

## The Foundation Review

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Volume 9 | Issue 2

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6-30-2017

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#### Recommended Citation

Riemer, A., Frank, E., Rublin, H., & Merrow-Kehoe, S. (2017). A Community Foundation's Experience Implementing and Evaluating General Operating Support. *The Foundation Review*, 9(2). <https://doi.org/10.9707/1944-5660.1363>

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# A Community Foundation's Experience Implementing and Evaluating General Operating Support

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*Keywords: General operating support, grantmaking, unrestricted support, core support, evaluation, community foundation*

## Introduction

Many nonprofits must manage with tight budgets, figuring out how to keep the lights on and meet other basic expenses while continuing to provide essential services. When faced with restricted dollars and an increased demand for services, nonprofits often seek general operating support, flexible funding that can help them cover costs that are not fundable, respond to emerging needs, build organizational strength, and plan proactively for the future (F.B. Heron Foundation, 2006).

Interest is growing among foundations in assessing whether and how to offer general operating support. This type of funding appears to be particularly appropriate when an applicant organization's purpose is aligned with that of the funder and the funder has confidence in the ability of the organization to accomplish its goals (Brest, 2003). While there has been some increase in the provision of general operating support (GOS), it is still not the norm and, when offered, is often made available through small grants (Huang, Buchanan, & Buteau, 2006). According to Grantmakers for Effective Organizations, GOS currently accounts for about 25 percent of grantmaking (McCray, 2014). Some foundations are now viewing it as a significant way to ensure that nonprofits can continue to meet their missions, weather challenges, and build organizational capacity. This is an account of one community foundation's experience with implementing GOS as part of its responsive grantmaking to local nonprofits.

## Key Points

- In 2013, the Hartford Foundation for Public Giving began to offer unrestricted general operating support grants in response to grantees' expressed need. The foundation hired Technical Development Corp., a Boston consulting firm, to evaluate the process and implementation.
- This article shares early indicators of the impact of the new grantmaking approach on both grantees and the foundation. Grantee outcomes include enhanced infrastructure and financial health, continued progress on strategic plan goals, and more creative thinking about programs. Beyond the adoption of a new funding option, the decision led the foundation to modify its overall grantmaking process.
- The greatest challenge – which appears to be a factor across the sector – has been determining how best to capture the impact of the investment for grantees. Partnering from the outset provided data that helped both the foundation and TDC to assess the benefits of general operating support.

The Hartford Foundation for Public Giving is the community foundation for Hartford, Connecticut, and 28 surrounding communities. In 2015, the foundation celebrated 90 years of grantmaking in the Greater Hartford region. It has awarded grants of more than \$687 million since its founding in 1925.

## *The foundation began considering adding operating support to its grantmaking after the economic downturn in 2008, when nonprofits increasingly requested unrestricted dollars instead of the categorical project funding the foundation traditionally awarded.*

The funding community of Connecticut's Greater Hartford region comprises many small family and large corporate foundations, as well as the United Way of Central and Northeastern Connecticut and the Hartford Foundation for Public Giving. The foundation granted \$33.4 million in 2016 and is a major source of funding for the area's nonprofits. Approximately 60 percent of the foundation's over \$900 million endowment is held in unrestricted funds; the remainder is held in donor-advised, field-of-interest, designated, or scholarship funds, which restrict the foundation's use of the dollars to specific purposes. The unrestricted portion of the endowment allows the foundation to provide a wide range of support to area nonprofits, including project and capital grants; grants for special purposes such as summer youth programs, basic human needs, and early childhood programming; and nonprofit capacity-building grants and services through the Foundation's Nonprofit Support Program (NSP).

In an effort to respond to the needs of the community and complement its existing grantmaking strategies, in 2013 the foundation began offering GOS in the form of significant, multiyear unrestricted grants. It set aside \$1.5 million for the first year of GOS grants, about 5 percent of the foundation's total grantmaking budget. The implementation and evaluation of GOS has shown positive results not only for grantees, but for the foundation's overall grantmaking.

