting for collaborative efforts – Identifying and sharing promising practices for projects with multiple funders.
- Repositories for budget information – like FAFSA.
- The timing of payments in multi-year grants.

Online Systems Workgroup

This workgroup will determine and describe what works, what doesn't, and recommend best practices for online systems. It's main focus is on the needs of:

- Grantmakers: how they ask the questions online, how they structure online systems, and what they do with the information once it is collected.
- Grantseekers: how they can develop some basic level of sophistication in using online forms

Financial Report

Project Streamline continues to attract both large and small funders to the project. As of December 31, 2008, 18 funders had committed a total of $356,000 to the project. **Attachment C** contains the complete project budget, a report on 2008 expenditures, and a list of sponsors.

Phase III Goals

Phase III, **Adopting the Principles**, is now underway. The goals of this phase are to encourage adoption of the core principles within the funding community, to facilitate the change process by offering informational resources and tools for those grantmakers seeking to improve their application, monitoring, and reporting processes, and to develop and implement appropriate mechanisms to track Project Streamline's impact on philanthropic practices. Specific activities and products that will support these goals include:

1. Ongoing and multifaceted communication designed to raise awareness of the drain on resources and energy that results from current practices and to share Project Streamline findings and solutions. A variety of mediums will be used, including reports, web discussions, presentations, newsletters, convenings and a frequently updated website. To the extent possible, the number of people touched will be recorded in order to measure the reach of the outreach and communication strategies.

2. *The Guide to Streamlining* is expected to be released in mid-2009. This guide will incorporate the final principles, workgroup products, and pilot training content to create a resource that grantmakers can use to direct their streamlining efforts. It will also include a section for grantseekers interested in supporting streamlining.

   Until the workgroups that were formed in Phase II finalize their work products and the design of the pilot training program is completed and tested, the format, content, and medium for the *Guide* cannot be determined, but it likely will be a combination of paper and online information and resources. GMN will be able to draw on its successful track record of producing resource documents and guides for grants managers to inform the design and dissemination of *The Guide to Streamlining*.

3. "How to Streamline" training will be a one-day workshop designed to help foundations and other grantmakers streamline their application and reporting practices. It will be offered through Project Streamline partner organizations such as the regional associations of grantmakers. Learning goals for the workshop include:

   a) Understand the ways that current systems of application and reporting may be placing unnecessary burden on funders' nonprofit partners;
   b) Surface and check assumptions about what kinds of information are necessary for effective and responsible grantmaking;
   c) Identify the drivers for and cultural barriers to streamlining and consider ways that they might be overcome;
   d) Share stories and lessons-learned about efforts to streamline grantmaking practices; and
   e) Create action plans for making concrete changes to application and reporting practices.

A pilot of the training is scheduled for April 2009 with Philanthropy Northwest. Based on feedback from that pilot, the training will be finalized and replicated across the country, with a target of reaching at least 280 grantmakers by 2011. Project Streamline will track the progress of these grantmakers over time to determine what change actually occurred and the impact streamlining has had on their organizations and grantseekers.

4. A Grantmaker Assessment Tool is being developed in partnership with the Center for Effective Philanthropy and is expected to be released in late 2009/early 2010. This will be a simple, on-line tool that allows grantmakers to assess their current practices against the flaws identified in the *Drowning in Paperwork* report. It will provide users with data and a report that can be used to advocate internally for change. This tool and the related report will facilitate the tracking of progress over time. Summaries of specific data, such as the estimated cost of administrative requirements, will be generated by aggregating user results, and this information can be used by Project Streamline to track changes in grantmaker practices.

5. Tracking the impact of Project Streamline will be an ongoing process. Some of the tracking mechanisms have been identified above: tracking interest in the project by the numbers of individuals reached through communication strategies and those accessing tools provided in the *Guide to Streamlining*, tracking the progress of funders who participate in "How to Streamline Training," and the aggregation of data from funders who use the Grantmaker Assessment Tool. Longer term, change that has occurred in the field since the launching of Project Streamline will be evaluated by returning to the sources of the research that was conducted for the *Drowning in Paperwork* report and incorporating findings from the training program and assessment tool.

