grantcraft
PRACTICAL WISDOM FOR GRANTMAKERS

GRANTS TO INDIVIDUALS
INVESTING IN PEOPLE AND THEIR COMMUNITIES

grants to individuals

investing in people and their communities

contents

IN THIS GUIDE, grant makers talk about the rigors and rewards of making grants to individuals. This style of funding makes special demands on foundations, but a grants-to-individuals program is often an effective way — sometimes the *only* way — for a funder to achieve an important objective. In many cases, the real goal is impact on a wider field or community.

Supporting Individuals: Five Examples

There are many effective ways to make grants to individuals — grants that benefit individuals and the communities of which they are a part. A family foundation gives fellowships that enable physicians to take a leave of absence from their practices to pursue community health projects. An arts intermediary funds artists at "catalytic" moments in their careers and provides a host of professional supports, thereby helping to ensure a sustainable artistic practice. A private foundation works with universities to build endowed scholarship funds, benefiting many individual students over the long term.

A funder's reasons to make grants to individuals may include "the thrill of seeing an individual blossom," as a grant maker at a private foundation explained, "as well as the multiplier effects of supporting just the right person." Calculating the likely "multiplier effect" hinges on a foundation's assumptions about the relationship between individuals and their communities.

In some cases, the desired impact flows from the individual to the community. A teacher's international travel inspires new ideas to help students learn; a researcher's findings lead to better cancer treatments; a nonprofit leader's sabbatical refreshes the whole organization. The community benefits.

In other cases, a grant maker may support an individual as *part* of a community, rather than supporting a community *through* the individual. An example would be a college scholarship to a low-income student, or cash to a disaster survivor for daily necessities and repairs.

The decision to fund individuals, then, is part of a theory — implicit or explicit — of

WHERE THE EXAMPLES COME FROM

The case studies in this section are only a handful of the many examples that informed this guide. Grant makers from more than two dozen funding organizations described a wide array of grants-to-individuals programs, each distinctive in its purpose and operations. We also talked with grantees, both individual recipients and leaders of intermediary organizations that work with individual grantees. Finally, we got detailed advice from experienced program officers, foundation executives, and attorneys — people who really know the ins and outs of establishing a grants program for individuals. We are grateful to them for sharing their time and expertise. A complete list of contributors appears on page 33.

how individuals and communities relate, and how a foundation can have the desired impact on them.

And funding organizations or individuals is by no means an either/or proposition. Most grant makers surveyed for this guide do both, often as complementary strategies. One seasoned grant maker suggested that supporting both individuals and organizations reflects a systematic approach to problem solving: "Investing in the people and not just institutions" is a way to support "a key part of the ecosystem of any field, issue, or region."

FIVE MINI-CASE STUDIES

This guide begins with five brief case studies, in which grant makers in a variety of fields — non-profit leadership, disaster relief, clinical science, international education, arts — discuss how they approached a particular problem, and how they determined that funding individuals could be part of the solution. For each, the question of purpose was primary: What do we want to achieve? Other questions — about program design, funding mechanism, money, selection criteria, and measuring success — flowed from there.

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The chart on page 7 adds six more examples to the list, based on actual programs.

> "We've come to understand the impact of funding an individual *within* an organization."

REJUVENATING LEADERS

DURFEE FOUNDATION

"We believe that human resources are the principal asset of the nonprofit sector," explained Claire Peeps, executive director of the Durfee Foundation. And yet many of those human resources — particularly, nonprofit leaders — work under constant stress and are subject to burnout. That insight led the foundation to establish a sabbatical program for nonprofit leaders in Los Angeles, which provides recipients with $35,000 to "travel, reflect, or renew themselves in whatever manner they propose."

The foundation originally conceived of the sabbatical as an opportunity for personal development and got IRS clearance to make grants directly to the individual leaders. "But over time we've come to understand the impact of funding an individual *within* an organization," Peeps said. The foundation now disburses the sabbatical money to the organization, for use by the individual leader. "If you fund a grant for an individual within an organizational context," she noted, "it's tough to shake the individual loose from the organization. They tend to think of it as a grant for general operating support. It takes a few conversations to really drill it in that this is for the leader."

One executive director went through the application process and became a finalist before the foundation concluded that his organization was not prepared to support his time away, or to benefit from it. "They made a pretty good assessment," the leader acknowledged recently. The initial rejection "raised the stakes, and it made clear that the intent of the sabbatical was not that I have a nice break. We needed to see something change when I got back." He re-applied successfully and took five months off to travel. According to a colleague, the director has given more attention since his return to "strategic issues across the region and expanding his voice through speaking and media engagements." For the organization, the colleague said, the sabbatical was "the first time in more than 30 years that staff members had to run things on their own. They saw how dependent they had been" on the founder.

Durfee imposes strict rules on grantees — including no contact with the organization while they're away and no use of funds for professional development — to ensure that the sabbatical is used for rejuvenation. The foundation also works closely with the organization during the grantee's absence, making available up to $7,500 toward the creation of a permanent, revolving fund for professional development for staff. The organization assesses and brings up interim, second-tier, and next-generation leadership, so that its overall functioning is improved.

Biannual retreats and other gatherings for past sabbatical recipients help create a community of leaders who are otherwise often "curiously isolated," said Peeps. "There's a burden they carry that they can't share with their staff or board. It's been important to them to have that forum." Durfee continues to engage with sabbatical recipients "forever!" Peeps said with a laugh. "We've had very little attrition."

GIVING SUPPORT IN AN EMERGENCY

FOUNDATION FOR THE MID SOUTH and GREATER HOUSTON COMMUNITY FOUNDATION

In the wake of Hurricane Katrina, "everybody in the area was in need, so we had to figure out who to help," said Ivye Allen, president of the Foundation for the Mid South (FMS), in Jackson, Mississippi. FMS worked with long-term corporate partner Entergy to create the Power of Hope Fund, intended to help the company's customers and employees recover. As FMS's office started to get swamped with more than 30,000 applications, it became clear that they would need more than the three people they had to review applications, and additional readers were recruited from a local law school. "No one anticipated the sheer volume of applications," Allen said, "and a lot of the internal systems weren't in place." Disbursing the funds was another challenge, since many grantees were moving from place to place, and some had lost their identification. The credit union that FMS partnered with had its own paperwork, as did the IRS. Still, the fund managed to distribute bank cards or checks to more than 4,000 people.

The Greater Houston Community Foundation (GHCF) also funded individuals affected by Katrina. President Stephen Maislin noted that once the foundation established criteria, the process was fairly mechanical: staff oversaw volunteers, who reviewed applications; successful applicants were scored and funded according to their losses — car, home, both. Getting the money to grantees proved to be tricky, since many banks were closed or in disarray; the foundation used checks and Western Union, with mixed results, getting $1,000 or so to each grantee. "It was hugely time-consuming," Maislin recalled.

Despite the enormous challenges of supporting individuals in crisis, neither foundation regrets doing it. Both learned a lot about how to administer grants the next time — if there is a next time. Allen said that her organization would take more time to establish specific eligibility criteria and working systems. Maislin echoed this sentiment, saying, "We found that we needed to slow down a little bit." Counterintuitive as it may be to slow down in an emergency, the two leaders believe that strong systems make grant making more effective over the course of disaster recovery. Some systems can be set up well in advance, but — since each disaster is unique — others can be created only in the moment. Next time, Maislin said, GHCF would partner only with companies that have a strong infrastructure: "If employers aren't well managed or have bad tech services, the pressure falls on us more and we can't help people as much. We'd give preference to companies that already partner with us, partly because that's business, and partly because we know we can work well with them." Allen said that her organization might decide to fund entirely through organizations.

In the heat of an emergency, individuals know best what their immediate needs are and can answer those needs quickly with cash. "It was really rewarding to be part of helping so many people who had lost everything," Maislin reflected, "and we would do it again." For now, FMS and GHCF have turned to the sustained work of rebuilding affected areas and lives. For that, they are supporting organizations that can address large, long-term structural problems.

"No one anticipated the sheer volume of applications, and a lot of the internal systems weren't in place."

