

Who Is Supporting Nonprofit Financial Sustainability?

Cuyahoga Arts & Culture

Ohio grantmaker using cigarette-tax funds to invest in arts and culture makes general operating support a priority.

Quick Grantmaker Stats

Type of funder	Public
Geography/Issue Area	Cuyahoga County, Ohio/Arts and culture
When founded	2006
Total assets (as of FY 2013)	\$25 million
Annual giving (as of FY 2013)	\$16.1 million
Number of staff	7
Website	www.cacgrants.org
Brief description of the program and practice being discussed	Core, multiyear funding for arts and cultural organizations.

1. Describe the situation or practice.

In 2006, voters in Cuyahoga County, Ohio, approved a 10-year tax on cigarettes to support arts and culture organizations. Cuyahoga Arts & Culture (CAC), a political subdivision of the State of Ohio, is the organization that administers those public funds by making grants to qualified organizations based in Cuyahoga County. CAC is one of the largest local public funders of arts and culture in the nation, investing more than \$15 million each year in organizations of all sizes and disciplines. CAC devotes the bulk of its grantmaking budget to general operating support. Its General Operating Support grant program provides two years of unrestricted, core support for established arts or cultural organizations. In 2013, CAC approved \$13.7 million in general operating support grants. The grantmaker also provides smaller, project-based support to arts and culture projects in the county.

2. What is your approach?

The General Operating Support grant program funds Cuyahoga County-based nonprofits with: a primary mission to create, produce, present or provide arts or cultural services for the public; a history of vibrant artistic or cultural

programming; and strong organizational capacity. In 2013, the grants ranged in value from \$11,609 to \$1,730,876. Through the program, CAC funds approximately 60 arts and culture organizations in Cuyahoga County each year, from world-class performing arts ensembles and museums to community-based arts and cultural organizations.

In addition to providing core support, CAC has partnered with the Nonprofit Finance Fund to provide grantees and applicants with wraparound services aimed at strengthening organizations' operations and improving financial health. These services include individualized consulting during telephone office hours with Nonprofit Finance Fund experts who help prospective grantees build their financial skills and knowledge in preparation for submitting an application for general operating support. Cuyahoga Arts & Culture also has hosted webinars for grantees and applicants on key finance topics.

Cuyahoga Arts & Culture also supports learning opportunities for grantees. A 2012 webinar and a 2013 in-person workshop with experts from the consulting firm Helicon Collaborative highlighted lessons learned from Helicon's "Bright Spots" research with the Paul G. Allen Family Foundation about successful frameworks for achieving "exceptional results without exceptional resources" in the arts and cultural sector.

"Multiyear general operating support grants strengthen our community by providing critical support to Cuyahoga County's arts and cultural organizations. These investments play a key role in keeping Cuyahoga County's great cultural institutions available and accessible to all in our community."

— Karen Gahl-Mills, Executive Director, Cuyahoga Arts & Culture

3. What has been the result?

Since 2007, CAC has invested more than \$112 million in 259 local organizations presenting arts and cultural activities in Cuyahoga County. Because it is supported with tax dollars, CAC pays special attention to the public benefit its grants provide the community. CAC views its general operating support program as one way to strengthen the community, not simply support nonprofits. In 2011, CAC-funded organizations served nearly 6.2 million residents and visitors to the area, with 50 percent of those served gaining free admission. The number of children served that year topped 1.4 million, and CAC-funded organizations supported a workforce of nearly 9,000 jobs.

But more than the numbers above, by offering flexible, operating support grants, CAC's cultural partners (its grantees) are able to focus on improving

and deepening the public value that they provide the community. CAC is currently evaluating and strengthening this focus on public value through an in-depth research project with the Helicon Collaborative. CAC will use the results to improve its grant guidelines and overall work.

One CAC grantee who has a clear understanding of the public value they provide to the community is the Progressive Arts Alliance, which enriches the lives of students, teachers and the general public through its arts-in-education programs in classrooms, community centers, libraries and other community spaces. In 2012, PAA served 1,100 students each week during the academic year in 80 programs throughout Cuyahoga County. “The quality of our programming has increased as a result of Cuyahoga Arts & Culture’s investment. We’re tracking outcomes better, building a more rigorous curriculum and improving service to our students. It’s exciting that CAC’s funding comes from our community and, in return, helps support and strengthen it,” said Executive Director Santina Protopapa. CAC has posted videos about PAA and other grantees at <http://cacgrants.org/cac-annual-report-2012.php>.

CAC’s Panel Review Process

All eligible applications for general operating support from Cuyahoga Arts & Culture are evaluated by a panel of arts and cultural professionals from outside the region in a transparent public panel review process. Panelists are appointed by the CAC board of trustees for each grant cycle. The CAC staff and trustees make every effort to ensure that the panel is diverse in all respects. Panelists are chosen to represent a cross-section of professionals qualified to provide expert knowledge of specific arts or cultural disciplines, as well as for their management experience, professional knowledge of the sector and prior panel experience. All panelists receive an honorarium for their service. CAC staff chair the panel process, but do not score the applications.

4. What are your key insights from doing the work?

CAC Executive Director Karen Gahl-Mills said the fact that CAC is receiving public tax dollars makes the grantmaker especially focused on delivering public benefits and community impact. By devoting a significant portion of its funding to general operating support, she said CAC is ensuring that worthy organizations have the support they need to sustain and grow their programs over time as they see fit. “We are after long-term impact, and general operating support helps organizations achieve that,” she said.

Pierce Family Foundation

Chicago foundation provides multiyear operating grants to core grantees, plus a range of focused capacity-building support.