## **The Path to Adopting General Operating Support**

The foundation began considering adding operating support to its grantmaking after the economic downturn in 2008, when nonprofits increasingly requested unrestricted dollars instead of the categorical project funding the foundation traditionally awarded. Nonprofits maintained that such flexibility would allow them to more fully build and sustain their organizational capacity. The foundation had a history of supporting agency operations, including a policy allowing 25 percent of overhead costs as part of a project grant and many smaller grants from donor-advised funds for operating support. Additionally, transitional operating support grants were made to help with an unanticipated income shortfall. The foundation also consistently funded capacity-building efforts through NSP, including small grants and services in assessment and planning (including strategic, marketing, fundraising), financial management, strategic technology, executive transitions, and evaluation.

The foundation's board understood the desire for GOS, but expressed concerns in three areas:

1. how to establish measurable outcomes in order to evaluate the impact of unrestricted dollars,
2. how to implement exit strategies to avoid creating grantee dependency on such funding, and
3. how to ensure that the funding would not cover previously incurred debt.

The foundation formed a staff team to address these concerns and to develop a body of knowledge that included an understanding of the community need, best practices in philanthropy, and past foundation policy regarding GOS. This research spanned 18 months and included a review of relevant foundation policy; current literature from the field; and feedback from its grantee perception study, grantee roundtables, and interviews with counterparts at peer organizations with experience implementing GOS

grant programs. Through these peer interviews, staff found that while guidelines, procedures, and even grant amounts varied considerably, experiences with GOS funding were positive. Most funders surveyed by the foundation reserved GOS for high-functioning agencies whose missions aligned with the funder's priorities. The application processes for these funders required a thorough analysis of the applicant's strategic and business plans, financial condition, and track record.

The staff's research illustrated the financial needs within the region's nonprofit sector, which was still feeling the impact of the economic downturn; documented the growing philanthropic trend toward GOS; and established the merits of general operating support in fostering nonprofit capacity, stability and innovation (Grantmakers for Effective Organizations, 2007). Based on this research, staff developed recommendations for a new GOS policy for "unrestricted support given to support an organization's mission and directed toward an organization's operations as a whole," which board members unanimously approved in July 2012. Acknowledging that this form of grantmaking would differ from its project grants or initiatives, the foundation determined to embrace a number of features which, ultimately, created a learning opportunity that informed its regular due diligence and grantmaking processes.

During its research, the team was challenged to establish a common understanding of GOS and how its implementation would differ from that of a project grant. Ultimately, staff identified elements they felt would strengthen the emerging GOS program:

- A multistep application process that included engaging the board members of applicant organizations, to ensure that those selected for GOS were appropriate for the program and that leadership understood the foundation's expectations.
- Application requirements designed to assess the overall strength of the organization.

*Acknowledging that this form of grantmaking would differ from its project grants or initiatives, the foundation determined to embrace a number of features which, ultimately, created a learning opportunity that informed its regular due diligence and grantmaking processes.*

The GOS application requested a narrative discussing the organization's programs, governance, financial health, and infrastructure. Organizations also submitted financial statements, current and past strategic plans, strategic plan implementation documents, evaluation tools and logic models, a fundraising plan, and board minutes. Board minutes were requested as a means of understanding the strength of the applicants' governance function.

- Grantmaking teams assigned to each applicant comprised of community investment officers and staff from the Nonprofit Support Program. The NSP was an essential partner in the development and implementation of GOS, as it was anticipated that grantees applying for GOS would use some of the funds to build organizational capacity. NSP staff experience in assessing organizational strength, and the availability of NSP grants and programs as a resource for agencies not yet ready for GOS, were critical to the success of the overall process.
- A group decision-making process that allowed for detailed consideration of each grant application, consistency in review, and discussion.

## *The fact that the foundation is a community foundation, designed to support Greater Hartford in perpetuity, made GOS an interesting proposition.*

- The active involvement of an outside thought partner and evaluator during implementation to facilitate learning and continual improvement of the program.

