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**CASE STUDIES OF ORGANIZATIONAL EVALUATION
IN COMMUNITY FOUNDATIONS**

by

Joyce Box Brown

**A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment of the
requirements for the
Degree of Doctor of Philosophy
Department of Educational Studies**

**Western Michigan University
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CASE STUDIES OF ORGANIZATIONAL EVALUATION IN COMMUNITY FOUNDATIONS

Joyce Box Brown, Ph.D.

Western Michigan University, 1999

Community foundations are classified as public charities (501(c) 3). They derive their funds from many donors rather than a single donor, and the board is made up of representatives from the community served. They are most often established to serve a specific geographic area. This study investigated and described how three different community foundations approach organizational evaluation—choosing proposals to fund, monitoring programs, improving programs, and assessing program impact. The three community foundations approach evaluation not as a formal system of grant accountabilities, but as a way of systematically gathering information from various constituents for purposes of guiding important decisions.

The three community foundations used multiple evaluation techniques to meet the needs of donors, recipient organizations, and the community, including (a) involvement of key stakeholders, (b) grant review and monitoring processes, (c) special evaluation projects/initiatives, (d) building the evaluation capacity of the nonprofit sector, and (e) evaluation communications serving their multiple constituents.

The community foundations in this research study made commitments to use evaluation, primarily, focused on self-reflection, the initial grant review and

monitoring process, and special initiatives. They were increasingly using evaluation in all aspects of the organizations' development, including the addition of measurable objectives and benchmarks in their strategic plans, modifying the roles of staff and board members, and technical assistance for nonprofit grantees.

This study will be valuable to the 28 regional associations of grantmakers in the United States in their role as technical assistance providers to community foundations, to inform current and potential donors, to nonprofit organizations concerned about their future, and to the field interested in the growth of community foundations. This study will benefit evaluators interested in promulgating effective organizational evaluation strategies in communities and across diverse types of nonprofit organizations.

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CHAPTER I

STATEMENT OF THE PROBLEM

Communities are grappling with the challenges of increasing human services needs and dwindling financial resources in an environment where there are not enough dollars, people, or time to conscientiously address every issue (Gray, 1993; Hodgkinson, Weitzman, Noga, & Gorski, 1993; Salamon, 1996). In this context, there are some who believe systematic ways for reaching consensus on allocating limited human and financial resources, determining the desired impact, and evaluating and learning throughout the process are needed (Gray, 1993). Eisenberg (1977) made the observation that “although we know that our socioeconomic, ecological, and political problems are interrelated, a growing portion of our nonprofit world nevertheless continues to operate in a way that fails to reflect this complexity and connectedness” (p. 334).

The National Civic League (1994) believes that solutions to community issues come as a result of blurring the boundaries between government, business, and the nonprofit sector. The National Civic League asserts that communities are recognizing the interdependence among sectors and citizens, and struggling to identify common goals and strategies for meeting individual and community needs and aspirations (Benson, 1997). Goldberg and Stewart (1996) noted that “it will take the collaboration of all sectors (government, business, nonprofits) to bring about significant change in the capacities of nonprofit social services delivery systems to deal with the problems of families” (p. xii).

“When this nation faces big problems, it solves them not only through individual effort, but also through our ability to combine in common purpose” (Schorr, 1997, p. 380). According to the National Civic League (1994), strong leadership with a focused agenda, involved citizens reaching consensus on strategic issues facing the community and the region around it were elements believed to achieve positive results (p. 3). “Service providers, funders and fundraisers are now having to cross previously respected territorial boundaries” (Bernholz, 1998, p. 1). Representative and results-oriented leadership, willing to take risks, and willing to be self-critical can evoke response and generate support among other leaders, as well as motivate potential followers (National Civic League, 1994, p. 5). However, there have been few instances where a community-based entity has exhibited this type of leadership. Community foundations are attempting to fill this gap in the communities included in this study

Community Foundations

Community foundations have been identified as an example of an intermediary organization that could bring donors and nonprofit organizations together in the change process (Mayer, 1994). Community foundations are now playing an active role in a range of new social service and urban improvement efforts because of their ability to attract local resources (Kingsley & Gibson, 1997). They are funding more comprehensive community-building initiatives, setting priorities and cutting across traditionally separate functional areas such as crime prevention, education, job creation, and housing (Hayes, Lipoff, & Danegger, 1995). Community foundations, through their mission and vision, strategic plan, operations, and grant making, make decisions impacting the well-being of the targeted community. The community

foundation can serve as the broker, representing the needs of both the donor and the nonprofit. Multiple donors invest in them every year because they believe community foundations have their pulse on community needs and know the best organizations to work with toward resolution of community problems (Breitenecher, 1996; Wolpert, 1993). In order for community foundations to exert leadership externally as well as internally, it is believed that they will have to work across sectoral boundaries (Benson, 1997), involve disenfranchised groups (Council on Foundations & Association of Black Foundation Executives, 1993), demonstrate results (Gray, 1993), and remain accountable to multiple sectors. Community foundations, by definition and purposes, are complex organizations.

