

May 1994

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Recommended Citation

Chernesky, Roslyn H. and Gutheil, Irene A. (1994) "Foundation Grantmaking in the 1980s: How Three Human Service Fields Fared," *The Journal of Sociology & Social Welfare*: Vol. 21: Iss. 2, Article 9.

DOI: <https://doi.org/10.15453/0191-5096.2138>

Available at: <https://scholarworks.wmich.edu/jssw/vol21/iss2/9>

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Foundation Grantmaking in the 1980s: How Three Human Service Fields Fared

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Analyzing three recent reports on grantmaking trends that use the Foundation Center's grants database, at picture emerges of how three human service fields—aging, substance abuse, and crime and justice—fared in terms of foundation grantmaking during the turbulent period from 1983 to 1987 when federal support was reduced. Despite a sizeable increase in foundation dollars to each field which outpaced overall foundation giving, the authors caution that this increase may not indicate greater foundation commitment to human services.

In the past ten years, human service agencies have shown a heightened interest in obtaining foundation grants for their programs even though foundation support is relatively small compared to revenues from government and individual contributions. Foundation dollars from the nation's independent, community, and corporate grantmakers accounted for only about ten percent of all philanthropic giving in 1989 (Renz, 1991). The impact of foundation giving on the human services, however, goes far beyond the amount of dollars actually allocated. Grants are often essential to starting new projects and continuing existing programs. Demonstration and research initiatives frequently depend upon foundation dollars in their early stages of development. Foundation support can legitimize controversial programs, promote less traditional or alternative agencies, and focus national attention on emerging concerns. Foundation grants can help agencies build a base for future financial support or for a shift in agency goals. Moreover, as happened during the 1980s, when the reduction in federal support diminished agencies' capacities to provide services, foundation

funding can be used to help offset gaps left by cuts in federal funding.

How well did the human services do during the turbulent 1980s when federal support was drastically reduced, and there was greater need and hope for greater foundation support? This paper examines how three human service fields—aging, substance abuse, and crime and justice—fared from the perspective of foundation giving during the period from 1983 to 1987. Looking at the grantmaking trends in each field and comparing trends across fields provide not only a snapshot of how foundations allocated funds in three critical human service areas but a barometer of what human service agencies may anticipate from future grantmaking.

Methodology

This paper uses data from three separate reports on grantmaking trends recently published by the Foundation Center as part of its benchmark studies series (Renz, 1989, Greenberg, et.al., 1991, Jacobs & Somers, 1991). Each study analyzes the allocation of foundation resources within the field from 1983 to 1987 using the Foundation Center's grants database. The Foundation Center's grants database includes grants of \$5,000 or more, numbering around 40,000 a year. These grants are published in the Foundation Center's Grants Index which is compiled from grant reporting forms submitted voluntarily by foundations. Despite some limitations, the Index is the most complete source of information about foundation giving.

The Aging study is based on 4,869 grants in aging totaling \$293.2 million from 1983–1987. The Alcohol and Drug Abuse study is based on 1,814 grants totaling \$87 million over the five years. The Crime and Justice study is based on 3,794 grants totaling \$150.9 million in the same period. All data in this paper come from the three reports. Because comparable data are not available from other human service fields, the analysis is limited to these three.

Findings

These three human service fields together garnered just over half a billion dollars in foundation monies for more than 10,000

grants during the five years under study. Table 1. illustrates the five year trend in increased foundation giving in all three fields. Funding for aging increased from \$39 million in 1983 to \$68 million in 1987, up 75%. Aging's share of overall foundation funding in this period ranged from just over 2 to 3.4%. The number of grants in aging rose by 44% from 762 in 1983 to 1096 in 1987. Foundation support for alcohol and drug abuse programs more than doubled from almost \$10 million in 1983 to \$26 million in 1987. As a share of all foundation funding, alcohol and drug abuse giving doubled during the period, up to one percent in 1987. The number of grants awarded annually nearly doubled from 258 in 1983 to 490 in 1987. Funding for crime and justice doubled from nearly \$21 million in 1983 to \$43 million in 1987. The overall share of foundation support for crime and justice projects reached 1.7% in 1987, a small rise from 1983. The number of grants rose by 56% from 578 in 1983 to 903 in 1987.