### Implementation

Implementation was planned for 2013, and the foundation's initial GOS theory of change, which aligned with its agencywide strategic plan, identified the short- and long-term expectations for the program. (See Figure 1.)

Technical Development Corp. (TDC), a Boston consulting firm, was hired to advise and guide the implementation of GOS, as well as to establish how well the expectations for the overall program and the specifics of each grant were being met. TDC's role consisted of:

- assisting the foundation with the initial implementation of the GOS grantmaking process,
- building the grantmaking staff's capacity to carry out the GOS grantmaking process, and
- evaluating the GOS grantmaking strategy.

The fact that the foundation is a community foundation, designed to support Greater Hartford in perpetuity, made GOS an interesting proposition. Community foundation grantees comprise a relatively consistent pool of agencies, many of which are funded regularly on a particular cycle. The foundation's regular grants are normally declining, three-year grants, with the assumption that the grantee will be able to find sustaining funding for the project after three years and can

then return to the foundation for a new project. In contrast, GOS grantees would be eligible for three-year grants, but funding would be level over the three years. The foundation wanted to provide a stream of funding on which grantees could rely for organizationwide support, and which could potentially allow them to take some risks in pursuing their strategic goals. As GOS grants focused on the organization as a whole and there was a good chance of repeated GOS funding, including an exit strategy seemed less important than it might have been with other types of grants or for other types of foundations.