Quick Grantmaker Stats

Type of funder	Family foundation
Geography/Issue Area	Chicago/Housing and homelessness
When founded	2007
Total assets (as of FY 2013)	\$10.5 million
Annual giving (as of FY 2013)	\$1.5 million in direct grants and \$400,000 in grantee support services and programs
Number of staff	3 full-time plus team of contractual support specialists
Website	www.piercefamilyfoundation.org
Brief description of the program/practice being discussed	Multiyear operating grants of \$25,000, plus extensive package of other services and support for core grantees.

1. Describe the situation or practice.

The Pierce Family Foundation supports nonprofits working on housing and homelessness in Chicago. Its focus: helping those nonprofits build the capacity they need to operate effectively. One way the foundation does this is by providing long-term general operating support. The grantmaker defines this support as “full mission funding for the essentials that keep organizations strong and programs thriving — things like staffing, technology and fundraising capacity.”

Executive Director Marianne Philbin said the foundation’s commitment to core operating support comes directly from its founders, Denis and Martha Pierce. Based on Martha’s experience running a small nonprofit, she and Denis had “a firsthand understanding of the trials and challenges nonprofits face on a day-to-day basis,” Philbin said. When they started their foundation, the couple was committed from the start to providing unrestricted general operating grants, as well as other capacity building for back office support to help nonprofits build strong and sustainable organizations.

2. What have you tried to do differently?

The Pierce Family Foundation supports a select group of core grantees, with these grantees receiving ongoing general operating grants from the grantmaker for five years or more, plus a range of other services. Typically, these grantees receive renewable annual grants of \$25,000. In addition to the

financial support, the foundation's core grantees are able to access consulting and other help from support specialists on the foundation team, who have expertise in everything from board development to proposal writing and HR.

In 2013, the foundation supported 12 core grantees and another 80 organizations with more traditional grants. The foundation also does an enormous amount of "matching and problem-solving" across grantee agencies, Philbin said, and recently created an online portal and formal program to further this support of nonprofits. The program, called Peer Skill Shares, initially was available to Pierce Family Foundation grantees but has since been expanded to the grantees of 12 foundation partners. The Peer Skill Shares program enables nonprofits to get targeted one-on-one advice from peers with related expertise; participants also get a micro-grant from the foundation for participating.

The foundation has supported about 200 Peer Skill Shares sessions already, involving about 70 different agencies. Topics have included everything from message development for nonprofits to attracting corporate sponsorships to serving gay and lesbian families.

"We try as much as we can to make our work about them rather than about us by maintaining reasonable, streamlined procedures, by being accessible, by being willing to fund the real costs. You can't raise money without fundraising. You can't retain talented staff without paying professional salaries. You can't get the meal without the kitchen."
– Marianne Philbin, Executive Director, Pierce Family Foundation

3. What has been the result?

In annual grantee surveys, core grantees report that the greatest impact of Pierce support is that it "enabled us to take the next step in our development as an organization and program provider." Another common response is that the support "helps us increase the efficiency of our operations." With a number of organizations, intensive support from a Pierce HR specialist helped the agency through a leadership transition. Some have expanded their grants lists because the foundation supplied them with prospect research and training from a seasoned proposal writer.

A grantee shared: "I imagine technology infrastructure probably isn't the most glamorous way to support charities, since it seems to be going to the business side of a nonprofit, not directly to the people we're serving. However, I really see so much benefit from the IT funding you give out, and I feel like it is so valuable to our being able to function and serve folks."

A Range of Support

In addition to their general operating grants, core grantees of the Pierce Family Foundation receive the following:

- \$2,000 per year for professional development (memberships, workshop fees, classes).
- Access to free legal services from a Chicago law firm (free phone consultation on HR and other nonprofit legal concerns).
- \$5,000 per year for event sponsorship (fundraising events, community forums, etc.).
- Technology assessment from the grantmaker's IT experts, plus \$5,000 for IT support.
- Up to \$5,000 for other direct consulting and services as needed. Services provided by the foundation's team of nonprofit support specialists include fundraising consultation, communications, video, operations, HR and other areas that contribute to organizational stability and sustainability.
- Invitation to free workshops hosted by the foundation. Previous topics have included board development, storytelling techniques, reading financial statements and HR legal issues.
- Access to Peer Skill Shares, an online portal where nonprofits can share resources and advice.
- Invitation to send mid-level and senior managers to the Top Talent Institute, an eight-month professional development program designed by the foundation especially for grantee staff in emerging leadership positions.

4. What are your key insights from doing the work?

Philbin said that by providing unrestricted general operating grants, the Pierce Family Foundation is able to invest “in mission and organizations, rather than getting bogged down in or becoming overly consumed by the ebb and flow and minutiae of one-off projects.” Supporting real costs related to the “back office,” she added, puts the foundation’s support where nonprofits need it most. “What this is really about is debunking the myth that high program outcomes can be achieved with low investment in operations,” Philbin said.

Supporting nonprofits to use technology more effectively has been a priority for the Pierce Family Foundation from the start. “Technology is a huge challenge for nonprofits, not because they are naïve about its requirements and realities, but because technology has fallen into the category that funders so often dismiss as overhead,” said Philbin. That is why the Pierce Family

Foundation provides free technology assessments and grants for IT support for core grantees (see sidebar).

Philbin added that the foundation continues to experiment with how best to support grantees' core operations. As an example, she noted that there is no easy answer to the question of how best to help nonprofits build their fundraising capacity. She also said grantees regularly struggle with the costs of losing talented senior staff who sometimes exit the nonprofit field altogether.