Next Steps

Beginning in 2011, the eight partners will begin incorporating the Project Streamline principles, tools, and resources within their organizations and sharing them with the broader philanthropic culture through their trainings, publications and other products. Their efforts will help institutionalize industry change and ensure that the impact of Project Streamline continues long after the formal project is completed.

Conclusion

The very positive response to Project Streamline, as demonstrated by requests for copies of the report and presentations as well as visits to the website and phone and email inquiries, are an indication of the timeliness of the project. Grantmakers and grantseekers alike have expressed an interest in discussing the issues and having access to tools that can help to streamline processes and produce better and more cost effective outcomes. The collaborative nature of the initiative, the generous support of the funders, and the countless volunteer hours contributed by professionals in the philanthropic arena, are a testament to both the value of the endeavor and the commitment of grantmakers and grantseekers to continuously improving their outcomes.

ATTACHMENT A

PROJECT STREAMLINE SESSIONS

Date	Sponsor
March 3, 2008	Forum of Regional Associations of Grantmakers, CEO Convening
March 9, 2008	Grantmakers for Effective Organizations National Conference
March 29, 2008	Association of Fundraising Professionals Annual Conference
April 7, 2008	Grants Managers Network Annual Conference
May 5, 2008	Council on Foundations Annual Conference
May 15, 2008	Surdna Foundation Board
June 2, 2008	National Council of Nonprofit Associations Congress
July 15, 2008	Association of Baltimore Area Grantmakers
July 18, 2008	Midwest GMN
July 23, 2008	Minnesota Council on Foundations & Minnesota GMN
August 7, 2008	New York GMN
Sept 4-5, 2008	Connecticut Council for Philanthropy
September 9, 2008	District of Columbia GMN
September 9, 2008	Packard Foundation Staff Meeting
September 24-26, 2008	Philanthropy Northwest
September 25 and 29, 2008	Association of Fundraising Professionals Webinars
October 2, 2008	Minnesota Council of Nonprofits
October 14, 2008	Council of Michigan Foundations
October 15, 2008	Associated Grantmakers
October 15, 2008	Delaware Valley Grantmakers
October 20, 2008	MicroEdge Solutions Conference
October 21, 2008	Donors Forum of Chicago
October 24, 2008	American Association of Grants Professionals
October 23, 2008	Iowa Council of Foundations
October 27, 2008	GEO Money Conference
October 29, 2008	Ohio Grantmakers Forum Annual Conference
November 5, 2008	Associated Grantmakers and New England Region of GMN
November 6 and 7, 2008	Pacific Northwest GMN and Grantmakers of Oregon and South Washington
November 11, 2008	Indiana Grantmakers Alliance
November 11, 2008	Northern California Region of GMN
November 12, 2008	Southern California Region of GMN
November 18, 2008	Kansas City Funders Network
December 2, 2008	New York Regional Association of Grantmakers
December 3-5, 2008	Association of Small Foundations Atlanta Regional Meeting
December 11 and 16, 2008	Grants Managers Network Webinars
December 11, 2008	Council of New Jersey Grantmakers

ATTACHMENT B

SESSION SUMMARY

Feedback from the Project Streamline sessions, including experiences from the field, is outlined below under the general headings of Core Principles, Barriers to Change, Seeking Additional Input, the Role of the Grantseeker, and Suggestions for the Next Phase of Project Streamline.

I. CORE PRINCIPLES: Listed below are general comments related to the recommended core principles as well as those that pertain to specific principles and the experiences reported from the field.

Principles Generally

Comments:

- It would be useful to have an explicit statement emphasizing that the purpose of streamlining is really all about *mission*. The Core Principles seem more focused on the "drowning in data" part and less on "distracted from purpose."
- Can Project Streamline include a core principle addressing the idea that grantmakers should be more Green, *i.e*., environmentally friendly, and using that as another argument for paperwork reduction?
- Add a sub-principle that addresses what funders should pay for, *e.g*., for required travel/meetings.
- Need to focus also on internal grantmaker paperwork—too much is required and this also needs to change.
- Culture very much focused on front-end of grantmaking process (*i.e*., new grants). Needs to be more balanced if going to require grantees to report on or evaluate grant.
- Different kinds of philanthropy may require different procedures. This piece is missing from the report.
- How do we design a process that has good baseline requirements but allows flexibility to handle special situations?
- Recommendations need to be contextualized to each grantmaker's situation. Different grantmakers will be able to tackle different items on the list.
- Don't limit the project to application and reporting. Include more information on building relationships.
- Grant contract letters should stipulate both grantee and grantor obligations.
- The idea of group visits (before, during, after grant) to or from grantees by a number of funders was suggested.
- How much or how little information should be provided in decline letters?
- It might help to position Streamline principles as part of broader stewardship - Boards/leaders as stewards of all resources.
- Variability occurs both between different grantmakers as well as within different programs of a grantmaker.
- There are different information needs for different levels in the organization.

