

Small Grant Program: Grantmaking in FY 2013

Introduction

This report provides a statistical summary and brief analysis of responsive Small grants approved in the fiscal year ending in 2013. During this fiscal year, the Weingart Foundation received a total of 489 Small Grant Program (SGP) applications and awarded 151 grants for a total of \$2.29 million over the three grant award dates: August 10, 2012, December 7, 2012, and April 17, 2013. In reviewing the statistics from this past fiscal year, it is notable that grantmaking in the SGP seems to be increasingly honing in on its core focus of small agencies serving low income communities. Finally, while applicant volume remains high, it appears to have stabilized and has allowed the Foundation to make grants of slightly greater size and impact. Overall, it is also important to note that from 2009-2012, fully one third of SGP grantees subsequently secured a Regular grant during this time period, indicating that the SGP has, to a good degree, been successful in meeting our goal to increase access to Foundation dollars for small organizations.

Highlights of FY2013 grantmaking

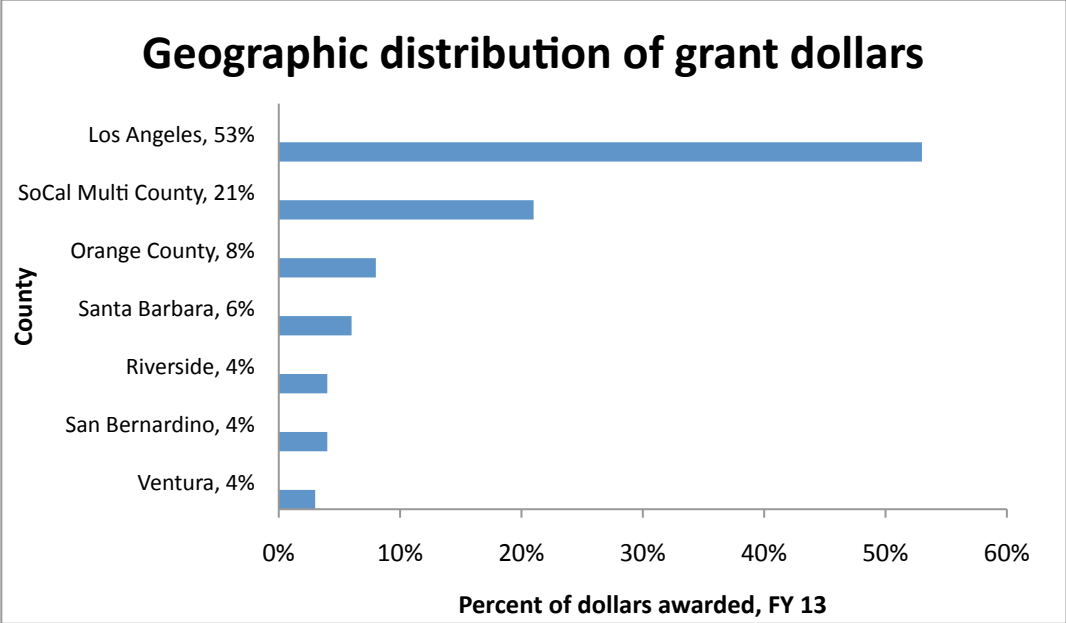
- Applicant volume stabilized to a more manageable level
In FY13, we received 489 applications, in comparison to 620 in FY12. SGP made 16 fewer grants than in the prior year. Several factors may be influencing applicant volume including:
 - 1) The SGP has operated in its current form for four years now, and many eligible organizations are either current grantees or are in their one-year wait period;
 - 2) Weingart Foundation recently narrowed the SGP focus to agencies with budgets under \$1 million, thereby further limiting the pool of eligible organizations;
 - 3) With regard to the shift in priority budget size—and as mentioned above—, a third of SGP grantees have successfully moved to the Regular Grant Program since 2009;
 - 4) We also continue to clarify our guidelines, reducing the number of applications that are not a fit for SGP.
- Average grant size reached \$15,000
For FY 12, the Board authorized a larger SGP allocation in order to bring average grant size to \$15,000, which we have succeeded in reaching this year with an average grant size of \$15,142. Reaching this milestone has been a gradual process, given the large number of competitive applications and the Weingart Foundation's approach of spreading dollars among the strongest applicants during these difficult times. And, while demand continues to exceed available grant dollars, this gap is narrowing compared to

prior years, when the total amount requested from grantees was typically double what we were able to award.

