

# Who is Successfully Building Nonprofit Capacity?

## Weingart Foundation

*Southern California grantmaker makes the switch to core support for majority of grants.*

### Quick Grantmaker Stats

Type of funder	Private Foundation
Geography/Issue Area	Southern California
When founded	1951
Total assets (as of FY 2013)	\$717,208,865
Annual giving (as of FY 2013)	\$32,084,313
Number of staff	14 Full Time/2 Part Time
Website	<a href="http://www.weingartfnd.org">www.weingartfnd.org</a>
Brief description of the program/ practice being discussed	Core support grants for up to two years.

### 1. Describe the situation or practice.

The Weingart Foundation supports organizations across six Southern California counties, with a focus on health, human services and education. In January 2009, the grantmaker amended its grant guidelines to make the move from mostly funding grantee programs to offering unrestricted general operating support. This decision followed a significant amount of study, discussions with nonprofit representatives, and conversations among the foundation’s board and staff about the role that unrestricted funding can play in building nonprofit capacity and sustainability.

Initially, the Weingart Foundation planned to phase in its core support for grantees over a number of years. According to Vice President of Programs Belen Vargas, with the start of the Great Recession in 2008 the foundation saw grantees facing serious challenges as they struggled to maintain and sustain core programs. As a result, the foundation decided to make core support the focal point of its grantmaking immediately.

“We decided right then and there that providing core support was the best way we could help build our grantees’ capacity and sustainability, and we haven’t looked back,” Vargas said. The foundation continues to prioritize core support as its primary grantmaking program.

## 2. What have you tried to do differently?

Most of the Weingart Foundation’s core support grants are provided to organizations over a two-year period. The rest of the foundation’s grantmaking consists primarily of capital support and limited program grants. Core support grantees may receive up to two consecutive core support grants. After that, a grantee must wait one-year before it can apply again. Total grant amounts awarded over a two-year period generally do not exceed 10 percent of an agency’s annual operating budget and most grants average between \$150,000 - \$175,000. The maximum grant amount is \$200,000.

The foundation defines core support on its website as follows:

“Core support is unrestricted funding that enables an organization to carry out its mission by strengthening organizational capacity and sustainability. It can be used to underwrite administrative infrastructure and/or to maintain core programs and essential staff.”

As they reviewed core support applications in the early years of the program, the Weingart Foundation’s staff noticed that grantees were using the foundation’s unrestricted dollars to not only maintain core programs and infrastructure, but also to build and strengthen capacity. During site visits and post-grant conversations, grantees would share with Weingart staff that they were grateful to have flexible, unrestricted dollars that they could use to invest in their organization, since most grants from other funders are restricted to programs. Staff would also hear that grantees had a goal of building or growing their operating reserve funds. After follow-up conversations with grantees, the foundation in 2012 began allowing grantees to designate a portion of their core support for this purpose. “We realized that building reserves is a key part of building sustainability for these organizations,” Vargas said.

*“Our point of view is that everything we do as a grantmaker should be aimed at one thing: strengthening the capacity and sustainability of grantees.”*

*– Belen Vargas, Vice President of Programs*

As of 2014, 25 of the foundation's core support grants (or 12 percent of all of these grants) included a reserve condition. In addition to allowing the organizations to grow their reserves, the reserve allocation has provided many grantees with an opportunity to raise additional match funding. For example, 15 of the 16 core support grants with a reserve condition in 2013 also had a 1:1 match requirement (ranging from \$20,000 to \$75,000). This meant that these organizations could potentially leverage an additional \$475,000 for their reserves as a result of the Weingart Foundation funding.

### 3. What has been the result?

Every year, Weingart Foundation prepares a comprehensive statistical analysis of its grantmaking to share with grantees and other stakeholders. The report on grantmaking in fiscal year 2013 showed that grants for multiyear core support continue to grow as a portion of overall grantmaking. In FY 2013, the foundation awarded 110 core support grants totaling \$16.5 million and accounting for 51 percent of total grant dollars, primarily to human service organizations. In addition, a growing share of the foundation's core support grants are going to repeat grantees.

An example of a successful repeat core support grantee is United Cerebral Palsy of Orange County. Over the course of two core support grants awarded in 2010 and 2013, the organization used Weingart Foundation funds both to sustain core programs and to significantly revise its funding model.

At the time of the Weingart Foundation's initial grant, government funding was 90 percent of the UCP-OC budget, and the organization faced a \$2 million deficit. Knowing that government funding for various programs was on the wane, the organization's leaders developed and implemented plans for alternative revenue streams from sources such as insurance, fees, new research partnerships and increased philanthropic support. Through these changes, UCP-OP eliminated its deficit and decreased government funding to just 40 percent of its budget.

Weingart's 2013 report notes: "Over a period of four years, unrestricted funding from the Weingart Foundation supported the capacity by which this organization was able to successfully implement its sustainability strategies and adapt effectively to a changing internal and external environment."

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

Assessing the impact of core support requires grantmakers to think differently about evaluation, Vargas said. Although the Weingart Foundation assesses the impact of each of its grants at the close of the grant, the Weingart

Foundation recently worked with a consulting firm to develop an evaluation framework and impact formula for gauging the results of its work, more comprehensively. In FY 2015, the foundation will continue operational planning and testing of the measurements, management information system and grant process changes that will be required for full implementation of the impact assessment system in FY 2016. Vargas said that a key decision the grantmaker made in developing the new framework is that it intends to measure impact at the organizational level rather than looking at grantee impact on a specific population or community.

“We ultimately decided that where we can have the greatest impact is by investing in organizations to help them be more effective in their work, so we are going to be measuring the strength of these organizations over time,” she said.

## Core Support Indicators

Below is a list of indicators the Weingart Foundation uses when assessing requests for core support.

High-quality, impactful programs targeting economically disadvantaged and underserved populations

- Programs are in demand.
- Organization has a track record delivering strong programs.
- Organization assesses impact and learns from results.

Strong organizational leadership

- Effective executive leadership and management.
- A qualified, engaged and supportive board of directors.
- A well-trained and supported staff.
- The ability to identify and adapt to internal and external changes.

Solid financial position and organizational sustainability strategy

- Organization is financially stable.
- There is a funding model in place that can support core programs and services.
- Organization recognizes the importance of developing and maintaining a cash reserve for organizational adaptability and sustainability.
- Organization has reasonable short- and long-term sustainability strategies and the capacity to successfully execute them.