CORE COSTS

2016 TABLE HOTSPOT RESOURCE:
CREATIVE WAYS TO FUND OPERATIONAL COSTS

Grantmakers examined some of the obstacles to funding core operational costs, shared their thoughts on successfully doing so, and looked at ideas and alternatives for linking this type of funding to longer-term goals and sustainability.

"Can it be better to include funding for core costs as a line item in [the funder's] budget? That way money can be given to the same groups each year for providing a service without them having to fill out forms."

"Look at the budgets of projects and programs, find the ongoing or core cost component, and fund it or ensure it is included in the program funding you offer."

"Some organisations don't pursue a path where they can raise or attract their own funding. Consider operational funding that also builds capacity; this helps groups move away from a hand-to-mouth existence."

TOP TAKEAWAYS

Consider funding core costs in different ways:

- Backbone funding – grants to provide a backbone for groups, allowing them to seek project funding from elsewhere.

- Community activity grants – paying for insurance, for the hire of a venue, etc.

- Funding skills – grants covering the core cost of employing a skilled volunteer. The grant therefore covers core costs and builds the grantee's capacity into the future.

If funding core costs, stress to grantees how they can build capacity:

- One way might be through collaborations, where core funding can be a building block towards groups working more closely and becoming more sustainable.

- Consider offering in-kind contributions on top of your grant.

- If funding a wider program, include core cost components in the funded amount.

Reporting on the outcomes or impacts of core cost grants can be a challenge for funders. Consider:

- Encouraging grantees to think more deeply about what your money will fund. Instead of: "We need $1000 for our electricity bill", have them say: "This is what the $1000 will help us (or has helped us) achieve. As a result, we were able to …."

- Emphasising that applicants need to look at the impacts of longer-term core funding and be able to clearly explain how it has helped them achieve sustainability.

Information contained in this resource is sourced from the Table Hotspots session staged during the 2016 Grantmaking in Australia Conference.