

## New Grant Requirement: Accountability

**By Paul B. Hofmann and Benjamin Aune**

*Foundations are expecting more of grant applicants, including outcomes that are clearly articulated and rigorously measured.*



Paul B. Hofmann Benjamin Aune

Not long ago, hospitals and other well-deserving nonprofits could submit a compelling statement to a foundation and reasonably expect to receive a grant without extensive follow-up requirements. But this process is changing. Rather than requesting general descriptions of program activities and outputs, foundations are now demanding much more accountability.

Increasingly, foundations are requiring objective evidence of specific changes in health status, behaviors and/or knowledge resulting from program activities. The required documentation can be daunting, so grant applicants must have appropriate systems in place.

At a minimum, an applicant will need to:

- specify the expected benefits;
- describe the objective metrics that will be used to demonstrate that the benefits are being achieved;
- explain how the benefits are aligned with the foundation's mission and goals;
- justify the cost component for each service and equipment expenditure;
- indicate what revenue, if any, will be generated to cover costs incurred;
- provide a detailed timeline reflecting when proposed targets will be met;
- identify who will be responsible for each task;
- discuss challenges that might impede progress or adversely affect outcomes and include a plan to mitigate them; and
- submit monthly or quarterly reports on progress, problems and unanticipated developments.

The overriding question that must be addressed is not just whether the grant is making a difference, but to what extent the grant will produce an appropriate return on the foundation's investment. In addition, strategic scorecards and even third-party evaluations may be requested to ensure that performance goals are properly measured and to assess the program's impact. Logic models (defined by the W.K. Kellogg Foundation as "a systematic and visual way to present and share your understanding of the relationships among the resources you have to operate your program, the activities you plan, and the changes you hope to achieve") may also be requested.

## What Has Changed?

Foundations have always taken their stewardship responsibility seriously, but the philanthropic environment has changed for a variety of reasons:

- Endowment portfolios and investment income have dropped precipitously, not only for foundations but also for hospitals.
- Americans are donating less. Since Giving USA started calculating donors' beneficence in 1956, 2009 was just the second year that total giving did not increase in current dollars. And 2010 doesn't look any better: A July 1, 2010, article in *NonProfit Times* stated, "Almost two-thirds of Americans say they will either keep their charitable contributions at the same level as last year or decrease their giving."
- Local, state and federal government services have been sharply reduced, forcing more people to turn to already economically stressed organizations for assistance.
- Reimbursement for services offered by nonprofit hospitals and other health care providers has often not been adequate to cover rising costs, so the need for financial support from foundations and individuals has risen.

## Improving Prospects for Success

Grant applicants and foundations must respond to intensifying pressures to demonstrate accountability. So how can prospects for success be improved? The following steps will improve your chances:

- Have a thorough understanding of the funder's mission and funding priorities to ensure there is a close alignment with the grant's intent.
- Speak with current or recent recipients of grants from the foundation to obtain their advice and insights.
- Arrange for a direct meeting or phone conversation with a program officer, if possible, prior to submitting the application.
- Capitalize on any existing relationships between foundation board members and your organizational leaders to gain additional ideas that might strengthen the grant application.
- Adhere to all deadlines, address all the application criteria point by point, and provide convincing evidence that you expect to be held accountable for results and that you will meet or exceed all commitments.
- Invite constructive criticism of initial drafts from colleagues to refine the language.

## **Genuine Partnership Achieves Results**

Successful grant applicants should strive to exceed a foundation's requirements for funding. Because you hope to receive initial support and be a successful candidate for more funding in the future, the same goal should be kept in mind regarding progress reports. Make sure these reports are no less persuasive and powerful than your initial case statement.

Even when the current economy improves, grant applicants will continue to be held to a higher standard for producing quantifiable results. Although there may be other variables affecting outcomes, funding organizations will and should expect grant recipients to demonstrate that a wise investment was made.

**Paul B. Hofmann, Dr.P.H., F.A.C.H.E.**, president of the Hofmann Healthcare Group in Moraga, Calif., is the board chairman of San Francisco-based [Operation Access](#), and **Benjamin Aune, M.A., M.A.R.**, is the president and CEO of Operation Access.

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