A community foundation is a tax-exempt, independent, publicly supported philanthropic organization established and operated as a permanent collection of endowed funds for the long-term benefit of a defined geographical area. A community foundation actively seeks new, typically large contributions, and functions primarily as a grantmaking institution supporting a broad range of charitable activities. The community foundation has an independent governing board representing the broad interests of the community with members of the board serving limited terms. (Council of Michigan Foundations, 1997)

The purposes of the community foundation are, in general: (1) to professionally manage and distribute revenues from donors' charitable contributions and bequests in a manner consistent with donors' specific and general interests; (2) to maintain and enhance the education, social, cultural, health, and civic resources of the community through support of nonprofit organizations; and (3) through actions of the board and staff, to provide philanthropic leadership and help create and promote efforts among citizens to improve the quality of life in the community. (Council on Foundations, 1992)

Future growth for community foundations as organizations capable of solving community problems seems assured (Magat, 1989, p. 95). The same assertion cannot be made for individual nonprofit organizations (Drucker, 1990). Therefore, some community foundations, in partnership with donors and nonprofits organizations, are rethinking how to collaboratively create community change. Salamon (1996) stated,

“The nonprofit sector is not, after all, simply about philanthropy. It is about power and participation. It is about engagement in the task of bettering human life” (p. 14).

Goodrich, Miller, and Kroll (1995) said, “As community needs continue to expand, community foundations are increasingly attuned to the importance of making prudent investment decisions that will attract donor funds, preserve long-term purchasing power, and produce sufficient returns for current distribution” (p. 17). As part of their stewardship function, “educating the philanthropically inclined about emerging priority needs and opportunities in the community should become a priority for community foundations” (Bernholz, 1998, p. 2). The community foundation may take a leadership role in bringing the disparate nonprofit groups together (Mawby, 1992).

The board, staff, and volunteers of community foundations need to have multiple skills, including evaluation expertise, to provide a leadership role for the communities they serve. Organizational evaluation is learning about the organization itself (Gray, 1993). It incorporates strategic planning, grantmaking applications, and monitoring of all aspects of the organization. Gray (1993) stated, “Evaluation equates with organizational learning, which requires data on both results and the processes that brought them about. This understanding of evaluation connects it to all of the strategies and tactical functions and processes of the organization” (p. 3).

Purpose of the Study

The purpose of this study is to examine three community foundations which have developed and used evaluation as a significant component of their organizational strategies for accountability, change, and effectiveness. This study will address the questions:

1. When the financial resources are given to the community foundation, what processes did the community foundation engage in to meet (a) the needs of the donors (Applebaum, 1996), (b) the needs of the recipient organizations (Kettner, Moroney, & Martin, 1990) and, ultimately, (c) the community they serve (Clotfelter, 1992)?

2. How are planning and evaluation used throughout the organization with multiple stakeholders to accomplish multiple objectives?

3. What should be expected in terms of both human and financial costs associated with implementing an evaluation system supporting organizational learning?

The results of this study will be used to assist community foundations and those interested in their growth and development with information about what works and about ideas that they might want to adopt. They will also be able to compare their uses of evaluation with those of community foundations that are considered leaders in the nonprofit sector.

The Importance of Evaluation

Issues of accountability (Patton, 1997) and overall community change (Fetterman, Kaftarian, & Wandersman, 1996) have prompted interest in the exploration of evaluation as a tool to respond to donors' needs as well as to critics of nonprofits and foundations in general. "People are demanding more accountability from all nonprofit organizations, including foundations" (McIlnay, 1998, p. 171). Shrinking revenues and recent scandals have divided the public about the results that accrue from nonprofit organizations, regardless of their source of income (Freund,

1996). As a result, most nonprofits are held to a higher standard that includes both financial and social responsibility (Rubin, Adamski, & Block, 1989, p. 284).