- One grantmaker requires a lot of paperwork to prove a match was met while a second grantmaker simply requires a signed affidavit that the reported funds were received.
- It is a myth that grant terms have to be 12 months, and it leads to requiring reports that don't match organization/project timeline or goals causing problems for grantseekers and less useful information for grantmakers.

Changes/Streamlining Efforts Reported by Participants:

- Engaging grantmaker allocation committee members in a discussion about accepting more general operating/unrestricted requests.

Core Principle One: Begin from Zero

Comments:

- This principle needs to be re-worded in order to better communicate its focus on "asking why" and not on throwing all practices (good and bad) out of the window.
- Questions to be asked include: What would make us not fund it? What would cause us to fund it? How much paperwork do I actually need/what information do I need? (Red light/green light)
- Grantmakers ask for a lot of financial information, but don't really use it.
- Requirements are often put in place because of problem with one applicant/grantee. Those should be treated as exceptions.

Changes/Streamlining Efforts Reported by Participants:

- Asking all staff at the grantmaking organization to list three things that the grantmaker could stop doing and use those ideas to identify areas for improvement and prioritize change.
- Nordson Corporation has "lean events" where departments have to present to other (unrelated) departments what they do. If they can't articulate why they do something, it is probably something that can be dropped or changed.

Core Principle Two: Right-size grant expectations

Comments:

- Some requirements are good. They help grantseekers to think through/articulate goals better or uncover issues (*e.g.*, discovering a nonprofit had not followed up on the advance ruling so was not tax exempt).
- It would be useful to have dollar threshold levels and sample application and reporting requirements for each level.
- One large grantmaker's application proved helpful in focusing the nonprofit and when it resulted in a funded grant, it provided credibility with other funders.

- Match the report deadline to coincide with the grantee's existing reporting deadlines (*e.g.*, reports to their own board).
- Providing multi-year grants, as well as more general operating/unrestricted grants, would be reasonably easy to implement, and would eliminate the interim reporting requirements.
- Some final grant report questions do not make sense, *e.g.,* if we are funding strategic planning, we ask how many young people were served by this project.
- Need to distinguish between legal requirements, program requirements, and general best practices.
- Right sizing is burden on grantmaker because staff needs to deal with different applications.

<u>Changes/Streamlining Efforts Reported by Participants</u>:

- Using a two-year grant cycle thereby reducing the number of times an organization needs to apply and the number of grantmaker Board meetings.
- Allowing the amendment of an existing grant rather than requiring a whole new proposal.
- Accepting any three-page description of the proposal to be funded.
- Using final reports as new application.
- Using verbal interim reports and having the grantmaker staff prepare summaries for the file in lieu of a written report by the grantee.
- For repeat grantees, only asking for due diligence materials every few years.
- Plan to have a consultant do a full review and provide proposed changes to our funding and reporting processes.
- Want grantee to use an evaluation plan and instruments already in use for an ongoing program evaluation.
- Tried an evaluation system that mirrored our founder's manufacturing evaluation beliefs, but it didn't translate well for those not intimately involved in the process.
- Lawyers have expressed concern about "setting precedent" by having no reporting requirements for certain grants.
- A program evaluation chart, which was designed to bring clarity to the outcomes reporting process, causes a great deal of complications.
- Attempts at right-sizing resulted in different requirements for different organizations and was very confusing to applicants.
- Home Depot has right-sized applications. It's definitely helpful.
- The Blowitz Ridgeway Foundation has different applications depending on the size of the request. http://www.blowitzridgeway.org/information/information1.html.
- Gordon and Betty Moore Foundation doesn't have proposal requirements. It creates a joint agreement with grantees following intense negotiations. It does this in recognition that the final project never matches the initial proposal. Moore focuses on project management, not grant approvals, when assessing staff.
- Looking at limiting reports for operating support grantees—perhaps just a copy of financial statements or annual report.