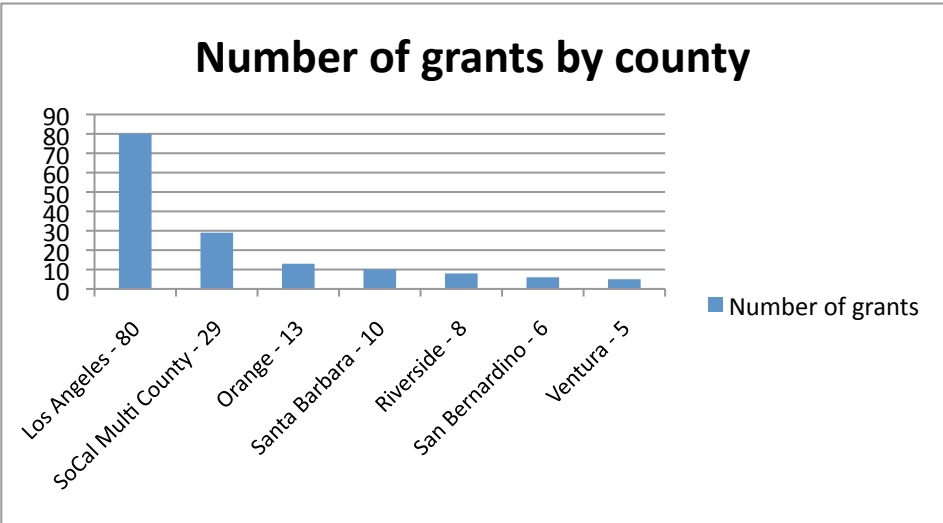
- Grantees were smaller
Nearly half of FY13 grantees have budgets under \$350,000 in comparison to a third of grantees at this size the previous year. Our current focus is on agencies \$1 million and under and on the success of larger SGP grantees in the RGP. Additionally, the program's increased visibility in communities seems to have resulted in an increase of additional grantees with smaller budget sizes. However, while these agencies meet the SGP threshold as established agencies of at least three years old, they still tend to be relatively young.
- A significant number of grantees were minority-led
Five years ago, in the midst of larger discussions around foundation funding for minority-led nonprofits, Weingart Foundation cited our Small Grant Program as an access point to larger foundation funding for smaller, community-based and minority-led organizations. While we don't specifically track this data, our staff conducted an informal review of our Small grants over the past two years to determine what we would find. A third of FY13's Small grantees (33%) can be considered minority-led based, on the narrow definition of the racial identity of their chief staff officer. For the prior year, an estimated 22% of small grantees fell under this category.
- Access for first-time grantees continued
In FY13, 39% of grant dollars went to first-time grantees. This is a surprising rebound, as in the prior year, dollars to first time grantees fell from our normal range of 35-40% to 26%. At that time, it had seemed that the number of organizations new to Weingart Foundation was naturally dwindling as we made more and more grants to these agencies. In examining this rebound in conjunction with the increased grant dollars to smaller organizations, it appears that Weingart Foundation may be reaching a new layer of small agencies. Indeed, of all 63 first-time grantees in FY13, a third were under \$200,000 in size and more than a quarter were between \$500,000 and \$1 million. This trend may continue as more emerging organizations reach our three-year eligibility threshold.
- Support to low income and underserved populations continued to increase
In the past several years, more than 90% of grant dollars have typically gone to agencies focused on low income and underserved populations. In FY13, support to these organizations represented a full 100% of grant dollars.