KEEPING RESEARCHERS ON TRACK

HOWARD HUGHES MEDICAL INSTITUTE

The Howard Hughes Medical Institute (HHMI) — founded in 1953 to support biomedical research and science education — makes grants to institutions and individuals. The foundation used to "do things a certain way because we believed we were already doing them the right way," said Maryrose Franko, senior program officer for the graduate division. But in recent years, a heavier emphasis on evaluation has allowed their approach to evolve.

The Institute's research training programs for medical students are intended to encourage MDs to become physician-scientists. In the past, HHMI gave partial scholarships to medical school students, reasoning that medical school debt might be driving them into private practice rather than into choosing lower-paying bench research as a career track. "But when we looked more closely," Franko explained, "we found that wasn't the case. The physician-scientists in our programs generally wanted to be physician-scientists from the beginning of their careers. Having debt or not having debt didn't make any difference in their choice."

Further study indicated that physician-scientists are most vulnerable to giving up on the research track early on: "They've just been offered their first junior faculty position, and they're attempting to have research as a significant percentage of their professional effort." But two obstacles can get in the way. First, medical schools often push junior faculty toward the clinic, where they make more money for the school. This leaves them little time in the laboratory. Second, funding is scarce for research by physician-scientists who are just starting out.

In 2005-06, HHMI stopped funding medical school scholarships and launched the Physician-Scientist Early Career Award. The grants must be spent on research costs, not the grantee's own salary, and grantees must spend 70 percent of their time in the research lab.

To design the program, HHMI went to established physician-scientists and asked them what they needed to succeed, said Franko. "But in hindsight, because of budget constraints, we probably started too small. Initially, we funded grantees for three years. We gave them more money the first year, and decreased it over the term of the award. We should have asked what kind of support would help grantees become established, independent investigators."

Recently, HHMI concluded that what early-career grantees really need is the opportunity to develop their research until it is competitive for what Franko calls the "gold standard" of research funding: large, long-term grants from the National Institutes of Health or other major funders. Three years of modest funding might not be enough to get them to that point. Moreover, a small amount of money did not give medical schools an incentive to allow faculty to stay in the lab 70 percent of the time. "We were hamstringing them by thinking small," Franko recalled.

In 2007, HHMI extended the grant period to five years and increased the level of funding substantially. The Institute was cautious in setting the new amounts: they didn't want to give grantees so much money that they wouldn't have an incentive to apply for major funding, "but we also wanted to give them enough to bump them over" the threshold of early success.

FROM PURPOSE TO PROGRAM: SIX THEORIES OF CHANGE

Here's a quick look at how six funders started with a purpose they wanted to accomplish, articulated a theory of change, and ended up with a program model for making grants to individuals. The names are changed, but the descriptions are based on real programs.

PURPOSE	THEORY	PROGRAM
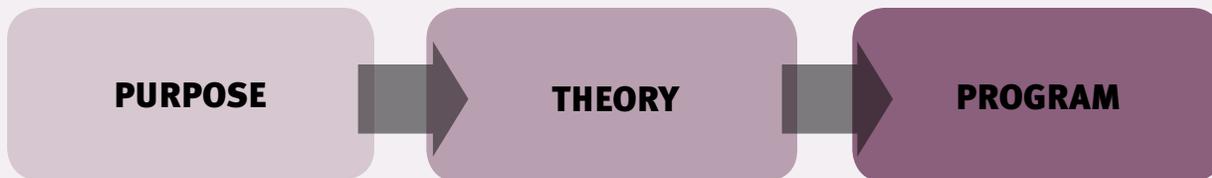
For All You've Done Prizes

| To offer thanks and support to accomplished community leaders, artists, and innovators | A prize validates an individual's work, makes way for continued achievement, and inspires others to excellence | Make unrestricted awards to accomplished individuals |

Leading Edge Fellowships

| To develop a pipeline of leaders with new solutions to social problems | Ideas for social change develop best among individuals working outside institutional constraints | Provide fellowships to social entrepreneurs and promote networking for mutual support |

Saving Today's Einstein Grants

| To enable scholars under threat of death or other serious harm to continue their work in safety | Individuals, not institutions, face threats and need safe haven to continue their work | Offer grant support and institutional connections to enable threatened scholars to continue their work in safe countries |

Crossing Boundaries Health Research Grants

| To promote a high-performing health care system and increase the quality of care for vulnerable populations | Working internationally and across disciplines, individuals can learn what works and transfer effective practices | Support mid-career health care professionals from abroad to work for a year in the U.S. on policy-oriented research |

Home-Grown Achievers Scholarships

| To strengthen the ability of public universities to compete for the top high school seniors in their states | Linking top students with public universities will strengthen the educational system and keep the most talented students in the state | Give full-tuition scholarships to 20 high school seniors each year, to be used at any of the state's public universities |

Equity in Arts Leadership Internships

| To cultivate and diversify the next generation of museum and arts organization leaders | Giving a diverse group of undergraduates exposure to arts organizations will inspire them to enjoy the arts and perhaps pursue careers in the field | Provide funding to students and organizations to support 150 internships per year |

INTERNATIONAL FELLOWSHIPS FUND

"Diversity is highly achievable," said Joan Dassin, executive director of the International Fellowships Program (IFP), the signature program of the International Fellowships Fund (IFF), "but it's not automatic. Patterns of privilege and exclusion are deeply entrenched in every society, and if you're going to work against them, you need to do it systematically."

Since 2001, IFP has granted nearly 3,000 fellowships to members of marginalized groups in 22 developing countries to pursue post-graduate studies. The hope is that fellows will use their education to become leaders in their fields, furthering economic and social justice in their own countries and worldwide. The International Fellowships Fund is supported solely by the Ford Foundation, which has pledged $355 million to IFF for IFP through 2014. The foundation chose to establish IFF as a separate organization with its own board of directors, closely affiliated with the Institute of International Education. "We looked at all the barriers to higher education that make it difficult for talented people from poor backgrounds to compete," Dassin explained, "and then tried to eliminate them." For example, program information is distributed in local languages, and candidates from remote areas are encouraged to apply. Alumni help recruit new cohorts of fellows from their own areas or ethnic groups. And eligibility requirements are specifically designed to accommodate diverse candidates: unlike more conventional programs, IFP has no age limit, offers English language training after selection ("as an exit benefit, rather than an entrance requirement"), and gives "fellows-elect" a year and plenty of assistance to get admitted to a graduate degree program.

In every country, IFP makes a special effort to recruit qualified women candidates by working with women's associations, human rights organizations, and women leaders. The program allows grant recipients to study in their own regions or to undertake short "sandwich" programs overseas, an incentive for many women who prefer not to leave their families for long periods of study abroad.

Just about one-half of the fellows are women. Two-thirds come from rural areas or small towns. Half of the fellows' mothers or fathers never completed primary school, and over 90 percent are the first in their families to earn a university degree. Fully 98 percent of the program's more than 1,300 alumni have finished their fellowships in good academic standing, and the vast majority have completed their degrees and returned to their home countries.

How has IFP built such a diverse and successful group? The key is decentralized implementation. Coordinated through a New York-based secretariat, IFP works with 20 partner organizations around the world, as well as provincial governments, universities, and Ford Foundation offices. Partner organizations identify groups typically excluded from graduate education (because of gender, ethnicity, language, tribal affiliation, physical disability, or other factors), figure out how to reach them, and manage the selection process. Independent selection committees interpret the three basic IFP criteria — academic achievement and potential, demonstrated leadership, and social commitment — according to the local context and culture.

Partner organizations monitor fellows' academic performance and support them through completion of their studies and beyond. IFP partners also help alumni advance their social justice work through alumni networks. The IFP secretariat tracks program outcomes and promotes system-wide learning.

CREATIVE CAPITAL

When the National Endowment for the Arts drastically reduced its funding to individual artists in 1996, "it revealed how thin [government] support for individual artists was," said Ruby Lerner, the executive director of Creative Capital. "It wasn't just about the money," she added. "There was the psychic impact of being devalued." Add to this the vulnerable state in which artists normally found themselves, often moving from project to project without time to think strategically about their careers. "That's not a recipe for success," Lerner explained. Not just the livelihood of individual artists but the production of noncommercial art — some of the most risky, interesting art being made — was threatened.