- Eliminated reports for operating support grants. They are meaningless. We're never going to ask for our funds back on an operating support grant so why take our time and the grantee's time to process it. We did our due diligence on the group when we made the grant and will do it again if the group approaches us for a renewal grant.

Core Principle Three: Relieve the Burden on Grantees

A. Minimum legal requirements

Comments:

- If Project Streamline could get official IRS clarity on what's really required for due diligence, that would be a huge win. (Note: this was a sentiment that was repeated in most sessions.)
- Canadian grantseekers can't legally collect some of the information requested by funders.
- There is a need to distinguish between legal requirements, program requirements, and general best practices.
- It would be helpful to get clarity on how long documents have to be retained.

B. Stop outsourcing basic administration

Comments:

- Grantmakers could offset burdensome requirements. One example is if multiple copies are needed, then relax restrictions on rigid formatting.
- Some grantmakers provide administrative costs (*e.g.*, 10% to cover proposal/reporting costs plus additional funds for evaluation) for project grants.
- Small grantmakers don't have capacity to take back the burden.

C. Take advantage of technology.

Comments:

- It would be helpful to codify good practices in online grantmaking.
- It would be interesting to know about the experiences of others, especially when using an "off-the-shelf" software system.
- Could the online systems be connected so biographical information can be saved in one place with one log on username and password? The Western States Arts Federation (www.westaf.org) was mentioned as an example of this functionality.
- Consider implementing online applications for different size grants.
- Online applications are difficult to use, often are actually longer than print applications, and many have technical problems (*e.g.*, crashes, overloads, not able to cut and paste, not able to see entire application before submission).

Changes/Streamlining Efforts Reported by Participants:

- Giving Adobe to grantees to enable electronic submission of documents.
- Accepting proposals and reports by email.
- Used SharePoint so the board could review applications online, but they printed them anyway.

D. Use an alternate source to verify public charity status

Comments:

- GuideStar doesn't include every 501(c)(3) organization, especially not small or new ones.
- The IRS database doesn't include organizations that are under group exemptions.

Changes/Streamlining Efforts Reported by Participants:

- Referenced GMN member discussion on this topic in securing approval from auditor to stop asking for the 501(c)(3) designation letter.

E. Accept common applications/reports and grantees' existing materials

Comments:

- We like the idea of the common application form, but can't agree on questions.
- The most useful "common application" approach might be one that is affinity group based. This might be more likely to meet the needs of funders in a specific field, particularly those with specialized vocabulary and/or metrics.
- Consider using a common profile as a successor to the common grant application form.

Changes/Streamlining Efforts Reported by Participants:

- Have formed an *ad hoc* working group which will meet in early December to take on (very seriously) the idea of creating a common application for New Hampshire. Looking to model this on one of the existing common applications.

F. Consider a two-part grantmaking process

Comments:

- Letters of inquiry may be double-edged swords because of adding more work for the grantmaker.

- Eligibility quizzes can be used so that grantseekers don't waste their time in preparing and submitting inappropriate grant requests.
- How about using the final report as the basis for a future grant application?
- LOIs only relieve the burden for declined organizations. Those organizations that the grantmaker will fund (their priority organizations) have to wait longer for a response and go through more steps.

Changes/Streamlining Efforts Reported by Participants:

- Only inviting full proposals when there is a high likelihood of the request being funded. Requiring applicants to submit a draft proposal and either decline at that point or help to improve the application.
- Using a short letter of interest to determine how many grant reviewers need to be hired.
- LOIs don't seem to have many negatives—preferred by both grantmakers and grantseekers.

G. Centralized Data Repositories

Comments:

- Grantseekers could have core information (*e.g.*, financial information, mission, history, annual goals, etc.) on their websites eliminating the need for centralized repository.
- Although there is interest in data repositories there is concern about whether they would be comprehensive enough.
- The changed economy is going to force us into common data collection sooner rather than later.
- If grantmakers required that nonprofits get a stamp of approval from a repository such as the Charities Review Council (www.smartgivers.org), and the grantmakers paid for it, then there would be a high incentive for nonprofits to obtain the approval. This would cut down on the time it takes for grantmakers to review financial information, verify tax status, etc. One participant asked if this might hurt the relationship between staff and grantee since it may reduce conversation between the two. Another participant raised the issue of consistency. Would grantmakers not fund an organization without the approval? Is it right to require this approval of small organizations?