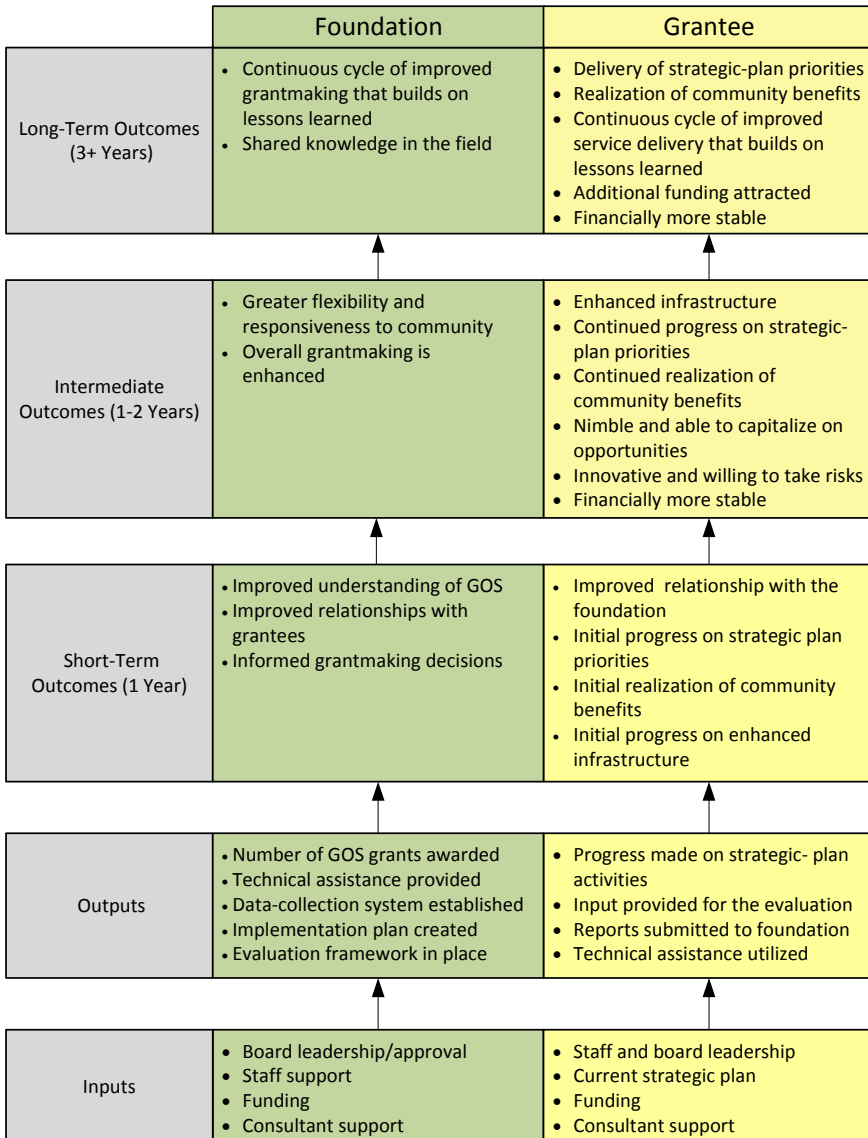
### The First Year: Rounds One and Two

During the initial implementation of GOS, the foundation issued deadline-driven requests for grant proposals and reviewed applications in cohorts or "rounds." This allowed for easier comparisons among the applicants, more consistent learning on the part of the foundation, and sufficient data for evaluation purposes. During the first year two rounds of grantmaking were conducted, which served as the basis for the initial evaluation.

To build and maintain consistency and alignment among participants in the process, TDC met regularly with foundation staff throughout the first year of GOS implementation. TDC actively facilitated the first round of grantmaking and provided technical advice for the second round. During the first round, TDC's primary focus was to facilitate the development of a group review and decision-making process among the foundation's staff that would hold everyone accountable for the criteria established for the GOS grants. After each round of grants, staff incorporated what had been learned to inform grantmaking in subsequent rounds. The foundation sought to keep the process as uniform as possible, so that all organizations would have comparable experiences with GOS. Similarly, there was a desire for all staff involved with GOS grants to understand the rationale, principles, and processes — including changes made over the course of these early phases of grantmaking — as the foundation's perspective about GOS evolved.

**FIGURE 1** Hartford Foundation General Operating Support Theory of Change

**Goal Statement:** By providing unrestricted dollars that support a nonprofit's mission as a whole, the foundation will help nonprofits enhance their infrastructure, respond to the needs of the community, take greater risks, and create more innovative programming.



The foundation intended for GOS grants to be more flexible than traditional project grants, although the size of GOS awards would be comparable. The GOS eligibility criteria were designed to attract organizations with annual budgets between \$200,000 and \$8 million that could demonstrate operational and leadership stability. The grantees had to meet the foundation's general requirements for discretionary funding, while also meeting additional baseline criteria specific to the GOS opportunity. These criteria were:

- a current strategic plan with a minimum of one year of implementation remaining;
- successful outcomes on a previous discretionary grant, to demonstrate the capacity to use grant funding effectively;
- satisfactory financial condition, ideally with no deficits in the past three years and at least three months of operating expenses in reserve;
- demonstrated organizational and leadership stability;
- for statewide organizations, a majority of services delivered within the foundation's

funding region (given the unrestricted nature of GOS grants, the foundation wanted to ensure that funding was spent within its region); and

- demonstrated community benefit and a track record of positive outcomes.

The foundation made clear, through grantee information sessions and FAQs posted on its website, that the grant-review process would be rigorous and that the bar for consideration would be higher than for other discretionary grants. During the first round, the foundation declined 57 percent of applications. Unfortunately, this appears to have had a chilling effect on subsequent applications; as potential grantees learned of the rigor of the process, many chose not to apply. In the first round, for example, 39 organizations expressed interest in applying, 11 organizations submitted a Request for Qualifications, seven of those 11 were invited to apply, and three received GOS grants. In most cases where an organization did not move forward in the process, its programs were not seen as aligned with the foundation's interests, the stability of finances or leadership raised concerns, or the agency's services were being provided outside the foundation's region. Foundation staff counseled organizations that did not meet the criteria for eligibility on ways to strengthen their application, such as strategic plan or board development.

Grants were awarded for three years of level funding, and funding amounts were based on the size of the grantee's budget. Five grants were made during the first two rounds of GOS, totaling just under \$1.5 million. (See Figure 2).