In collaboration with the Andy Warhol Foundation, Lerner aimed to create an intermediary funder that would help artists develop a sustainable practice, not just complete a project. A venture capital approach seemed to suit the goal nicely: make a long-term commitment, provide capacity-building support, take an interest in measurable outcomes, attract other support to grantees' projects, and aim for a financial return on investment. The model they created remains much the same today. Grantees have access to a four-part system that supports the project, the person and the community of Creative Capital artists, and engages the public. The organization has also spun-off a professional development program to provide career services to other artists at workshops around the country.

"It's not that we don't ever fund people who are just doing cool projects," Lerner said, "but we're looking to be a catalyst" — by supporting a project that will advance an artist's craft, for example, or funding a PR consultant at just the right time. She cited one grantee who, in short order and with Creative Capital's support, "got a solo sculpture show, performed at Sundance, and was offered a major installation" at an important contemporary art space. "We create opportunities for people," said Lerner. "Would there have been the same impact if we had just sent him a check? 99.9 percent chance, no! We're concerned with creating a legacy."

Creative Capital's high-engagement approach does not work equally well for everyone. Those who benefit most are artists who are ready to engage with the full program. The organization's support is less useful for artists with well-developed infrastructures or for early-stage artists without sufficient professional experience to understand the value of Creative Capital's help. Artists are required to give back a portion of income they make on a funded project, after recouping expenses. Even those who don't turn a profit often pay back in other ways, such as by serving on selection panels.

Funding individuals is a key part of the "ecology" of the arts field, Lerner explained. "If you're going to support a creative culture, you have to support the individuals who are creating — whether that's in the arts or medicine or business. Then you have to make sure they can succeed in the ecology of these various fields. A brilliant individual artist needs an outlet, otherwise where's the impact? It's about filling the entire spectrum."

"If you're going to support a creative culture, you have to support the individuals who are creating — whether that's in the arts or medicine or business."

Designing a Grants-to-Individuals Program

DEFINE THE PURPOSE
SETTLE MONEY QUESTIONS
SET GRANTEE CRITERIA
CHOOSE A FUNDING MECHANISM
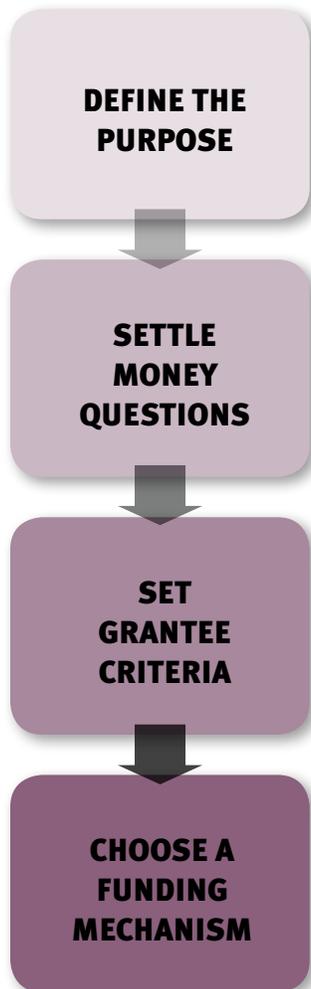
DEFINE THE PURPOSE

The primary question in creating a grants-to-individuals program is not "Which individuals do we want to support?" but "What do we want to achieve?" To link the program's goals to its design requires a theory of change, which is to say, an idea of what activity leads to what kind of impact, and how. "What's most important about a theory of change," said an evaluation expert, "is that it provides a framework for you to be thoughtful about what you want to achieve. Oftentimes, people are involved in programs where there's not a shared understanding" about objectives.

A theory of change leads to all sorts of questions about how to construe the problem in the first place, what the desired impact is, and how to achieve it. Are we trying to address a problem or support ongoing good work? What is the funding situation in the given field? What are the social conditions surrounding the problem or good work? Is change or good work best supported through individuals or organizations? What is the relationship between individuals and communities in this field? If we fund individuals, what kind of impact can we reasonably expect them to have on their communities?

One grant maker observed that "regularly asking those questions may organically lead a funder to decide to support individuals." The funders profiled earlier in the mini-case studies determined that — given the need as they saw it, their resources, the context, and so on — funding individuals would allow them to have the impact they wanted. But they had to be clear about their purposes. A poorly defined purpose leads to ineffective programs whose impacts can't be measured because they haven't been articulated in the first place. The table on page 7 offers additional examples of clearly stated funder purposes.

In short, contributors said that planning begins with some probing questions: What need do we see? How might funding individuals address that need? How, therefore, should the program be structured?

SETTLE MONEY QUESTIONS

Calculating program budgets and grant amounts is part of the strategic groundwork for any foundation initiative. With grants to individuals, though, the process features some distinctive questions and tradeoffs. Whatever the purpose of the program, certain factors come into play, some of which may be weighed differently than if the intended grantees were organizations.

- **Figure out the grant amount.** Figuring out grantees' monetary needs may seem mechanical, but it's actually one of the most creative parts of the planning process. A funder of medical researchers said, "A lot of our funding is for salary support, and people in these fields earn a certain amount of money. But we also want to fund people so they have the money to do what they need to accomplish. And we want to fund as many people as possible within that." Striking the balance isn't always easy. A grant maker at a national foundation with several long-standing fellowship programs said that one approach is to "set a monetary limit for each award and ask the nominee to submit a budget and workplan."

Some foundations alter the formula as they learn what grantees actually need. A family foundation created a college scholarship program and originally gave $25,000 to one student and $500 each to seven runners-up. Many runners-up never claimed their money, because $500 wasn't enough to enable them to go to college. Over time, the foundation upped its total commitment and started giving $4,000 per year for four years to each of three students. Since the amount is a substantial contribution to their education, nearly all students claim their scholarships.

Surveying people similar to those a program is designed to attract, conducting focus groups, and checking with similar programs and organizations that already serve the target group (such as universities) are a few ways of gauging grantee needs in advance.

■ **Don't forget overhead.** The administrative costs of a program are determined by many factors: the number of applications expected and grants awarded, the length and complexity of the application, the expense of running selection panels, and so forth. And then there are the costs associated with providing supports to grantees, gathering reports, and, for foundations and programs, fulfilling the reporting requirements of the IRS.

Cost-effectiveness is an important consideration, especially since the administrative burden of managing a grants-to-individuals can be large, the grant amounts relatively small, and the emotional complications very real. The director of a regional community foundation explained the steps her organization took to honor donors' understandable interest in helping people in need while also keeping costs reasonable. Until a few years ago, she recounted, "when a local person died, people would establish a memorial scholarship fund [through the foundation]. Small checks of $5, $10, $20 would come pouring in. It took a lot of processing. We realized that we needed to establish a fund minimum of $25,000. At the same time, we created designated funds for smaller donors." "Cost-effectiveness is important," she said, especially "if you're going to administer lots of different little funds."

■ **Set a time frame.** Time is a factor in determining how much support to give to how many grantees. In some cases, the nature of the grant has a bearing on its term: emergency relief funds are necessarily short-term, scholarships are normally provided for between one and four years, and so on.

The terms of other grants depend more on the project's or individual's need. As described earlier, the Howard Hughes Medical Institute wanted to fund scientific researchers during a critical early period in their careers, but no longer. A grant maker in the arts decided to make a multi-year commitment to funded artists, longer than many project-based grants, to allow artists "to 'think bigger' about their work." Again, a funder must consider overarching goals in setting the grant's time frame.

The dimension of time is also significant for the whole grant-making

KNOW THE LAW

Understanding the law is crucial to good planning, especially since many grants-to-individuals programs must be approved in advance by the IRS. See pages 18-19 for some basic information on the legal requirements of making grants to individuals.

program. One funder aims to build a "critical mass" of scholarship to inform public policy in a particular area. The focus changes every several years — long enough to make an impact in the research area but not so long that it passes a point of diminishing returns. Here, a tension may arise between the grant maker's desire to institutionalize a program and the need to keep it responsive to changing conditions.

- **Add services that make the program effective.** Many funders also provide nonmonetary supports to individual grantees. Designed to benefit grantees and advance the program's purpose, services may include things like technical assistance, networking opportunities, and help with disseminating the results of funded research.

  In designing a package of supports, grant makers need to decide what will be most helpful to grantees, what's consistent with the program's objectives, and what's affordable. Some services can be delivered efficiently by the foundation itself (through its communications office, for example), while others may be provided more cheaply and efficiently by intermediaries or consultants. (Nonmonetary supports to grantees are described in more detail in the following section.)