Core Principle Four: Ensure that communications and grantmaking processes are clear and straightforward

Comments:

- Grantmaking is subjective and therefore some ambiguity in communication is inevitable.
- Grantmakers should have some mechanism for answering grantseeker questions. A two minute conversation on the likelihood of them being funded takes much less time than processing a proposal.
- It would help if funders could explain why they want something.
- Hold community meetings with grantees to review application process.
- Often it is difficult to communicate guidelines clearly to grantseekers when we ourselves lack clarity.
- Listening to grantees is key and needs to be more explicit in the principles.

Changes/Streamlining Efforts Reported by Participants:

- Putting grantee resources – extension form, etc. – on a website.
- Funding technical assistance related to fundraising and reporting.
- Implementing an eligibility screen and working to be as clear and transparent as possible about funding priorities and process led to a noticeable decline in the number of proposals and a significant improvement in the quality of proposals. As a result, the grantmaker now makes fewer decline decisions so it isn't wasting its time or the grantseeker's time.

II. BARRIERS TO CHANGE: Session participants generally affirmed the barriers to change that were identified in *Drowning in Paperwork, Distracted from Purpose*. Listed below are general comments on possible barriers to change as well as those related to the specific barriers identified in the report.

Barriers to Change - Generally

Comments:

- Grantmakers need leadership to engage in streamlining—someone to champion and see change through to implementation.
- Change to process may confuse existing grantees.
- Operations staff not willing to change.
- Not enough appreciation on the side of grantmakers that grantseekers are critical to grantmakers meeting their goals.
- The number of stakeholders that need to be consulted if change is to be implemented.

Barriers to Change - Staff time and capacity

Comments:

- Staff turnover at both grantmakers and nonprofits leads to the use of documentation to ensure information is captured and retained.
- Provide technical support, if needed, to grantees to compensate for a lack of grantee fundraising expertise.
- No time to rethink/redo process.

Barriers to Change - Difficulty getting the right information

Comments:

- Grantee perception that more is better leads to frustration over word limitations.
- It is a challenge to get information from grantseekers without raising expectations.
- Grantseekers don't submit complete proposals and/or send too much information.
- If grantseekers use understandable budget formats, separate grantmaker forms become unnecessary.
- Some applicants don't seem to take the time to think about the questions being asked.
- Fundraising consultants block access to Executive Directors or other staff more familiar with the work.
- Consider funding proposal writing workshops to give grantseekers tools they need to successfully pursue funding.
- Look for ways to prevent grantees from submitting extraneous materials in applications, *e.g.*, one organization with an online system made it impossible to upload anything except required materials.
- Financial reporting and budgeting knowledge is not consistent. Some grantseekers do not understand common financial terminology and much back and forth is required, costing time on both sides. Budget templates could be very helpful, but also lead to problems if they force grantseekers to reorganize their financial information.

Barriers to Change - Power of the status quo – tradition, board priorities, and staff roles

Comments:

- Grant committees are reluctant to change to a simplified renewal process.
- No incentive for grantmakers to change. Grantmakers not asked for their outcomes or successes in the same way that grantseekers are.

Barriers to Change - A lack of good feedback

Comments:

- Grantseekers could take the initiative to offer to review funder's guidelines.
- Grantseekers should be encouraged to ask questions about the process.
- Consider an online application that has a link to an online survey asking for anonymous grantee feedback.
- Grantmakers should try completing their own applications.

Changes/Streamlining Efforts Reported by Participants:

- Using feedback from grantees when evaluating and considering changes in requirements.
- Had grantees beta test the application.

III. SEEKING ADDITIONAL INPUT: Other groups that participants suggested should be solicited for input included:

- Program staff
- State agencies
- Affinity organizations of color
- Grantseekers
  - Survey grantees about the process
  - Hold joint grantmaker/grantseeker sessions
- Trustees
- Grants management software firms
- Data repositories
- Consultants to grantmakers and/or grantseekers

IV. THE ROLE OF THE GRANTSEEKER: Many participants emphasized the importance of understanding the partnership and interdependence that exists between funders and grantees. It was pointed out that although Project Streamline is focused on issues related to grantmaking, grantseekers are also interested in ideas for improving their proposal writing, submission and reporting processes.