The greatest challenge with this type of grantmaking has been determining how best to frame indicators and capture the impact of the foundation's investment. Grantees in the first two rounds were asked to identify goals in four categories: programs, governance, financial health, and infrastructure, based on the organization's strategic plan. While the purpose of this strategy was to facilitate better evaluation in the aggregate, it quickly became clear that

### GOS Application Process

1. Grant inquiry: An initial screening to determine eligibility.
2. Request for qualifications: A review of financial condition, strategic plan, and implementation documents.
3. Application: A review of narrative and attachments related to programs, governance, financial health, and infrastructure.
4. Site visit: Meetings and discussion with the applicant's staff and board chair.

**FIGURE 2** Summary of General Operating Support Grants, Year One

GOS Grantees	Date of Award	Annual Budget at the Time of Award	Grant Amount Over Three Years
<b>Round 1: \$1,005,000</b>			
<b>The Bridge Family Center</b>	June 2013	\$7.6 million	\$375,000
<b>COMPASS Youth Services</b>	June 2013	\$2.1 million	\$300,000
<b>Jewish Family Services</b>	June 2013	\$4.1 million	\$330,000
<b>Round 2: \$484,500</b>			
<b>Hartford Food System</b>	Dec. 2013	\$450,000	\$109,500
<b>Mercy Housing and Shelter Corp.</b>	Dec. 2013	\$5 million	\$375,000

organizations were having trouble fitting their goals meaningfully into the four categories. It also was not clear to grantees that the selected goals were intended as general indicators of organizational success, not specific programs to be funded by GOS.

TDC conducted a focus group with grantees after the first year, during which grantees expressed difficulties in meeting reporting expectations. The foundation responded by adjusting its reporting process to be more flexible and inclusive of the specific goals that each organization had outlined in its strategic plan. Each grantee's strategic plan goals and outcomes then became the framework for assessing organizational progress during the grant period.

The foundation also agreed to accept strategic plan updates that agencies already prepared for their boards, rather than requiring separate reports on GOS outcomes. Annual reporting included updates on strategic plan progress and audited financials, and a short narrative with anecdotal evidence of the benefits of GOS funding. This narrative was meant to show whether organizations were able to be more responsive, innovative, or flexible in their work, and how GOS contributed to their sustainability.

During the implementation of GOS, TDC and foundation staff made two key adjustments to incorporate what was learned into subsequent rounds of grantmaking:

- Refining financial eligibility criteria. The foundation started the first round of GOS grantmaking looking for organizations that had no deficit for three years and that had at least three months of operating reserves. Unfortunately, this requirement closed the door to many well-managed organizations that could have benefitted from support. Subsequently, the foundation eased some of the financial requirements, while still excluding organizations with a structural deficit or significant and/or multiple annual deficits. While some operating reserves are still preferable, this has been an area where the foundation has also become more flexible.
- Screening out organizations earlier in the process. The foundation's GOS application process is more time-consuming than that for other grants because it assesses an organization's overall health and management. In the first round of grantmaking, some organizations completed the entire



application process but were not awarded a grant. To be more respectful of the time required to complete the GOS application, the foundation shifted questions and document reviews that disqualify an applicant to earlier in the process.

## Evaluation

Formal evaluation of the GOS process and outcomes occurred annually, and TDC provided ongoing feedback to help grantmaking staff respond with modifications (TDC, 2016). At the

### Grantee Profile: Jewish Family Services

Jewish Family Services (JFS) is a midsize, multiservice organization that provides family counseling; employment-transition assistance; and older-adult, child, and safety net services for people of all backgrounds.

Over the course of the grant, the JFS saw shifts in funding, an increase in demand for its services, and clients with more challenging needs. With the help of GOS, it implemented a number of goals outlined in its strategic plan related to infrastructure, including separating development and marketing functions and developing new marketing materials. It also implemented training for clinical staff on trauma-focused cognitive behavioral therapy; opened a service location in a new community to meet behavioral-health needs of children; and developed a program to address employment needs of people with disabilities.

By the end of the three-year grant, JFS had exceeded fundraising goals by 10 percent, increased the number of Child and Family Counseling clients by 15 percent, and increased food distribution from its on-site food pantry by 10 percent.

end of three years, cumulative data from the GOS grantees were used to assess the overall effectiveness of GOS grantmaking against projected outcomes as outlined in the theory of change.

