

Potential Solutions

Problematic Practice

Nonprofits are evaluated too much by their ratings (on Charity Navigator and Guidestar, etc) of how little they spend on administration and fundraising, which puts pressure to reduce non-program staff's compensation.

Sustainable Practice

Evaluate nonprofits by their success at their own goals and their impact, not their percent spent on overhead.

Regard efforts to foster worker satisfaction as a positive factor, instead of a strike against them. Aim for the same quality of life for grantee employees (and your own employees) as for beneficiaries of the grants.

Aspirational Practice

Increase the requested or granted amounts and specify that the extra is for staff benefits and raises, and other overhead. For example, during inflationary times, [give an adjustment to all grantees](#) to keep up with inflation.

Low limits on overhead (10% to 15%) are well below the actual cost of running the grantee organizations.

Excessive restrictions on use of grants weakens nonprofits' ability to respond to community needs.

Lift overhead limits and remove excess restrictions on what funds can be spent on.

Take the pledge to lift restrictions during crises organized by the [Council on Foundations](#).

Offer grantee organizations flexibility to shift spending as needs change.

Give only "MYGOD" (*coined by [Vu Le](#)*): Multi-Year General Operating Dollars.

Some foundations treat the 5% minimum payout rule as a ceiling, not a floor.

Stretch to give a higher percentage of your assets each year, as your resources allow.

A few [foundations](#) are dispersing all their assets, gradually or abruptly.

Many [foundations](#) and [donors](#) are increasing the percent they give away each year.

The foundation's excessive internal spending eats into the amount disbursed as grants.

Assess your budget for waste or redundancy; consider moving money from organizational expenses to more grants.

It's rare to find funding sources for staff development, capacity building and retention.

[Fund the People](#): Consider adding capacity building and leadership development to your foundation's priorities.

Consider the racial equity impact of funding staff raises, HR improvements and professional development.

Offer funding to convert seasonal organizers to year-round positions so they can be fully trained and cultivated for leadership.

Support sectoral intermediaries who offer training and technical assistance: fund the ecosystem that supports organizers.