Suggestions of ways that applicants and funders can ensure that the needs of both parties are met included:

- Funders should ensure that their interests and requirements are clearly communicated and easily accessible. Tools such as LOIs, eligibility quizzes and Foundation Center listings help to facilitate an applicant's path through the application process. In turn, grantseekers can avoid wasting time and resources (both their own and the potential funders) by taking advantage of these tools and following funder guidelines for both what they will fund and the information that they want to receive.

- Grantseekers should strive to make their organizational information easily accessible both for their own use and for potential funders. Suggestions included ensuring that basic information is kept updated on their website, and making a pdf of all key files (such as budgets and financials) to make it easy to respond to requests.
- Open lines of communication between applicant and funder can also save time and effort. A five minute conversation or quick email may save both grantseekers and grantmakers a lot of time in proposal preparation and review. Although funders can't always provide detailed reasons for declined requests, a quick phone call might provide some insight into a funder's decision. Even though the decision on that grant has been made and the funder is not offering an opportunity to appeal the decision, he or she may be able to share information on the decision making processes.
- Both parties should recognize a grant agreement is a legal document that each is expected to honor. Grantees should read the agreement carefully, and if the grant period, reporting schedule, and/or reporting format will add a burden, suggest a different reporting method and timeline. In turn grantmakers should communicate clearly whether or not they are willing to consider adjusting these requirements.
- Grantseekers as well as grantmakers need a system for tracking proposals submitted, grants awarded, grant requirements, and reporting schedules. More than one person should understand and have access to this information in order to deal with any staff turnover.
- Both parties should reach an agreement that application and reporting costs may be included within grant proposal budgets. These staff and supply costs are operating or program costs that should be considered by funders as they are determining grant amounts.

V. SUGGESTIONS FOR THE NEXT PHASE OF PROJECT STREAMLINE:

Promote adoption of recommended changes

- A group of participants felt that these types of recommendations would fall on deaf ears at the board level, and that there needs to be a next step specifically aimed at trustee education. How do you educate them about the impact that their actions or inactions cause? "A day in the life of a grantee dealing with a grantor" might be an interesting skit at a meeting.
- There should be different implementation strategies for different grantmaker types--community foundations (maybe educating their donors); corporate (how to deal with lots of small grants and lawyers close at hand); international; new entities.
- Develop way to calculate hard dollar benefit of streamlining for both grantmakers and grantseekers.

Provide information and tools that grantmakers can use in streamlining efforts

- Provide case studies on funders who are streamlining.

- Provide models for business practice review that would make it a manageable process.
- Participants would like to get tools to assist them in the change process.
- Needs to be a guide to developing online applications for grantmakers.

Attachment C

Financial Report

As of December 31, 2008, Project Streamline has raised $356,000 toward its $600,000 budget. We will enter 2009 with approximately $130,000 in available funds and will begin a final fundraising push for remainder of funds needed for the project.

Attached are:

