

Foundation Size Matters: A Study of Foundation Funding Decisions
Relative to Indirect Rates at Nonprofit Human Service Organizations

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This study conducted an electronic mail and postal survey of 159 foundations in California to explore the degree, if any, to which the size of a granting foundation correlates with the weight it gives to the level of projected administrative costs, relative to overall costs, in making decisions on funding nonprofit human service organizations. The principal objectives of this study were to explore the perspectives of foundations as donors to human service organizations and to analyze certain factors that may influence a foundation's decision to provide funding to an organization, particularly those factors related to measures of financial performance and efficiency.

The results of the study did not reveal a significant association between the two tested variables, consideration of indirect rates and foundation size. A cross-tabular analysis revealed insufficient association between variables. There was insufficient variance in the dependent variable among the sample to show statistical association. Additionally, the small number of respondents (18 percent of the sampled 159 foundations) renders meaningless further statistical analysis to extrapolate or generalize any findings. While foundations appear to be concerned with this issue, they do not have standardized measures or established benchmarks or methods for calculating and reporting indirect costs.