SET GRANTEE CRITERIA

To reach the right grantees, it's necessary to think strategically about who should be eligible for selection. *Eligibility criteria* are qualities that are required for an applicant to be considered for the grant. *Selection criteria* are

qualities that make an applicant a preferred candidate, and thus more likely to receive the grant. Making certain criteria required (as opposed to simply preferred) will shape the program itself and may be necessary to satisfy the intentions of a donor or board. Setting requirements may also limit the number of applications, thus saving time and resources for both foundation and prospective applicants.

Grant makers should check with legal counsel when determining criteria, to ensure that grants will be made on an objective and nondiscriminatory basis, as per federal law. Depending on their status and the program design, foundations may also need to get prior IRS approval for eligibility criteria and the selection process. (See pages 18–19 for further legal background on making grants to individuals.)

- **Describe what you're looking for.** For some programs, an applicant's need is the most important qualification. One foundation that supported individuals affected by Hurricane Katrina used a specific determination of need to select grantees, but the guidelines were not enough on their own to limit applicants to a manageable number. The foundation's president would set more strict criteria if called upon to make such grants again.

  For most project-based grants, a person's ability — in artistry, leadership, or any other quality — is the primary criterion. Does the candidate have a demonstrated capability to perform the task set forth? Merit-based prizes may require certain qualifications, experience, or credentials as a marker of ability.

One funder that supports scholarly research accepts Ph.D.-holders only. If only people with specific experience or qualifications are able (or likely) to fulfill the program's purpose, then those criteria should be specified clearly.

Some funders seek qualities that are more subjective but still vital for achieving the program's goals. A funder of social entrepreneurs explained that the program treats "being entrepreneurial" as a formal criterion: "This personality type is rare. We say one in ten million." Another foundation seeks individuals "whose genuine passion and calling in life is helping underserved populations." Elusive as such qualities may be, they can be assessed through nominating letters or references, past experience, and interviews. Entrepreneurialism can be judged by a person's record of effecting change; a passion for helping the disadvantaged may be seen in a person's history of doing just that.

■ **Choose a point at which to offer help.** Several grant makers spoke of wanting to support people at particular phases of their work. An arts funder seeks to recognize mature, underappreciated artists. A foundation that supports cancer research looks for young scientists because they tend to "think outside the box." A funder of physicians doing public health projects describes their best candidates as people with the security and maturity to dedicate themselves to public service: "They have their kids, and they have food on the table, and they're looking

around to better meet the needs of their communities."

When grant makers identify a key career phase to gain maximum leverage, they know they're playing the odds. Young researchers are not necessarily unconventional in their thinking, nor are senior researchers necessarily conventional in theirs; the question is whether young researchers are *more likely* to think outside the box, or established physicians are *more likely* to be in a position to serve their communities than their novice counterparts. Other factors are part of the equation: a lack of funding opportunities for young researchers, or a desire to capitalize on older grantees' knowledge and relationships.

■ **If balance matters, plan for it.** For some funders, making awards to a diverse group of grantees is essential to the purpose of the program itself. "It was part of our theory of action that community service must take race and gender into account," one grant maker explained, "and that gender and racial balance in the cohort would help establish a dynamic, equitable group culture." The selection process was "intentional" about seeking "roughly equal numbers of white and African-American participants, and roughly equal numbers of males and females."

According to a national arts funder, diversity in her field is important "in all its forms, and that means gender, race and ethnicity, geography, aesthetics, genre, and more." Funders looking to attract a diverse group of candidates set eligibility criteria accordingly, and their programs

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may include outreach to constituencies that are underrepresented in the relevant field.

CHOOSE A FUNDING MECHANISM

For many foundations, the most daunting aspect of making grants to individuals is figuring out how to administer them — a set of tasks that often includes dealing with IRS rules. Contributors to this guide support individuals using any number of means to suit their own and grantees' needs. The five listed here show a range of arrangements for disbursing payment, selecting grantees, handling administrative tasks, monitoring grantees' progress, and other issues. Whatever the mechanisms, it's important to remember, one foundation attorney cautioned, that the funder is always ultimately responsible for meeting IRS obligations.

- **Support the individual directly.** Here, the foundation selects grantees and disburses grant money and other resources directly to them. This mechanism affords the foundation the most control, and also requires the most work from the foundation to administer grants, track grantees, and secure reports from them to comply with IRS rules. (Programs that award prizes in recognition of past accomplishments and have no strings attached are an exception and do not require IRS approval or reporting.)

- **Provide support through a host institution.** In some cases, the foundation selects the grantee but makes the grant to a nonprofit that disburses the money to the individual. Examples might be a sabbatical program that makes the grant to the

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WHAT THEY DID/HOW THEY DID IT
USING A CONSULTANCY TO HATCH A NEW ORGANIZATION

"Many plans worthy of philanthropic support begin with the hard work of a single person," explained a New York-based grant maker. "Funding in that early stage means, basically, getting adequate support for that person." A year ago, he and his colleagues encountered such a person and found themselves wondering what they could do to help get her idea off the ground.

They decided, first, to make a grant to her project through a nonprofit as fiscal sponsor. Then, seeing a strong connection between her work and another project within the foundation they realized that it might make sense "to have her work more closely with us for a while. We offered her desk space here in our offices." They also hired her as a consultant to plan the project and establish it as an independent organization. "We intend to continue supporting the organization as a grantee, once it's fully up and running," he explained.

"My sense is that fledgling organizations are often supported this way," the grant maker reflected. "At the beginning, practically and theoretically, they're a bit hard to distinguish from grants to individuals. Putting them within the foundation and supervising them accordingly is a way to give support."

A foundation that wants to use this approach should be aware of two things, he said: "First, the foundation has a higher degree of responsibility for project spending than if you were simply giving a grant to another organization. Second, the project funded should be within the mission of the foundation."

leader's organization; a scholarship paid directly to the school where the student is enrolled; a research grant that goes to the scientist's home institution; or a project grant that goes to an artist's fiscal sponsor organization. Such arrangements allow grantees to deduct project expenses from income taxes; they also lighten the administrative load on the foundation, especially if the host organization is an umbrella for several grantees at once or equipped to secure updates from grantees and report on their progress to the foundation.

Host institutions may benefit as well: colleges get the students they admit, nonprofits get their leaders back rejuvenated by a sabbatical, research centers get the reflected prestige of prize winners, and fiscal sponsors fulfill their missions and get the administrative fee they charge. If host organizations benefit, then the field benefits, and this may further fulfill the program's purpose.

- **Outsource some responsibilities to another organization.** Another mechanism is still more mediated: the foundation outsources some or all of the tasks associated with administering the program, sometimes including the selection process. This arrangement can have many benefits. An arts grant maker contracts with a local art school to select grantees, which she says provides a layer of insulation: "Our board understands the risks inherent in selecting artists — for example, supporting controversial work and the potential for media exposure — and is comfortable with taking those

risks as long as the selection process is professional and objective." Using an intermediary may also be more efficient. That's why many foundations use Scholarship America®, a nonprofit dedicated to developing and managing scholarship and tuition reimbursement programs.

Intermediaries are generally one of three types: (1) organizations under which grantees are working, such as a university that selects a scholar each year for a funded fellowship; (2) sector-specific organizations with expertise in the subject area but that are not solely intermediaries, such as the art school described above; or (3) organizations that are dedicated intermediaries, such as Scholarship America®.

- **Fund a nonprofit that supports individuals.** Some foundations support individuals by funding organizations that autonomously distribute funds to individuals, effectively serving as regranters. For example, one foundation works with a select group of colleges to build up scholarship funds for underserved students. The foundation determines the scholarship amount and its area of interest — for example, $2,500 each to students taking business classes at tribal colleges — and the school selects recipients, awards the scholarships, and administers the program. The foundation works actively with each school for five years to build an endowment for the scholarships. "We like to move in, help effect some change, and then move out," said the foundation's president.

Providing funds to a regranting organization is for IRS purposes

an organizational grant. If, however, a foundation retains authority over any aspect of the program — including grantee selection, program administration, or oversight — then it still counts as a grants-to-individuals program, and all the relevant IRS regulations apply. Also, if monies are given to a private foundation for regranting, then the private foundation intermediary will need to comply with IRS rules on individual grants.