Project Streamline Budget

	2007 Actual	2008 Actual	2009 Budget	2010 Budget	2011 Budget	Total
Phase I: Defining the Problem						
TOTAL PHASE I	**$90,863**	**$0**	**$0**	**$0**	**$0**	**$75,723**
Phase II: Drafting the Principles						
TOTAL PHASE II	**$0**	**$123,295**	**$0**	**$0**	**$0**	**$123,295**
Phase III: Adopting the Principles						
Staffing						
GMN Executive Director	$0	$0	$20,800	$20,800	$10,400	$52,000
Benefits	0	0	1,510	1,510	$755	$3,775
Employer Taxes	0	0	1,634	1,634	$817	$4,085
Total Staffing	0	0	23,944	23,944	11,972	59,860
Professional Services						
Action Workshops	0	0	32,000	25,000	0	$57,000
Assessment Tool	0	0	40,000	20,000	0	$60,000
Communications Strategy and Tools	0	0	35,000	5,000	0	$40,000
Evaluation	0	0	0	0	15,000	$15,000
Project Management	0	0	15,000	10,000	0	$25,000
Website Hosting and Maintenance	0	0	10,000	5,000	5,000	$20,000
Workgroup Facilitation	0	9,045	15,000	0	0	$24,045
Total Professional Services	0	9,045	147,000	65,000	20,000	241,045
Meetings and Travel						
Action Workshops			10,000	10,000	0	$20,000
Workgroups			1,000	0	0	$1,000
Other			4,000	2,000	0	$6,000
Total Meetings and Travel	0	0	15,000	12,000	0	27,000
Guide to Streamlining						
Design	0	0	10,000	0	0	$10,000
Printing	0	0	25,000	0	0	$25,000
Mailing	0	0	5,000	5,000	0	$10,000
Total Publication	0	0	40,000	5,000	0	45,000
Administration						
Office Supplies	0	0	250	250	125	$625
Rent	0	0	3,402	3,402	1,701	$8,505
Telecommunications	0	0	2,500	2,500	1,250	$6,250
Total Administration	0	0	6,152	6,152	3,076	15,380
TOTAL PHASE III	**$0**	**$9,045**	**$232,096**	**$112,096**	**$35,048**	**$388,285**
TOTAL PROJECT STREAMLINE	**$90,863**	**$132,340**	**$232,096**	**$112,096**	**$35,048**	**$602,443**

Project Streamline
2008 Financial Report (Unaudited)
as of December 31, 2008

	Actual	Budget	Variance	Explanation of Significant Variances
Staffing				
GMN Exec Director (20% of time)	12,979.94	12,000.00	979.94	
Benefits	1,035.81	1,480.00	-444.19	
Employer Taxes	1,067.26	918.00	149.26	
Total Staffing	15,083.01	14,398.00	685.01	
Professional Services				
Assessment Tool	0.00	30,000.00	-30,000.00	Moved to Phase III (2009)
Communications Strategy & Tools	43,562.00	53,000.00	-9,438.00	Costs less than expected
Project Management	31,691.50	47,000.00	-15,308.50	Less time required than projected
Research	0.00	5,000.00	-5,000.00	Not needed
Website Hosting & Maintenance	0.00	4,282.00	-4,282.00	Charged to Communications budget
Workgroup Facilitation	9,045.00	12,500.00	-3,455.00	Workgroups continue into 2009
Total Professional Services	84,298.50	151,782.00	-67,483.50	
Meetings & Travel	13,285.81	25,000.00	-11,714.19	Travel costs lower than projected
Research Report Publication				
Design	5,150.00	5,150.00	0.00	
Mailing	2,638.02	5,000.00	-2,361.98	
Printing	9,724.00	25,000.00	-15,276.00	
Total Research Report Publication	17,512.02	35,150.00	-17,637.98	Reports did not need reprinting
Administration				
Miscellaneous	325.02	500.00	-174.98	
Phone	0.00	500.00	-500.00	
Rent	1,540.00	1,680.00	-140.00	
Supplies	295.72	250.00	45.72	
Total Administration	2,160.74	2,930.00	-769.26	
Total Project Streamline	132,340.08	229,260.00	-96,919.92	

Project Streamline

Fundraising Status Report
December 31, 2008

	Amount
Committed	
Christensen Fund, The	$10,000
Community Foundation for Palm Beach and Martin Counties	$1,500
David and Lucile Packard Foundation, The	$90,000
Dekko Foundation	$5,000
Ford Foundation	$50,000
Francis Family Foundation	$2,500
Frey Foundation	$5,000
Harold K. L. Castle Foundation	$10,000
Kansas Health Foundation	$5,000
Kresge Foundation, The	$50,000
McKnight Foundation, The	$25,000
Eugene and Agnes E. Meyer Foundation	$5,000
Robert Wood Johnson Foundation	$50,000
Russell Family Foundation	$1,000
Saint Luke's Foundation	$5,000
Surdna Foundation	$15,000
William and Flora Hewlett Foundation	$25,000
Winthrop Rockefeller Foundation	$1,000
Total Committed	**$356,000**
Total Budget	$602,443
Unfunded Balance	**$246,443**
Pending	
Carnegie Corporation of New York	$25,000
Total Pending	**$25,000**
Total Awarded and Pending	**$381,000**