

THE  
**FULCRUM**  
POINT

---

**WHY ARE WE STILL  
STARVING  
NONPROFIT  
INFRASTRUCTURE?**

---

The Fulcrum Point is a candid opinion series covering relevant and vital issues nonprofit issues.

---

[fulcrumleader.com](http://fulcrumleader.com)



**F U L C R U M**  
NONPROFIT LEADERSHIP



## **The Fulcrum Point – An Opinion Series**

### **THE OVERHEAD MYTH IS DEAD. SO WHY ARE WE STILL STARVING NONPROFIT INFRASTRUCTURE?**

By Chris Looney

---

For more than a decade, nonprofit leaders and advocates have worked to dismantle the so-called “overhead myth,” the damaging notion that an organization’s worth can be judged by how little it spends on administration and fundraising. Reports, campaigns, and even public letters from watchdogs like GuideStar, BBB Wise Giving Alliance, and Charity Navigator have all declared that overhead ratios are not proxies for impact. And yet, in 2025, too many funders and rating systems continue to treat nonprofit infrastructure as excess rather than as the engine that drives mission success.

This persistent focus on lean overhead is more than misguided. It is harmful. When funders insist that nonprofits cap their administrative costs, they starve organizations of the very systems, people, and tools that make impact possible. Strong accounting, effective fundraising operations, robust technology, and professional staff development are not luxuries. They are non-negotiables for nonprofits that aim to scale their work and sustain results.

Consider this: a nonprofit with outdated databases, underpaid staff, and no budget for leadership training may still “look good” on paper if its overhead ratio is artificially low. But behind the scenes, it is running on fumes. The risk of burnout rises, donor stewardship falters, compliance gaps widen, and ultimately, community outcomes suffer. By contrast, organizations that invest in infrastructure build resilience. They weather crises, adapt to changing needs, and expand their reach because they have the backbone to do so.

Funders and watchdogs must reckon with the reality that outcomes cost money. You cannot demand measurable, sustainable impact while refusing to underwrite



the systems that produce it. The same philanthropic community that champions “capacity building” too often balks at covering indirect costs. The result is a self-defeating cycle: nonprofits stretch dollars unrealistically, leaders burn out, and missions falter.

It is time for a new compact between funders and nonprofits. Funders should normalize and even champion full-cost funding, recognizing that indirect costs are part of impact. Watchdogs should move beyond blunt ratios and instead assess financial health, organizational learning, and evidence of outcomes. Nonprofits themselves must boldly reframe the conversation with their donors and boards, asserting that infrastructure is not a drain but a driver of mission.

The overhead myth may be dead, but its ghost still haunts our sector. If we truly want thriving nonprofits that deliver lasting change, we must put that ghost to rest by funding infrastructure with the seriousness and respect it deserves.

---

For more information about Fulcrum Nonprofit Leadership, please visit our website at [www.fulcrumleader.com](http://www.fulcrumleader.com) or reach out to us directly via email at [hello@fulcrumleader.com](mailto:hello@fulcrumleader.com).