■ **Bring the person into the foundation as an employee or consultant.** One last support mechanism is when a foundation hires an individual to work on a project. A funder that supports science research and education hires professors away from their home institutions for a limited time, during which they work on the organization's campus, teach, and conduct research. During their tenure, the scholars are considered employees of the grant maker, receive coverage under its health plan, and reap the benefits of its infrastructure. The relationship enhances the grant maker's reputation and allows more accountability and control. It also has some disadvantages: the arrangement requires more administrative work from the foundation and sometimes leads to contractual conflicts.

Mechanisms for Funding Individuals

	Fund the individual directly	Use a host organization or outsource parts of the program	Fund an autonomous organization to run the program	Hire the individual
IRS requirements	Prior IRS approval and reporting required, except for prizes and awards.	Prior IRS approval and reporting required, except for prizes and awards.	Same as an organizational grant. No special IRS approval or reporting required.	Not a grant, no IRS approval required. If functioning as operating foundation, different 501 status required.
Funder control and administrative demands	High. Foundation administers all program components.	Medium. Foundation selects grantees or maintains control over the selection process, but intermediary may fulfill some other functions.	Low. Foundation sets guidelines and makes grant, but has low oversight and administrative responsibilities.	High. Foundation hires individual to work on project.
Reporting	Foundation secures reports from individual grantees and reports to the IRS.	Depending on the relationship, intermediary may get reports from grantees and give to foundation, which must report to the IRS.	Foundation secures reports from the regranting organization on its activities.	Not a grant, no grant reports required. Foundation must report on payroll to IRS.
Individual grantee's perspective	Grantee must pay income taxes, with some exceptions for scholarships; grantee must report on activities except for prizes that meet IRS criteria.	Various benefits to the grantee are possible, depending on the capacity of the organization.	Grantee's direct relationship is with the organization rather than the original funder.	Grantee is employee, not a grantee. Depending on contract, may get benefits, office space, logistical support.

The Fine Print: Grants to Individuals and the Law

PRIVATE FOUNDATIONS

Private foundations are allowed under the Internal Revenue Service Code (Section 4945, Regulation 53.4945-4) to make three types of grants to individuals:

- **Scholarships or fellowships,** whose purpose is generally to enable a student to pursue undergraduate or graduate study at an educational institution or to aid an individual in the pursuit of study or research.

- **Other grants intended to enable a grantee to achieve a specific objective,** such as "produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent."

- **Prizes, awards, or other grants** that do not require grantees to create something or take a specific action, and which have no strings attached. Grants in this category include prizes in recognition of achievement, but they also include funds for relief from disaster or other distress.

Grant-making programs in the first two categories require advance approval from the IRS, and the grants are subject to special monitoring and reporting requirements. Grants in the third category do not require prior approval from the IRS.

Grant makers considering a grants-to-individuals program should discuss their plans in advance with legal counsel to ensure that the implications for advance approval, reporting, and monitoring are clearly understood. Counsel can also advise on how to make awards in a manner that is objective, non-discriminatory, and consistent with the foundation's bylaws.

This guide assumes that most readers are concerned with grants programs that fall within the first two categories and therefore require pre-approval from the IRS. The process for getting IRS approval is "detailed, and it can be cumbersome," explained a attorney to a private foundation, but many private foundations have done it successfully.

To secure advance approval, a private foundation must demonstrate in its request that:

- The grant procedure awards grants on an objective and non-discriminatory basis;

- The procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- The foundation will supervise grants to determine whether grantees have fulfilled the grant terms.

A request for approval must contain the following items:

- A statement describing the selection process;

- A description of the terms and conditions under which the foundation ordinarily makes grants to individuals;

- A detailed description of the foundation's procedure for exercising supervision over grants; and

- A description of the foundation's procedures for reviewing grantee reports, investigating possible diversions of grant funds, and recovery of diverted grant funds.

Overall, the program must have procedures that are "reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance." The foundation must also show that it will "supervise grants to determine whether grantees have fulfilled the grant terms." Of course, grants must not be earmarked for political, legislative, or other non-charitable activities and must not constitute self-dealing or create an improper benefit to anyone associated with the foundation or their family members.

There's no one right way to structure a program to meet IRS standards. As explained by the IRS: "no single procedure or set of procedures is required. Procedures may vary depending upon such factors as the size of the foundation, the amount and purpose of the grants, and number of recipients."

And, a further important note: A foundation may make revisions to a program, or even create new programs, without necessarily going back for additional approvals. According to IRS guidelines, "The approval procedure does not require separate approvals for each grant program. Rather, approval is based on an evaluation of a foundation's entire system of standards, procedures, and follow-up. Once obtained, such approval applies to any subsequent grant program of the foundation if the procedures under which it is conducted do not differ materially from those described in the original request for approval." "The problem," said one foundation executive, "is defining what 'differ materially' means."

For further information on the rules cited here (including definitions and principles), see articles on grants to individuals, advance approval of grant-making procedures, and other topics in the Charities & Non-profits section of the IRS website at www.irs.gov.

COMMUNITY FOUNDATIONS

As public charities, community foundations have more latitude than private foundations to make individual grants, but many of the same principles apply. Under H.R. 4, or the Pension Protection Act (PPA) of 2006, for example, a community foundation may not allow the donor of a donor-advised fund to be involved in the selection of individual grantees.

GRANT RECIPIENTS

Grantees should be aware that awards are normally subject to income tax, although some exceptions apply in the case of scholarship awards. The IRS website includes useful information on the tax liability to individuals of various grant awards.

INTERMEDIARY ORGANIZATIONS

The rules described above apply to grants made directly to individuals by the funder. Some foundations address both administrative and legal concerns by making grants to individuals through an independent, intermediary organization — although, again, the selection criteria and process must be objective and nondiscriminatory. It's important to note that for grants to be treated as made by the intermediary, grantees should be selected by the intermediary, not the foundation.

MORE INFORMATION

Additional information about this area of law, along with news of occasional changes and updates, is available from the IRS at www.irs.gov and the Council on Foundations at www.cof.org. See also the resources listed on page 32 of this guide.

Managing the Program: Grantee Selection and Beyond

The ongoing operation of a grants-to-individuals program has two big components: selecting grantees and working with them over time to help them and the program achieve success. Some foundations handle all the work themselves; others use intermediaries or consultants to accomplish all or part of the work. In either case, a funder has an interest in ensuring that clear policies and practices are in place. For many programs, IRS regulations require that the details of the selection process be worked out and approved in advance.

SELECTING GRANTEES

Choosing grantees is perhaps the most difficult thing any grant maker does. This is true of grants to organizations, but the dilemmas can feel even more personal when it comes to individuals: "With so many philanthropies focused on systemic change," said a staff member at a foundation association, "it's easy to forget that our causes have names and faces."

Selecting individuals can be difficult logistically, for two reasons. First, grants-to-individuals programs often attract large numbers of applicants, depending on the nature of the grant, the criteria, and the difficulty of the application. This appears to be especially true of scholarships and disaster relief grants, which normally have broad appeal and eligibility criteria. Second, individual applicants may lack expertise, technology, money, and capacity to handle long applications. These factors can result in lots of applications from people with abundant passion but little experience in the grant economy. Develop criteria with care, grant makers said, and provide the clearest possible instructions. Maybe even hold applicants' hands a bit to raise the quality of their submissions and

build their knowledge of the process and the larger field.

Grant makers also urged the importance of structuring selection panels carefully and making sure they understand their task. "Once underway, a panel can take on a life and culture of its own," said a grant maker in the arts. "You want to make sure you've gotten thoughtful recommendations for the people you're putting in this powerful decision-making role, particularly if the process is competitive."

Experienced grant makers offered a wealth of specific advice:

- **Prepare for questions.** Since individuals are often novices at applying for grants, they may have a lot of questions. Write a draft of the application guidelines and form, and run them by prospective applicants to check for clarity. Post a "Frequently Asked Questions" page on the foundation website, or create a website for the program itself. Update the information as needed, even during the application process.