SGP Grantmaking in FY13

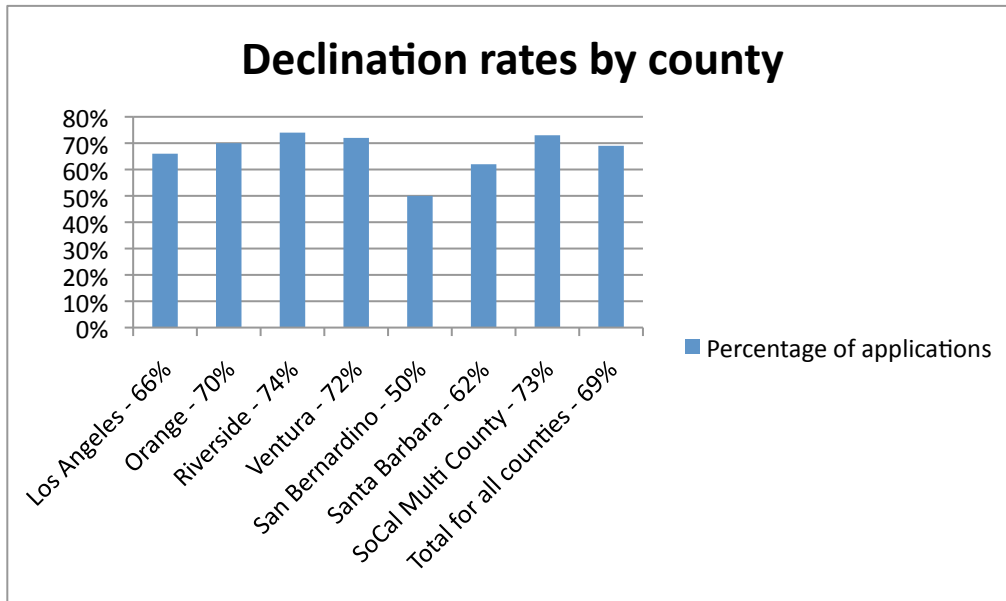
Geographic distribution



Dollars to the SoCal Multi-County category increased by more than 10% over this past year. As this category can mask funding for specific regions, we took a closer look at the data. Of the 29 grants totaling \$469,000 in this category, seven grants totaling \$90,000 went to agencies serving both Riverside and San Bernardino counties. Three agencies serving Santa Barbara (in addition to other neighboring counties) received a total of \$45,000. With these numbers added in, dollars to the Inland Empire make up 13% of SGP grantmaking, while dollars impacting Santa Barbara are at 8%. These numbers are consistent with the prior year's totals, and in general the geographic distribution of grant dollars in the SGP remains consistent with levels seen over the past several years.



The number of grants by county closely mirrors the distribution by grant dollars, suggesting that grant amounts are highly consistent across geography.



Since implementing the one-step application process several years ago, typically nearly three-fourths of applications are declined. While this rate may seem high, it is not significantly higher than the declination rate for letters of inquiry in our Regular Grant Program. Overall, most agencies that meet Weingart Foundation’s grant focus and criteria receive some level of funding. The majority of declinations represent requests from agencies that either:

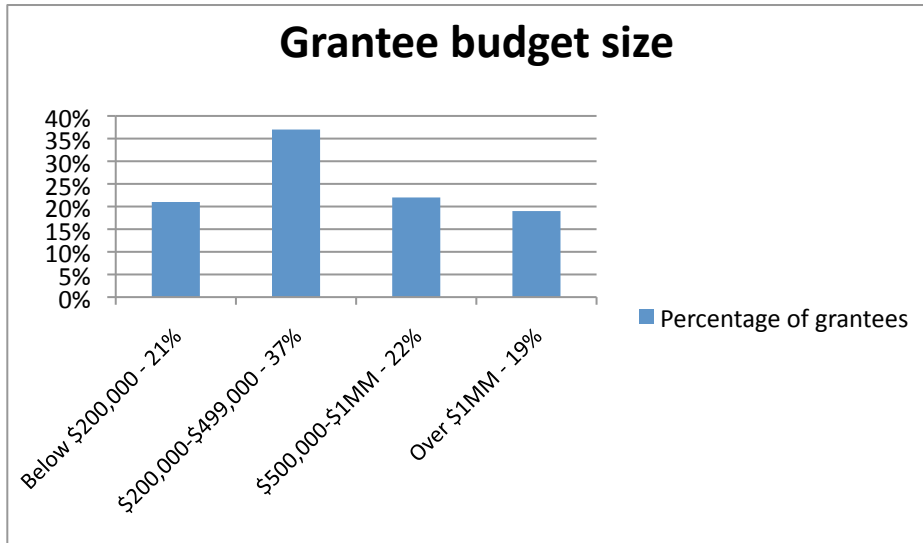
- 1) Do not serve our target population;
- 2) Don’t work in our focus area (e.g. performing arts with no arts education component);
- 3) Are not well-established or financially viable;
- 4) Are requesting support for a program or project where they have not raised sufficient funds or do not have a strong sustainability plan.

In our effort to remain responsive to our applicants, Weingart Foundation provides early “turn down” notification to all applicants that fall into these categories, roughly six to eight weeks before the final grant notification date.

The percentage of SGP applicants turned down in FY13 was 69%, which is slightly lower than the prior year’s rate of 73%. Compared to the last two years, declination rates across all counties have fallen somewhat, which is perhaps related to the overall stabilization in the size of the applicant pool. It is notable that the declination rate for San Bernardino applicants fell to 50%, from 74% in FY12 and 80% in the year before. While encouraging on its face, this figure is impacted by the small number of applications we received from San Bernardino in FY13—when only 12 applications were from that county, compared with 31 from the prior year. Santa Barbara continues to have a lower declination rate compared to other counties, which is not

surprising given the county's established nonprofit infrastructure and institutionalized philanthropic community. With these exceptions, the difference in declination rates across counties is minimal.

