



COUNCIL OF NEW JERSEY GRANTMAKERS

*Strengthening Philanthropy in Our State*



Helping organizations build a better New Jersey

## Help End the Overhead Myth

July 2013

Friends,

For too long, there has been a misconception that “less is more” when it comes to administrative and overhead expenses in the nonprofit community. The idea that the “best” organizations are those that spend the least amount possible – in actual dollars or as a percentage of their total budgets – has become so ingrained that it has formed the basis of public policies, rating systems and decision making for many donors. The consequences for charities and communities have been severe and far-reaching, translating into less effective organizations, [starved of the strategic resources](#) needed to do their work.

Last month, Guidestar, the BBB Wise Giving Alliance and Charity Navigator issued a [joint letter](#) calling on donors to reject the overreliance on administrative ratios (the percentage of a charity’s expenses devoted to administrative purposes) as an indicator of charitable efficiency or effectiveness alone. These organizations have launched a nationwide campaign to help “[End the Overhead Myth](#).”

The Center for Non-Profits and the Council of New Jersey Grantmakers have long expressed concern, jointly and individually, about the problems with equating so much of a charity’s merits solely with its administrative expenditures (see, for example, [this blog](#) by Council of NJ Grantmakers President Nina Stack and [this piece](#) from the Center for Non-Profits). We view this national campaign as a welcome (and long overdue) development.

Now the Council and the Center are joining forces again to ask you to ***support the nationwide campaign to help end the overhead myth***. To be clear, [donors have every right to give as they see fit](#) and supporting this campaign does not challenge that belief in any way. Rather, ***Ending the Overhead Myth*** will help to focus support on what truly matters – effectiveness.

### What can you do?

***Read the letter, Sign On and Spread the Word.*** Visit [www.overheadmyth.com](http://www.overheadmyth.com) to find out more about the problems with equating administrative percentages to charity performance. Download a [PDF of the letter](#), and then share information about the campaign with your colleagues and contacts.

Together, we can help foster an environment that emphasizes impact and other meaningful indicators of effectiveness.

Thanks in advance for your support! We welcome your questions and comments.

With best wishes,

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