To assess progress in achieving outcomes, TDC enlisted the following strategies:

- It reviewed grantee reports and strategic plans.
- It observed foundation grantmaking meetings.
- It analyzed each grantee's financial position using annual audited statements.
- It conducted confidential, individual interviews with both GOS grantees and with unsuccessful applicants.
- It interviewed and held informal discussions with foundation staff.

Expected outcomes at the foundation and grantee levels were outlined in the foundation's GOS theory of change. While TDC and the foundation acknowledge that the GOS grants contributed to progress toward achieving those outcomes, they also agree that the results are not solely attributable to GOS funding. Overall, the evaluation concluded that grantees found GOS to be a uniquely valuable source of funding, and that the foundation's process and requests for information were reasonable and fair. The greatest challenge for both the foundation and grantees has been to capture the impact of the GOS investment.

## Grantee Outcomes

### *Grantee Outcome No. 1: Enhanced Infrastructure*

Grantees were able to continually enhance their infrastructure. Indicators used to measure progress:

- Grantees collect, analyze, and use pertinent data to inform their work and improve outcomes.
- Grantees' financial health remains stable or improves.

All grantees were required to report on their progress toward strategic plan objectives. A review of grantee reports revealed that most are using, or trending toward the use of, more measurable indicators to show progress toward desired outcomes with timelines. The foundation did not provide a reporting template for GOS; in some cases, the development of a reporting tool was a positive byproduct of the grant.

Most grantees were able to hire additional staff. The flexibility afforded by GOS allowed some to even rethink the structure of entire departments, which helped them better serve clients. One grantee noted that GOS enabled it to mitigate program siloes and create alignment and deeper intentionality across programs.

#### *Grantee Outcome No. 2: Progress on Priorities and Community Benefits*

Grantees continued to make progress on strategic plan priorities and continued to realize articulated community benefits. Indicators used to measure progress:

- Grantees clearly articulate how their programs benefit the individuals served and the impact on the broader community.
- Grantees report progress on strategic plan goals.
- Grantees discuss adjusting goals with foundation staff, if appropriate.

For the most part, organizations were able to achieve or make significant progress toward the goals outlined in their strategic plans, and indicated that the availability of GOS was a factor in this success. Most grantees were able to build their organizational capacity through such activities as hiring staff, developing a communications plan, updating a website, or launching a specific fundraising campaign. In two cases, grantees reported significant and measurable fundraising successes, as well as increased board engagement in these efforts. TDC also noted that discussions within the organizations around their strategic plans became much more consistent and robust.

*Most grantees were able to hire additional staff. The flexibility afforded by GOS allowed some to even rethink the structure of entire departments, which helped them better serve clients.*

#### *Grantee Outcome No. 3: Improved Risk Management*

Grantees demonstrated a greater willingness and ability to take risks, and an increased ability both to capitalize on appropriate opportunities and to turn down those that fell short.

Indicators used to measure progress:

- Grantees demonstrate ongoing strategic thinking and analysis related to potential opportunities.
- Grantees' decision-making about opportunities is grounded in data and best practices and is aligned with the strategic plan.
- Grantees are able to seek out innovative opportunities in their fields.
- Grantees are able to develop creative solutions to program development and implementation issues.

All grantees reported multiple examples of how GOS has positively influenced their thinking about and ability to try new things. Grantees commented that while their goals remained the same, timing and/or tactics may have changed because of the opportunities provided by GOS, such as startup funding or the availability of a financial cushion.

Alternatively, several grantees noted that research or feasibility testing led to holding off on an expansion plan. In these cases, grantees

used data and analysis to ensure project ideas were on solid ground before moving ahead. One grantee had identified development of a new revenue-generating project as a goal; a feasibility study, however, resulted in an “uncertain” status for the venture and the project was put on hold. This type of critical assessment and the flexibility to say no when an opportunity is not ripe was cited as another benefit of GOS.