Four highly publicized cases of misconduct are the often cited examples, including the United Way of America, the National Association for the Advancement of Colored People (NAACP), Foundation for New Era Philanthropy, and the Jewish Community Center of Greater Washington (Gibelman, Gelman & Pollack, 1997, p. 21). The United Way paid excessive compensation to its CEO and did not provide sufficient oversight for the agency's activities. The NAACP's board members' fiscal decisions affected the ability to garner the necessary resources to keep the organization solvent. The scandals involving nonprofits receiving significant charitable contributions have caused some to pay more attention to foundation investments. The literature documents current attacks on foundations and nonprofits by the Internal Revenue Service, Congress, and others (Bookman, 1992; Clotfelter, 1992; Smith & Chiechi, 1974). The Internal Revenue Service is questioning tax exempt status, issues of donor choice for community and small foundations, and accountability. "The public is losing trust in the nonprofit sector's ability to deal with these problems" (Goldberg & Stewart, 1996, p. xii).

Finally, the lack of understanding about the role of philanthropy in creating conditions for social change and increasing competition for scarce resources make inaction costly (Salamon & Abrahamson, 1996). The use of evaluation as an organizational learning tool (Gray, 1993), as demonstrated by the three cases presented in this study, illustrate ways in which community foundations can successfully address these environmental challenges.

Background

The nature of foundation programming is changing to meet persistent needs. Large foundations, relying on lessons learned, external scans, and input from various community groups recognize that single-focus programs are not sufficient to meet the complex needs of communities in search of change. Rather, dramatic investments must be made to change a broader array of conditions. (Connell, Kubisch, Schorr, & Weirs, 1995, p. 65)

Programming strategy and evaluation are changing to meet the conditions of the new community environment (Scriven, 1993). There are not enough discretionary and/or philanthropic dollars available to cover all services formerly paid for by government (Burlingame, Diaz, Ilchman & Associates, 1996; Salamon, 1996a). The government will not reenter the picture as a major provider of these services; therefore, communities have to adapt to the new realities of less government involvement and find new methods of dealing with the pressing community need for creating change (Kingsley & Gibson, 1997).

On the brink of the year 2000, our society is engaged in odd interlock of exuberant optimism and queasy uncertainty. Listen to the broadcasts, read the articles, talk with your colleagues. The operative words in any serious exchange, over and over again, will include devolution, volatility, long-term perspectives, welfare, and tax reform, health care and the next century. Depending on your viewpoint, each word carries a promise of progress or peril. (Katt, 1998, p. 11)

You cannot live in a community without being aware of pressing issues that are addressed by social service agencies or their repeated appeals for contributions to support their programs (Anderson, 1996; Lenzer & Ebeling, 1997). Even when financial assistance is available, the needs seem to continually increase (Briand, 1993; McIlnay, 1998). Factors causing funders and donors to begin questioning the viability of nonprofit organizations as the best way to deliver services to those most in need are social and economic trends pointing to shrinking public funding, as well as welfare, healthcare and education reform, and a society driven by technology and the

young—their wants, needs, and numbers (Gaul & Borowski, 1993; Gray, 1993; Hodgkinson, 1992; Salamon, 1996; Wilson, 1995).

Prince and File (1994) assert that while the number of nonprofits is increasing, “the resources to achieve their objectives are not increasing at the same rate” (p. 1). Financial needs outpace resource development at a time when responsibilities for human services and community development have become increasingly localized. As responsibility devolves to the local community, “resources at all levels have diminished. . . . Such changes require new roles, new relationships, and new capacities at all levels” (Brown & Garg, 1997, p. 2). Serious questions surface relative to the effectiveness and efficiency of nonprofits (Anderson, 1996; Drucker, 1990; Salamon & Anheier, 1996). The era of devolution, accountability, and constant change has forced nonprofits to reassess how they do business. Lack of agreement on what to tackle first, how long to persist, and what constitutes success (evaluation) are all part of philanthropic decision-making.

With information and lessons based on comprehensive evaluation strategies, to answer these questions and more, the community foundation and communities must consider carefully whether or not they wish to participate in comprehensive community initiatives. Both sides must be willing to engage in an up-front assessment of their own motivations and a calibration of their expectations for process and outcomes. (Scriven, 1993, p. 2)

Then they must seek out nonprofit organizations with compatible missions. If program goals are congruent, organizations have a better chance of achieving their mission.

The emerging consensus is that long-term community change requires (1) the participation of residents and other stakeholders in the articulation of community change goals and in the implementation of strategies to achieve these goals; and (2) a comprehensive lens that promotes an integrated cross-sector approach to community change. (Brown & Garg, 1997, p. 2)

In facing this challenge, some nonprofits may develop greater capacity to achieve their mission, evaluate their effectiveness, and the community's well being will be improved (Clotfelter, 1992). Others will falter, merge, or go out of existence. One way for nonprofits, including community foundations, to demonstrate their capacity for change is through the use of formal evaluation to indicate where to increase collaboration with one another and intermediary organizations.