Grantee budget size

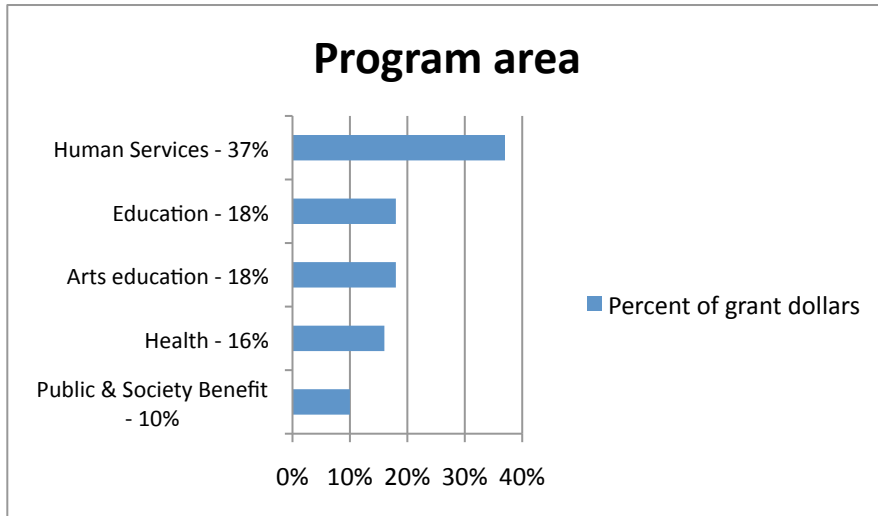


The large majority of grantees (80%) are within the SGP priority budget size of \$1 million and under, with more than a third (37%) between \$200,000 and \$499,000. Notably, nearly half of FY13 grantees have budgets under \$350,000, compared to a third of grantees at this size in the prior year. Grantees with budgets over \$1 million were funded for discrete capital or equipment projects, are small agencies fiscally sponsored by larger ones or, less frequently, are small local and autonomously functioning chapters of statewide or national organizations.

The increasingly small size of SGP grantees is worth exploring, given common questions about how viable, sustainable, and impactful these organizations are. In examining the FY13 grantees under \$350,000, it is interesting to note that the list includes agencies that just meet our eligibility threshold at three years old as well as those that have been operating for several decades. The Lincoln Heights Tutorial Program, for example, has offered safe haven and youth development programs to thousands of students in Lincoln Heights, Chinatown and El Sereno for nearly thirty years on an annual budget of \$280,000. Smaller grantees appear to be highly community-based and often address a specific need. As small as they are, they are typically one of the only providers of their kind that are accessible to low income individuals from highly underserved populations. This aligns with recent research from the Center for Civil Society at the UCLA Luskin School of Public Affairs, which found that most human service agencies in poor communities in LA County are relatively small with a median revenue of \$430,000. Some small grantees are also community organizing groups that mobilize community members and impact public policy more than their modest budgets might suggest. For example, LA Voice is a grantee that for more than a decade has organized low-income communities across various issues such as housing, education, public safety and health care. With a \$340,000 budget, the agency has

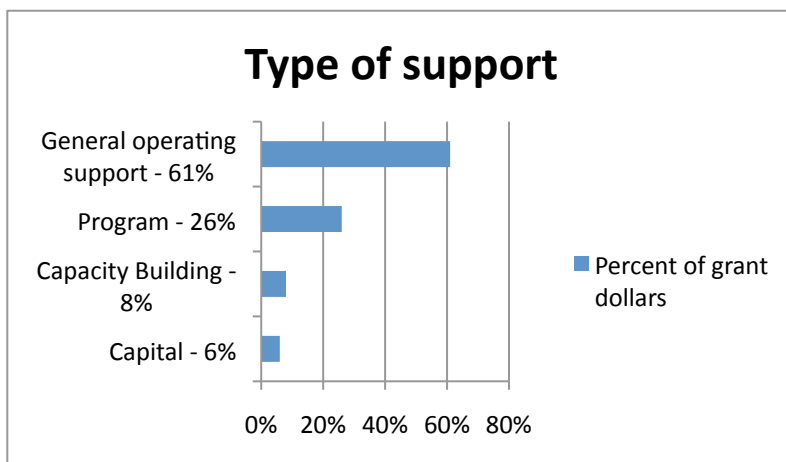
trained hundreds of community leaders to engage in improving their neighborhoods by advocating for important changes in public policy as well as increased service programs.

Program area



Human services continued to take the bulk of grant dollars, which is not surprising given how broad this category is. However, dollars to human services also continued to decline as a percentage, while support to arts education, education, and public & society benefit (a category that includes management support organizations as well as community organizing and advocacy groups) increased slightly.

Type of support



General operating support continued to make up nearly two-thirds of grant dollars, though there was a slight increase over the prior year in support for Program, Capacity Building and

Capital projects. Many Program grants were for agencies that do not qualify for general operating support but may have specific programs that meet Weingart Foundation's grant focus (e.g. performing arts agencies with arts education programs).

With the close of our April-August 2013 grant cycle, SGP recently transitioned to again accepting applications on a rolling basis. We will continue to closely monitor the impact of the program and its processes on the nonprofit community to help ensure that the SGP is effectively meeting its goals as a responsive grantmaking program.