Although alcohol and drug abuse programs received the greatest percentage increase in foundation dollars over the five years, even with this sizeable increase, as well as a doubling of its share of overall foundation allocations, the field never obtained more than one percent of total foundation giving. Crime and justice dollars doubled in the five year period, but its share of overall foundation giving hovered around 1.5% and

Table 1.

Grantmaking Trends: 1983-1987

	Aging			Alcohol & Drug Abuse			Crime & Justice		
	Grant \$	Share ¹ %	Grant #	Grant \$	Share ¹ %	Grant #	Grant \$	Share ¹ %	Grant #
1983	38.96	2.2	762	9.71	.5	258	20.72	1.2	578
1984	53.58	3.3	919	9.39	.6	289	20.49	1.2	586
1985	55.92	2.8	978	17.77	.9	368	29.61	1.5	889
1986	76.47	3.4	1114	23.84	1.1	409	37.01	1.7	838
1987	68.23	2.6	1096	26.36	1.0	490	43.09	1.7	903

¹ Percent of overall foundation giving.

Note: Dollar figures in millions.

never reached 2%. While the percentage of foundation dollars to the field of aging did not increase as dramatically as the other two fields, it was the only field that increased its proportion of total foundation giving to climb over 3% in 1986, a proportion never realized again. Nevertheless, the field of aging remained far ahead, leading the three in the amount of dollars received and in the share of overall foundation giving.

To further understand foundation giving between 1983 and 1987, we examined how grants and dollars were allocated—what kinds of organizations received grants, and what types of activities grants supported. We also looked at the distribution of dollars and grants in each of the field's major program categories. Table 2. presents the distribution of grant dollars by type of support. Foundations supported very different activities in the three fields during this period. Program development garnered over half of foundation funding in aging (53%), far more than the 30% allocated for the development of alcohol and drug abuse programs and the 16% for crime and justice programs. Grants to maintain agency operations or organizational infrastructure as well as grants to maintain services or staffing of ongoing programs comprised almost half of the grant dollars (47%) given to the field of crime and justice. In contrast, only 24% of funding for alcohol and drug abuse and 27% in aging was given for these continuing and general operating costs. Unlike the other two fields, the largest percentage of foundation dollars for alcohol and drug abuse, one third, went to capital support which includes funds for buildings, purchase of land or equipment.

Direct service agencies are the primary recipients in all three fields. Hospitals and medical facilities received a fifth of foundation dollars in the field of aging and one-third in alcohol and drug abuse, confirming the strong link between health and both of the fields.

Colleges, universities, and graduate schools obtained a sizeable amount of foundation dollars only in the field of aging (24%) reflecting strong foundation interest in supporting specialized graduate training in gerontology and geriatrics through fellowships, and the establishment of university-based aging research and policy centers.

Table 2.

Type of Support¹ Allocated Foundation Dollars: 1983–1987

	Aging	Alcohol & Drug Abuse	Crime & Justice
Capital	17.1%	32.5%	9.7%
General/Ongoing	26.6%	23.9%	46.5%
Program Development	53.1%	29.5%	16.2%
Research	17.2%	11.5%	6.4%
Other ²	13.9%	18.2%	21.0%

¹ Due to double coding of multipurpose grants, each category is analyzed as a percentage of the total grant dollars to that field for that period. Percentages do not add up to 100%.

²The major portion of this category is endowment.

In the field of aging, health programs ranging from acute care to education of health personnel received the largest share of funding, 55%. Welfare, including community based programs such as transportation, home care, and senior centers, social services, ranked second. Together, health and welfare claimed 84% of foundation dollars in aging. Intervention programs such as counseling or residential and treatment programs received the largest share of funding for alcohol and drug abuse during this period. Prevention, the fastest growing area in the field, was second. Together, the two accounted for 85% of foundation giving. The three top program priorities among crime and justice grants were domestic violence, crime prevention, and rehabilitation. These three garnered 51% of foundation support.

