Grantmaking in a Down Economy: Thoughts from the Boston Bar Foundation

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Which nonprofit legal services organizations have the greatest impact on the communities they serve? Which address unmet or emerging needs? Which develop innovative programs? Which deliver legal services efficiently and effectively? The Boston Bar Foundation (“BBF”) and its Grants Committee weigh the answers to these critical questions when deciding which programs to fund during a particular grant cycle.

Following the economic downturn of 2008, the BBF, like many grantmakers, has struggled with the challenges created by the growing need for legal services at a time of shrinking funding revenues. Established in 1957 to promote justice by funding and promoting innovation in legal services, enhancing access to justice for the underserved, and supporting the bar’s public interest activities, the BBF primarily supports its grants with IOLTA funds and reserves, certain restricted gifts, and a portion of the net proceeds from the Adams Benefit, the BBF’s annual fundraising event.

Fiscal year 2007 represented a high point: the BBF received $1.9 million in IOLTA monies, awarded $1.7 million in IOLTA grants to 51 organizations and held IOLTA reserves in excess of $875,000. With the steady decline of IOLTA revenues thereafter, the BBF in fiscal year 2011 received only $600,000 in IOLTA monies, but was able to make $687,000 in IOLTA grants to 25 organizations by spending down the balance of its IOLTA reserves. Even if IOLTA monies remain stable in fiscal year...
2012, the BBF has no IOLTA reserves upon which to draw. In a four-year period, the BBF has suffered a loss of more than half of its IOLTA monies, has exhausted its IOLTA reserves, and, therefore, has some very tough choices to make during the next grants cycle.

In this economy, no grant applicant may assume that it will receive historic levels of funding or even that it will receive continuing support. Grant applications and post-grant performance reports are being more carefully scrutinized. What, then, may applicants do to increase their chance of being funded?

The BBF sets forth in its requests for proposals the deadlines and the level of detail required in a grant application. Grant applicants who ignore these requirements may imperil the success of their applications.

One issue the BBF Grants Committee evaluates is the need for the particular program for which funding is sought. A fundamental question for a grant applicant is whether it should request operating support or propose a new program. While recognizing the need for applicants to develop innovative approaches to serve critical legal needs in our community, the Grants Committee also considers whether a new program will overlap with established programs operated by other legal services organizations. Proposing a new program does not increase the likelihood of being funded. However, if the applicant has identified an unserved need or underserved community, it should demonstrate with specifics, and not generalities, why this program is necessary and how the program will serve those unmet needs.

Grant applicants should demonstrate that the programs proposed can be sustained and will grow over time. The long term viability of a program may seem questionable if all or a majority of funds for a proposal will come from one grantmaker, the BBF.

The grant application must provide, in understandable terms, a budget that reflects what the BBF will support and must include reliable financials. The credibility of a grant application and its applicant is diminished if the budget and financial statements do not add up.
The grant applicant also should demonstrate the capability of its organization to deliver generally and, on the proposal, specifically. It needs to identify clearly the services or deliverable it will provide and a standard by which the effectiveness of its program may be evaluated.

Once a grant has been awarded, the grantee cannot miss reporting deadlines set by the BBF. This reflects poorly on the efficiency and effectiveness of an organization and may adversely affect its ability to get future grants. Moreover, in its mid-cycle reports, the grantee must be able to demonstrate that it has delivered the services for which it received BBF funding.

The BBF continues to evaluate and re-evaluate how best to serve the changing needs of our community. Are there organizations that should collaborate more closely or consider merging? Efficiencies or innovations may result. Are there non-financial forms of support the BBF could provide, including development guidance, access to other potential funders, and programs on best practices that would benefit grant applicants and grantees? Other support may help grantees find new ways to stabilize and grow their organizations or better meet the needs of their constituents.

In these challenging times, where the demand for funding far exceeds the supply, the BBF, like other charities, has an affirmative obligation to ensure that scarce funds are awarded to those applicants with the greatest likelihood of success. During the coming grants cycle, the Grants Committee will be scrutinizing grant applications more thoroughly than ever before. The BBF’s hope is and remains that, through its grants, the BBF will support the legal services programs that most effectively further its mission of promoting justice and serving the unserved and underserved in our community.