- **Ensure proper staffing and staff expertise.** Adequate staffing is required to publicize the grant, field questions from grantees, inform applicants of needs or decisions, and manage the review process. Most foundations surveyed for this guide had outside readers to review and rank at least first-round applications. Managing this process entails recruiting reviewers, making sure that reviewers understand the selection criteria, organizing panel reviews, and preventing any conflict of interest or self-dealing. Adequate staffing and expertise should also be in place to

manage other aspects of the grant selection process. One medical fellowship program is administered in part by a doctor who makes presentations in the states where the grant is made and can answer not just procedural but also substantive questions about the program.

■ **Consider applicants' time, logistical, and other limitations.** Applicants may have limits on their schedules or capacity that affect the process. For example, if awarding scholarships, consider when during the academic year grantees will need scholarship money and when they will have free time to apply for it. Disaster survivors may lack a fixed address, and some may have lost their identification. Ask prospective grantees about needs they think the applicant pool might have, and consider how those needs might affect the selection process.

■ **Publicize the grant, consistent with the foundation's capacity.** Publicize to the extent that the foundation can handle the number of applicants that doing so will attract. Foundations surveyed for this guide publicize their grants through trade publications, universities, word-of-mouth, government agencies, conferences, and other means. Several people cautioned against recruiting applicants directly because of the danger of raising expectations. One foundation makes a policy of asking a former grantee or other third party to recommend its program to any candidate it would like to see apply, rather than have the suggestion come from a member of its own staff.

■ **Weigh the advantages of an open application process versus nominations.** The type of application process — open, or by nomination — has a bearing on the number and character of applicants. One arts funder said, "Everyone thinks we're nuts to do an open submission" because it attracts so many applications, but one reason we have so many exciting artists is that we have that open application." Other grant makers prefer to use nominators, which limits the number of applicants. Programs aimed at supporting experienced people in their field (such as established scholars or artists) may find that a nomination process does a fine job of uncovering such people. Foundations using a nomination process may adjust it — by altering the number of nominators, the number of recommendations per nominator, the length of nominators' tenure, or the difficulty of the nomination form — to regulate the number of nominations they are likely to receive.

■ **Create a standardized assessment system.** A standardized system to assess and rank applicants can help make the selection process objective and nondiscriminatory. It ensures that the same criteria are used by all readers and across stages of the application process. Using such a tool brings a tension to the fore that exists in making grants to individuals — between a funder's desire to be fair and yet also trust gut feelings about applicants. One arts grant maker says she feels her organization's selection process is "1000% subjective," but she also believes it has been made fair by using a

standardized ranking system and other objective practices.

"In the end," said a grant maker who supports a program for aspiring teachers, "it's our best judgment call based on the written application and a personal interview with the selection committee."

- **Devise standards for grantee accountability.** Unlike organizations, which have 990s and other standardized benchmarks for accountability, individuals are independent. A foundation may want to confirm an applicant's identity, check credentials, or ask for references from trusted sources. "Beware of scams,"

advised one grant maker: "These are legion in this field." Holding applicants accountable in this way may run up against the grant maker's desire to trust them. The president of a small family foundation that makes grants primarily in health care and the arts always asks himself, "Do I trust this individual? The question of trust is very important, and if you don't answer it yes, then the project probably shouldn't be funded."

- **Partner with outside agencies and individuals.** Scholars, business or community leaders, and others with relevant expertise can participate as readers or panelists. This serves several purposes: creating a more

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WHAT THEY DID/HOW THEY DID IT
PROMOTING RACIAL AND GENDER EQUITY IN THE SELECTION PROCESS

A grant maker described five practices she and her colleagues try to follow consistently to hold themselves accountable for promoting racial and gender equity in the selection of grantees:

- Place people who represent the "diversity we are seeking and who have a consciousness and awareness of the importance of diversity" in visible positions of authority — specifically, on the advisory group and selection panels, as well as on the foundation's staff and board of directors."

- Give the selection panel "an opportunity to make a public statement about the selection process and why they chose a particular set of fellows."

- Hold conversations with the board, advisors, and panelists about the importance of making awards to a diverse group of grantees "over the life of the program," even if not in each cycle.

- Tell applicants and other constituents "in written application materials and guidelines" about the program's commitment to diversity — "and define diversity, providing examples of what diversity might mean."

- Feature photos of fellows in awards catalogues, "so [grantees'] race and gender are a little more evident."

Even so, the grant maker noted, "constant vigilance" is critical. "We had one cycle where only one woman received an award, and one of our advisors was simply outraged. We had no recourse, since we didn't (and couldn't) have quotas and wouldn't cross the line of selecting different fellows than the panelists had chosen. But we saw the selection results as important information and took them as an opportunity for discussion among ourselves. The next time we had panelists, we made sure that we had more women than men, and we talked a lot about the fact that few women had received the award in the last cycle. Panelists . . . seemed automatically to incorporate this sense of 'balance' into the lens they used to select the next pool of grantees."

objective and nondiscriminatory process, easing the administrative burden on the grant maker, and building closer relationships with the broader community. A scholarship provider said that readers and panelists "love" being a part of a process which gives them a "wonderful sense of what our next generation is capable of." Many foundations also enlist past grantees as reviewers, interviewers, or to publicize the grant. Working with past grantees — who have first-hand knowledge of the foundation and may be eager to help out — can help continue a fruitful relationship.

■ **Select panelists and assemble panels thoughtfully.** "We try very hard to find people with reputations for both knowledge of the field and a balanced perspective," a grant maker explained. Her foundation also "strives for a balance in panelists' experience and knowledge bases, and looks for gender and racial balance, as well." A local arts funder is careful to include artists from outside the region, which "makes the selection more objective and helps counter the fear oftentimes expressed that you need to know someone on a selection panel to be chosen — which is not the case."

■ **Educate and support the panel.** Give the panel clear instructions about selection criteria. If the foundation is interested in supporting a diverse group of grantees, let the panel know. "We look at the quality of the proposal first," said a grant maker who supports social science research, but she also watches the demographic composition of different rounds of the

selection process and will "point out if we have lost too many women or younger scholars." Another funder recommended using an outside consultant as a "panel facilitator to keep the discussion on point."

■ **Balance the foundation's needs and the applicant's.** Building several rounds into the application process allows the foundation to get to know the top candidates better, rotate reviewers, and stay fresh in its selection process. For their part, applicants understand the need for the review process, but they may feel reluctant to spend too much time applying for a grant they may very well not receive. Some foundations show appreciation for rejected applicants' efforts by giving feedback on their applications, especially those who make it to the second or later rounds, or providing them with other information or resources. A foundation that sponsors fellowships for physicians' community health projects has used its review process to build the field. After a paper review that cuts out about half of the roughly 35 applicants, the remaining candidates are invited to a weekend seminar where they talk with each other, foundation staff, and past fellows. The seminar helps applicants refine their projects and network with other doctors. "That kind of collegiality gives a nice feel to the whole process," says the program's assistant director. "Even people who don't receive a fellowship may say, 'I'm going to do this anyway.'"

■ **Offer a small stipend to later-round applicants.** Some foundations have two- or three-stage application

> **"We designed the program to meet a mission and not the needs of any one individual."**

processes. The first round may be a short project description, while the second or third round may require detailed narratives, documentation of past work, or interviews. Considering that individuals are often hard-pressed to handle those steps, some foundations pay a small sum — usually from $100 to $300 — to defray expenses and acknowledge the time involved.

MORE THAN MONEY

Foundations can support individual grantees beyond just providing cash. The approach described by one arts funder applies in other fields, as well: "We offer grant funds and resources — a catalogue of funded artists' work, for example, and an award ceremony — to artists who may not want all of it. In other words, we designed the program to meet a mission and not the needs of any one individual." Tensions do sometimes emerge, she said, between the foundation's "goodwill efforts" and some recipients' ideas about what they most need, but the package of services seems to work well for the group as a whole.

Here arises the question: do grantees always know what they need? Yes and no, contributors said. While they stressed the importance of offering supports that meet the actual needs of the people who use them, they also pointed out that grant makers sometimes have a broader picture of what's valuable from the experiences of past grantees. For example, young people who've never been outside the country may not understand the educational value of international travel as part of a scholarship award. Artists who

are deeply immersed in their current projects may fail to consider the long-term value of financial planning and grumble about having to attend workshops on it. These services may be important to a funder that sees encouraging an international perspective among local youth or ensuring artists' financial viability as essential to the program's mission.