#### *Grantee Outcome No. 4: Financial Stability*

Grantees maintained or improved their financial stability. Indicators used to measure progress:

- Grantee financial health remains stable or improved.
- Grantees make progress on financial goals outlined in their strategic plans.
- Profit/loss – All organizations experienced a surplus in the initial fiscal year of the grant award as well as the next fiscal year.

Because grantees submitted annual, audited financial reports for the three years prior to and for each year of GOS funding, TDC and the foundation were able to capture and analyze six years of financial data for most organizations. The foundation’s goal was to be able to track the financial position of each grantee, develop a snapshot of all grantees as a cohort, and see if any trends or common practices emerged.

While the foundation does not believe that three years of GOS funding is sufficient to make a determination on the long-term financial health of recipients, early indicators are positive. The review revealed the following about specific indicators tied to grantees’ financial positions:

### Grantee Profile: Mercy Housing and Shelter Corp.

Mercy Housing and Shelter Corp. provides housing assistance and support services to people who are homeless or at risk of becoming homeless. Within a year of the initial grant award, Mercy faced the retirement of its executive director of 18 years as well as significant changes in the field, including a shift away from transitional housing.

With significant unrestricted dollars from GOS, Mercy reported having the breathing room and resources to manage these changes proactively and to rethink infrastructure and program models with an eye to the future. It now has a contingency fund to bridge gaps in government funding, avoiding the need for loans or layoffs. It was able to bring in a consultant to facilitate a strategic planning process that assessed the future of the agency and its systems for service delivery and administration. This work has led to the consolidation of programs and administrative functions as well as changes in leadership structures, ultimately allowing Mercy to serve more clients with reduced resources. The reformatted business model requires about half the previous subsidy through fundraising dollars, and has allowed the organization to increase services by 83 percent as a result of its ability to anticipate changes in the field and shift its transitional-living program to a diversion center. Not only did this put Mercy in a better position to receive state dollars, but it enabled Mercy to use what it has learned to help peer organizations make the shift from transitional-living programs.

According to Mercy’s executive director, Dave Martineau, “This grant is a transformative opportunity that has changed the direction of Mercy Housing and Shelter. The flexibility of this grant has allowed us to engage people with expertise, and with this knowledge we were able to redesign our agency to increase services while at the same time securing our fiscal stability for the future.”

- Unrestricted net assets – Four of the five organizations saw a notable increase in their unrestricted net assets, ranging from 30 percent to 40 percent.
- Cash position – All the organizations maintained or increased their days of cash on hand. Four of the five organizations receiving GOS in the first two rounds met or exceeded the 90 days' cash-on-hand benchmark; the fifth increased from 19 days to 55 days.
- Debt – None of the organizations took on new debt.

### Foundation Outcomes

In addition to measuring grantee outcomes, the foundation felt it was important to monitor the capacity of its staff to do this type of grantmaking fairly and consistently. The evaluation also focused on the impact on overall grantmaking as a result of implementing GOS.

#### *Foundation Outcome No. 1: Responsiveness to Needs*

The foundation was flexible and responsive to organizational needs. Indicators used to measure progress:

- Staff stay abreast of organizational needs and bring pertinent information to the GOS grantmaking process.
- Grantees believe that the foundation's use of GOS is responsive to organizational needs.

TDC's interviews with grantees affirmed that the foundation's interactions with grantees relative to GOS were helpful and appropriate. Grantees expressed appreciation that foundation staff invested significant time at the outset to ensure that grantees understood the reporting process. Grantees also expressed a high level of comfort with reaching out to foundation staff when needed.

*In addition to measuring grantee outcomes, the foundation felt it was important to monitor the capacity of its staff to do this type of grantmaking fairly and consistently.*

#### *Foundation Outcome No. 2: Understanding GOS*

The foundation's understanding of GOS continued to evolve. Indicators to measure progress:

- The grantmaking process is reviewed and adapted in response to helpful feedback received and solicited from staff and grantees.
- Grantees perceive the process to be fair and manageable.
- Lessons learned from GOS influence other grantmaking.