Summary and Conclusions

During the mid-1980s, when human service agencies were feeling the impact of Reaganomics and were threatened by a loss of federal support, foundations demonstrated a commitment to support programs in the three fields examined here—aging, substance abuse, and crime and justice. Foundations did so despite the fact that they were increasingly hard pressed during these years to respond to society's growing needs and stepped up requests for additional monies by agencies serving

a range of purposes. Funding for each of these three fields far outpaced overall foundation funding of 44% during this period. Increased foundation commitment to the human services in the 1980s contrasts with foundation support given to other fields such as cultural activities, education, health, science and social science which showed an average increase of only 18% from 1983 to 1987. Even with this considerable dollar increase to the three human service fields, there was little increase in their share of overall foundation giving. The human services' slice of the foundation pie remained so small as to grow from only 4 to 5% during the time of great need.

Foundation dollars in these three fields were dedicated primarily to programs that serve clients directly. Despite the general impression that foundations do not support existing programs, such a generalization is not entirely borne out by the data. Although it has been reported that general operating support from foundations diminished in the late eighties in keeping with a shift begun in the mid-seventies toward more targeted grantmaking (Seltzer & Cunningham, 1990), foundations continued to fund ongoing programs especially in the field of crime and justice. There are several possible reasons for this apparent commitment of grantmakers to ongoing programs. First, it may reflect foundation responsiveness to agency appeals in the face of impending federal budget cuts. Second, not all foundations see their role as underwriting new programs or funding demonstration projects that will influence public policy. Third, some foundation giving is based on ongoing relationships with agencies or their specific programs.

The picture emerging from this analysis may inspire optimism. We would like to point out, however, some possible areas of concern. During the 1980s there was tremendous growth in the number of new foundations. It is this growth that undoubtedly accounts for the growth in overall foundation giving during this period and is unlikely to occur again in the 1990s. The three human services reviewed here did not receive much more support from those foundations which supported them prior to 1983. Rather, the fields gained as beneficiaries of new foundations. Had the human services counted on their prior supporters for assistance when federal support was withdrawn,

it is unlikely the three fields would have garnered as much additional foundation monies.

The increase in foundation dollars given in each field is less dramatic than it first appears. When the amount allocated is adjusted for inflation, each field's increase is not as great. Because the number of grants also rose each year, and at a greater pace than the rise in dollars, the growth in each field was due primarily to the funding of a larger number of grants. Therefore, there was little real dollar increase to individual programs.

In addition, this analysis of grantmaking trends did not focus upon the year to year fluctuations and thus ignores anomalies in any one year. Total dollar amounts, numbers of grants, percentage of overall giving, and average grant size fluctuated. Each field experienced uneven growth in funding characterized by a surge in funds in one year along with gradual increases in other years. Although inconsistent funding patterns may not signal an increase or decrease in overall foundation commitment to any of the fields, it does suggest that in any one year some fields will do better while others will do worse.

Finally, the increase in human services funding observed here does not necessarily mean that those agencies experiencing federal cuts received foundation monies. It is possible that foundation support during the 1980s went to new and different programs and agencies. Grants may reflect more of foundation interests and priorities than agency needs. Because there is no way of knowing how many more agencies appealed for foundation support and how many more proposals were submitted in this period than previous years, we do not even know if proportionately more requests were funded during these hard times. We do know that foundations never intended to offset reductions in federal spending, and although they appear to have responded, their increased support during the 1980s did not compensate for federal reductions (Salamon & Abramson, 1988).

Foundations will continue to be viewed as a critical source of support in the 1990s by human service agencies despite the relatively few dollars they have to give. However, the economic climate is likely to affect foundation assets and thus limit the amount they will allocate. New foundations are not expected;

some foundations are actually winding down. Human service fields will again be competing with one another for a small share of foundation support. They will also be competing with the other fields that have traditionally been favored by grant-makers as they too are faced with decreased public support and government dollars. It is likely that human services will retain a similar proportion of overall foundation funding. Continued fluctuations in foundation support characterized by good and bad years for different human service fields are likely. As long as the proportion of foundation funding to the human services remains relatively constant, any growth of the field around new problems or populations in need, is likely to affect how foundation dollars to human services will be distributed each year.

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