Focus groups, surveys, and interviews can help grant makers figure out how to work with grantees and gauge the value of support services. That sort of research can also help the foundation decide whether to make services optional or required, for all grantees or just some.

Grant makers offered several suggestions and pieces of advice:

- ■ **Announce or publicize the grants.** Announcing the awards through a press release or ceremony serves several purposes. First, it boosts recipients' morale. One foundation puts on a dinner for its scholarship winners, at a cost of $3,000. "Some board members have suggested we take that money and put it toward scholarships. But it's great to bring kids to a restaurant and make a big fuss over them, you're sitting at the table with the students and parents and the superintendent of schools telling them 'You can achieve.' The next day we always say, 'It's so worth it!'" Publicizing or announcing winners may also help secure additional funds from other sources. For example, a funder of research on homeland security hosts an awards dinner in Washington, D.C., to acquaint other grant makers and government officials with

the winner's work. Publicity may burnish the foundation's reputation, which in turn can reflect well on future grantees. Finally, a public announcement brings a measure of transparency and accountability, as one grant maker pointed out.

- **Make connections.** Facilitating connections among grantees can lead to collaboration, cross-sector learning, and moral support. Networking activities can be especially valuable to individuals who work in isolated roles and lack the infrastructure and opportunity to build connections. An international grant maker who supports fellowships for social entrepreneurs described the foundation's networking support in terms of creating a "marketplace of innovation": "Let's say a fellow working on prison reform has a cool working model that can be applied to a totally different issue. We'll provide funding for airfare and transportation to make a site visit. Then we ask the local fellow to provide some support, maybe food and lodging, to show that they have some interest. We're seeding innovation in a way that can be replicated." Grant makers often connect grantees not just with fellow grantees, but with others in the foundation's sphere: curators, senior scholars, nonprofit leaders, and so on.

- **Promote or produce grantees' work.** Arts funders often provide financial or logistical support to promote or produce grantees' work, such as by sponsoring an exhibition, preparing a press packet, designing a website, or paying for a professional audio or video recording. One

foundation produced and printed 3,000 copies of an annual catalogue of grantees' work as "an extension of the cash grants" and sent it to museums, curators, libraries, media contacts, and others. A foundation that supports fellowships in health policy research draws on its own in-house expertise to prepare grantees' work for publication and help place articles in professional journals.

- **Provide technical assistance.** Logistical, career development, and other types of technical assistance can be valuable for individuals who lack an organizational infrastructure, such as artists. One arts funder said, "We want people to be stronger when they leave us than when they came in. We want them to develop skills and do strategic planning." In that instance, a technical assistance program conceived as a benefit to grantees has turned into a much larger professional development program for artists: more than 1,400 artists around the country have been trained in how to sustain a career, and the program has become an integral part of the funder's mission and overall work. But not all grantees want this sort of help. Another arts funder cautions, "It's important not to overwhelm them with help they can't use because they don't have the time or resources."

- **Offer learning opportunities.** One grant maker observed that he and his colleagues "put a lot of emphasis on the program piece" of a scholarship program that supports top students to attend public universities

in their home state. "The value is not just the money," he said, "but the value we add throughout the student's career." The foundation arranges field trips and seminars, and the universities pair students with faculty mentors. The foundation also requires and funds students to travel with an accredited travel-study program during their college tenure. "We want students to be traveling deliberately," said the grant maker.

■ **Keep in touch with past grantees.** Some foundations work with grantees past the term of the grant — sometimes long past. "Once a foundation grantee, always a foundation grantee!" quipped one program officer. "We've made a mutual commitment to each other. I spend more time on current scholars, but I've always got the past scholars in mind." Some foundations call on former grantees to give advice, serve on selection panels, or speak at conferences. Voluntary service can help former grantees stay involved, and their engagement can help build the field. "There's a lot of overlap and interaction within the health care policy arena," said a health grant maker, "so we expect to continue to work with grantees after a grant period ends."

■ **Time disbursement of funds with care.** One funder encouraged grant makers to be aware of tax and other liabilities to individual grant recipients. (Grantees normally pay income taxes on grant money, with some exceptions for scholarships.) She cites the example of a MacArthur Foundation "genius" award-winner who had to move out of subsidized public housing because the award money surpassed the maximum allowable income for residence. A foundation can sometimes mitigate grantees' tax liabilities by, say, breaking up disbursement of a grant over two tax years. Another grant maker said that she regularly cautions grantees that she is not a tax advisor and recommends they take questions to their own tax advisors.

■ **Help with unexpected problems.** One foundation has occasionally been called upon to expend additional funds to assist international fellows with legal, health, or personal problems that prevent them from completing their fellowship programs as planned. Many funders also make a practice of allowing no-cost extensions to grantees who need more time to complete their projects.

Program Learning and Fine-Tuning

Midcourse corrections can make a program more responsive or efficient. In deciding what to change, grant makers rely on information from grantee surveys and reports, evaluation or analysis of the field, or attention to grantees' success and their own internal operations, as highlighted in stories featured throughout this guide:

- A medical research funder increased the term of its grants from three years to five years and targeted early career physician-scientists rather than medical school students after an evaluation showed that doctors wanting to do clinical research had a hard time getting funding at that point in their careers.

- A community foundation outsourced the administration of its scholarship programs to a third-party intermediary when it became clear that heavy administrative burdens were distracting the foundation from its core mission.

- A supporter of social entrepreneurs added activities to help build stronger networks among its fellows after learning that they wanted to share innovative practices with one another.

- An arts funder expanded its successful professional development program, designed originally for its fellows, to serve artists around the country.

- A scholarship provider redistributed its college support to give more substantial amounts to fewer students after realizing that small grants weren't making a difference in students' decision to enroll.

One grant maker talked about learning and recovering from an early misstep. "We had a false start [in our original award cycle] and ended up not making grants to any of the people we had invited to apply," she recalled. "We learned much later, when we were revamping the program and revising our grantee criteria, that we had deeply offended members" of a particular cultural constituency within the applicant pool. It had taken years to dispel the legacy of distrust, despite the foundation's having made several awards to individuals from that community. "This situation taught us how delicate it is to build relationships of trust with your constituents," she concluded. "It's so important to be clear about what you're doing and why. . . . Eventually, I think we rectified the situation, but it was a bumpy road."

The overall lesson is that it matters *what* gets changed, but also *when* and *how* changes are made. "I feel there's a real tension between making funding program changes on the fly, which is often interpreted by the grantees as 'being jerked around' vs. phasing in changes as a conscious part of the program design," said another grant maker. Thoughtful analysis of those questions "often results in important discussions among program staff."

Evaluating Impact on People and Communities

In evaluating the success of an individual grants program, the first question is, What impact did it have on the people who received the grant? Measures of individual impact may be anecdotal, qualitative, and subjective, but that doesn't necessarily make them invalid. Learning about how a grant affected an individual's artistic vision can be as enlightening as measuring how many people attended her exhibition — maybe even more so. If a research scholar grantee doesn't receive tenure, it doesn't necessarily say much about the impact of the grant; but if he does receive tenure, it might.

When asked how they track the impact of grants to individuals, contributors described a mix of hard and soft measures:

- Completion of the project

- Additional resources received

- Critical needs met (such as paid bills after a disaster)

- Increased self-confidence or satisfaction

- Recognition (press coverage, honors, promotions, tenure)

- Personal or professional growth (such as new methods for teaching)

A sabbatical provider noted that she often learns more from evaluating grants to nonprofit leaders than from evaluating grants to their organizations: "You get a much richer perspective from an individual. They're not often asked to reflect on what they're doing and why they're doing what they're doing. It curiously gets to mission better than an organizational grant."

Getting that information, however, can sometimes be difficult, as one arts funder explained: "Individuals don't engage with foundations in the same way as the professional staff [of an organization]. They're more reluctant and seem to see the foundation as an anonymous institution. They're also much less consistent in submitting required paperwork." This funder sometimes holds back a small portion of the grant until the final report is in hand.

Funders need to be careful about measuring the organizational or community impacts of individual grants, contributors said; the broader the impact being measured, the harder it is to ascribe it to the individual. Yet a successful program may bring changes to a community or field, even if attribution is difficult to trace. An individual grants program may help attract more funding to a field, promote innovation, strengthen networks, raise political awareness, speed the recovery of an entire community, or expand the horizons of members of a larger group. It may open the door to new approaches in health, social services, science, art, or any other field.