GOS has influenced how the foundation thinks about the rest of its grantmaking. The NSP has encouraged nonprofits to undertake strategic planning. As a result, more agencies are taking advantage of strategic planning as a way to prepare for GOS consideration and more foundation staff are asking for strategic plans as a basis for reviewing other types of grants, including project grants. Due to the emphasis on strategic planning, consultants working with GOS grantees were invited to a learning session with the goal of ensuring nonprofit plans were more consistent, and included measurable goals.

Elements of the application requirements for GOS have been incorporated into the regular grantmaking process. For example, as with GOS grants, the foundation now requests one year of board minutes for all of its responsive grants,

*Grantees continue to make progress in accomplishing strategic plan goals, have shown evidence of strengthening and/or sustaining their infrastructures, remain on sound financial footing, and have been nimble and flexible in carrying out strategic plans in the face of unpredictable operating environments.*

which gives foundation staff unique insight into the priorities and governance of the organization.

Grantees reportedly appreciated the foundation's decisions to change its GOS reporting structure after initial implementation and to accept strategic plan update reports prepared for grantee boards, rather than requiring a separate report for GOS.

### Additional Questions

The foundation continues to learn from the GOS implementation and seeks to make GOS accessible to more nonprofits in its funding region. Key issues under consideration include:

- How does GOS apply to arts and culture organizations? While the foundation has relaxed some of the financial criteria, it still does not award GOS to nonprofits with structural deficits. Many arts organizations have structural deficits and yet may be well situated to take advantage of unrestricted dollars.
- How can GOS be made available to smaller organizations? The budget size of organizations in the first two cohorts of grantmaking ranged from \$450,000 to \$7.6 million; the

average was approximately \$4 million. Smaller or less sophisticated organizations whose work is important to the community or who are a priority of the foundation may be well-served by GOS, but may have additional capacity-building needs. Foundation staff are exploring expanding GOS to smaller agencies while pairing the support with capacity-building services.

- Should organizations be able to apply for additional GOS funding once the original grant is closed? If so, how might the criteria and process be different? While other funders may need to consider exit strategies in their GOS approach, a community foundation has a pool of grantees that are likely to return regularly for funding. Considering this, the foundation determined that grantees would benefit from continued GOS funding and it is now among the options, along with project and capital grants, available to organizations that approach the foundation. Organizations interested in a second GOS grant must re-apply at the conclusion of their previous grant. To qualify for continued GOS funding, an organization must demonstrate continued progress on strategic plan priorities, have an updated strategic plan for the new grant cycle, and continue to be in good financial condition.

### Conclusion

Since the first five grants were awarded in 2013, the foundation has made more than \$1 million in GOS grants to five additional organizations and has awarded second GOS grants to all the agencies from the first cohort. The foundation's total investment in GOS to date is \$3.4 million. With four years of GOS grantmaking under its belt, the foundation has come to view this type of funding as an essential option in its toolkit. The significant flexible dollars provided by GOS appear to be contributing to the results that the foundation anticipated. Grantees continue to make progress in accomplishing strategic plan goals, have shown evidence of strengthening and/or sustaining their infrastructures, remain on sound financial footing, and have been nimble

and flexible in carrying out strategic plans in the face of unpredictable operating environments.

The GOS application process has become smoother and more institutionalized for the foundation and nonprofits in the community. At this time, GOS grants are reviewed and considered through the foundation's regular responsive-grantmaking process, as opposed to individual cohorts, and much of the due diligence initiated through GOS implementation is now performed for all grantmaking. Not only is the foundation's overall grantmaking process enhanced, but GOS grantees are better able to achieve their mission — tackling some of the toughest problems in the Greater Hartford community.

## Acknowledgments

The authors wish to thank the Foundation for Public Giving for their contributions in developing and implementing general operating support. Special thanks to Amy Studwell, senior nonprofit support program officer, who developed the financial review process for GOS, and Sharon O'Meara, director of community investments, who passed away in March 2017. Sharon was a tireless proponent and a key architect of the Foundation's operating support program.

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