At least one foundation has tried to make a disciplined assessment of the wider impact of its fellowships. The Bush Foundation, which has operated fellowship programs in Minnesota, North Dakota, and South Dakota since 1965, recently commissioned an evaluation to look "beyond fellows' own careers and abilities" for evidence of impact on "organizations, audiences and other groups of people, fields and disciplines, and communities of place and interest." The study focused on approximately 600 individuals, mainly mid-career professionals, who had received fellowships

between 1990 and 2002. Using an intriguing mix of qualitative and quantitative research methods, the evaluators conducted in-depth interviews with a large sample of fellows (along with a "community observer" for each fellow), a written survey, a literature review, an examination of other fellowship programs, and interviews with experts. Here are some of the measurable community-level outcomes for which they found evidence:

- Programs and services created and maintained

- Groups of people supported, empowered, or changed

- Stronger, more stable organizations

- Changes in the ways systems operate and professionals do their work

- Introduction of new methods to fields and the creation of new fields

- New perspectives and insight on issues

- Strengthened or new public policies

- New participants involved in community activities and new networks of connection among them

- New and diverse leadership

For the foundation, the research not only demonstrated that the programs had been worthwhile but confirmed an "implicit understanding of how broader impact occurs."

A grant maker at a different foundation noted a similar understanding about the connection between the individual grantee and the wider environment. "The most validating success," she said, "is is knowing that most of our fellowship recipients have gone on to have vital careers. Their narrative reports describe how pivotal the support was terms of pursuing their goals, keeping them working in the field, and opening doors professionally."

What Grantees Wish Grant Makers Knew

A microbiologist expressed concern that "many of our students are turning away from research because they see their professors spending so much time on grant applications." An accomplished artist described her life as "deadline-driven" and wished aloud that she could "build an organization around myself" to manage the administrative aspects of art-making. A nonprofit executive said, "In the nonprofit world, you're always trying to catch up." These are some of the conditions that foundations are responding to when they create programs that make grants to individuals. They are also the conditions under which those same individuals seek grants and work with foundations.

Grantees by turns expressed appreciation for and frustration with funders' requests and requirements. Often, they keenly understood the grant maker's perspective and needs.

- **The application.** Grantees said that applications should be concise, have a reasonable time frame, and not involve too much busy work. One artist said, "There's complicated in a busy work way, and then there's complicated in that you have to think deeply about your work." Another commented, "You can get very far along in that process and still not get that grant." For the sake of the many rejected applicants, he suggested that funders try to make their applications relatively short.

- **Recommendation letters.** For individuals who routinely apply for grants of a certain kind — scholarships, research grants — securing letters of recommendation from the same people over and over again can be trying. One artist suggested that funders keep letters of recommendation on file for future applications from the same person, ask for letters of recommendation only if an applicant gets far enough in the process, or accept "to whom it may concern" letters.

- **Selection panels.** Grantees suggested that selection panels consider possible "translation" problems and take stock of the political nature of the selection process. One artist noted, for example, that it can be tough for performers to represent themselves in a "flat" medium such as television, which doesn't capture the feeling of live performance. "Translation" problems in other areas include the difficulty of representing leadership skills on paper, or the dynamism of an organization without a site visit. Grant makers should consider such difficulties in reviewing applications, especially when it may bias panelists toward one applicant over another. The same artist added that panels should have good-quality audio or video equipment for reviewing artists' work.

- **Networking opportunities.** Grantees gave mixed reviews to networking support — some of it required as part of the grant. One social entrepreneur said, "Some of the individual grants connect you to a world of people who think like you, and therefore expand your capacity to do whatever work you're doing." Another social entrepreneur felt that the networking required or expected of grantees should be limited: "It's fine to convene all your people once, for two days or so. But if you give people a little bit of money, and you do 4–5 days and make them play games, and there are conference calls and a listserv, there's only so much you can put up with. Some [funders] try to make their grant into a mass movement. Instead, have a short meeting, let people shine, and say their names."

- **Grant amounts and benefits.** Grantees say it's not just organizations that need to become sustainable, but individuals, too. One social entrepreneur advised, "You want to say, 'Here's the grant, here are the benefits, here's an extra $2,000 or $3,000 in special

discretionary support if you need it.' The point is to recognize that whatever the person is doing, it takes money." Discretionary funding for individual grantees can help further the goals of the grant program. One artist got funding for a large-scale performance piece, which had a successful run at a local theater. The grant maker provided additional funds to fly an agent in to see the show; the agent agreed to represent the artist and book tour dates, thereby expanding the show's reach.

■ **Grant periods and restrictions.** One grantee, a science researcher, spoke for many others in wishing that grant periods were generally longer. "When you get a three-year grant, you have to right away start thinking about your next grant. Longer-term awards would help." Grantees tended to prefer unrestricted or less restricted grants. One artist said that many foundations prohibit the purchase of equipment — even if it benefits the artist more over the long term, or is less expensive than renting equipment. A science researcher also wished for fewer restrictions on the use of funds. "If we were allowed without too much problem to spend it on, say, salaries for an assistant grant administrator to write proposals or keep books, that would help a lot. Most of those functions are performed by the principal investigator. Foundations may think it's done by the university, but it's not."

■ **Grant reporting and evaluation.** Grantees understood the need for reporting, and often found it beneficial to reflect on their work in a structured way. They also expressed mixed feelings about certain reporting requirements. One researcher estimated that he spends 40–50 percent of his time applying for and reporting on grants. He does not complain about this and calls it a "fact of life," but it's a proportion that he believes turns many students away from research. "They're going into industry. I fear what the academic environment will be like in 30–40 years." Reporting can be especially difficult for individuals who lack an organizational base. One grantee suggests "guidance and brevity — perhaps a web-based form with, say, five questions."

Grantees were united in their wish that foundations incorporate prospective applicants' ideas into their programs. A social entrepreneur said, "If you invest in people, then you ought to ask them what would help them and not make assumptions about what would benefit them. If you're giving money to people because you respect what they've done, respect the fact that they know best what they need."

Ways to Use This Guide

■ **With trustees and colleagues:** Some funders shy away from grant making to individuals because they believe it's prohibitively difficult to do. The guide demonstrates that funding individuals can be a manageable and strategic choice that complements other grant-making activities. If your foundation doesn't make grants to individuals, use the guide as a taking off point to examine your current policy and consider the possibility of adding a grants-to-individuals program.

■ **With others involved in an existing program:** If you're already making grants to individuals, read and discuss the guide with an eye toward making the program stronger, more effective, or easier to administer. Should you outsource some aspects of the program? Could you fine-tune the selection process to attract a wider cohort of grantees, or to target a specific one more precisely? Should you offer different services or do a better job of keeping in touch with former grantees? How will you assess the impact of the program? and other questions are raised throughout the guide. You might also get ideas for gathering information that reflects in a meaningful way on the program's impact.

■ **With grantees:** If you're already funding individual grantees, use the guide to open up conversations (or perhaps develop a survey) about how well the program works from their perspective.

■ **With consultants and partner organizations:** The guide should also help you prepare to discuss the foundation's needs and preferences with legal counsel, or with an organization or consultant you're considering to manage all or part of a grants-to-individuals program.

MORE RESOURCES

■ **Legal information:** The Council on Foundations offers two detailed publications for private and community foundations: "Grants to Individuals by Private Foundations," by John Edie, and "Grants to Individuals by Community Foundations," by Jane Nober. Both were published before the passage of H.R. 4, or the Pension Protection Act of 2006. For current information on PPA, see www.cof.org.

■ **Smaller foundations:** A brief by the Association of Small Foundations, "Awarding Grants to Individuals," addresses legal and other issues; available at www.smallfoundations.org.

■ **Supporting artists:** "Supporting Individual Artists: A Toolbox," by Cindy Gehrig, is available from Grantmakers in the Arts at www.giarts.org.

■ **Sabbaticals:** The Durfee Foundation has produced a replication guide on their sabbatical program, available at www.durfee.org/programs/sabbatical/index.html.

■ **Community impact:** For the Bush Foundation's report on its fellowships in the arts, leadership, and medicine, "Creating Broader Impact: How Individuals Contribute to the Strength of Communities, Institutions and Fields," see www.bushfoundation.org.