Conceptual Framework

In order to analyze the effects of evaluation as a tool for creating a learning organization (Senge, 1990) in the community foundations, an organizational change model was needed. One model of fundamental change was developed by Beckhard and Pritchard (1992), who believe it is necessary to look at the entire organization to determine its effectiveness. They identify five key concepts of organizational change that interact with each other: mission, identity, key relationships, way of work, and culture. These components, working together, allow organizations to function as a learning organization. In this systems' orientation, "organizations are thought of as living complex systems, whose parts exist in a delicate balance with one another, have a common purpose and identity, and are set in a common, changing context" (Beckhard & Pritchard, 1992, p. 33).

Key Concept #1: Mission

The next decade is filled with both promise and challenge for community foundations wishing to demonstrate community change as a part of their mission (Sheehan, 1996). Their work with donors, nonprofit grantees and community decision-makers is how they achieve their mission and create impact.

If they are to succeed in achieving this broader, more inclusive mission, no longer can a community foundation attempt to help by looking for the one donor who can support the solution to a problem. Nor can the community foundation hope to find one organization or individual to implement a solution. (Frazier, 1989, p. vii)

“Looking beyond their own grantmaking, community foundation leaders are searching for more effective ways to mobilize community action” (Frazier, 1989, p. vii). Three strategies are advocated for community foundations wishing to be a part of community decision making: expanding community vision on an issue, exerting leadership to involve stakeholders in community-wide discussions and problem solving, and leveraging assets of the community (Frazier, 1989, p. 38).

Embedded in mission and mission statements are organizational values (Rubin, Adamski, & Block, 1989, p. 283). Volunteerism, delayed gratification, intrinsic required systems, and public service are statements of organizational values typical of community foundations. “The community foundation does not promote one charitable cause. Instead its mission is to build and hold a permanent and growing endowment for the community’s changing needs” (The Columbus Foundation Advisor Manual, 1996).

Key Concept #2: Identity

In human organizations, a clear sense of identity—of the values, traditions, aspirations, competencies, and culture that guide the operation—is the real source of independence from the environment. When the environment demands a new response, there is a reference point for change.

The information staff of the future—and, in many cases, the present—will have a number of critical responsibilities. It will house the technical expertise, act as the liaison with the expanding scientific and technological applications, provide leadership in developing relevant applications to present to top

management, and continue to provide the support systems needed to effect major organizational decisions. (Wheatley, 1994, p. 94)

Community foundations are in their communities for perpetuity and a constant goal is to strengthen the overall organization (Council on Foundations, 1995, p. 18). Their expenditures are for the benefit of a specified geographical area (Fisher, 1999, p. 1).

What gives meaning to a community foundation is the variegated nature of its endowment, and the pluralistic use to which that endowment is put—namely, the support of a diverse set of organizations, programs and issues associated within a broad spectrum of community needs encompassed within a defined geographic jurisdiction. (Mittenthal, 1989, p. 3)

The community foundations are changing their identity and assuming a convener/leader role in the community, as well as grant seeking and partnerships with other funding sources. Community foundations have moved from primarily fundraisers and grantmakers to community conveners and advocates for community change.

Key Concept #3: Key Relationships

To achieve the mission, community foundations develop key relationships.

One key relationship is “ownership.” . . . Ownership describes personal links to the organizations, the charged, emotion-driven *feelings* that can inspire people. . . . The best way to build ownership is to give the creation process to those who will be charged with its implementation (Wheatley, 1994, p. 66)

Ownership is key in complex community processes where there is no one solution.

The solutions are dependent on the vitality of the community, its assets, its values and its relationships. The development and maintenance of these key relationships have an impact on a community foundation’s continuing response to environmental change.

Key Concept #4: Way of Work

Community foundations use staff and volunteers in working across sectors. Community foundations are dependent on donors and nonprofits to accomplish their mission (Tully, 1997). The community foundation, except in rare cases, does not provide direct services. Work is accomplished at both the neighborhood and community-wide level with nonprofit grantees responsible for service delivery. This requires collaborative approaches and inclusion of many community resources, including those that may not be grantees of community foundations. “Successful collaborators not only identify common goals, but also establish machinery for measuring progress toward achieving those goals” (Council on Foundations, 1995, p. 15).

When organizations collaborate, they focus on shared values and common objectives, and form networks that allow their social capital to be combined (Wallis, 1996, p. 38). Social capital consists of the bonds of reciprocal obligations among people who are not related through kinship or friendship, but who share a common identity as members of a community (Wallis, 1996, p. 35).

Involving organizations in working collaboratively reinforced their relations with each other, further strengthening civic infrastructure. . . . Civic infrastructure is comprised of those institutions that represent the interests of the community to a larger society and interfaces between external programs and local residents. (Wallis, 1996, p. 36)

Key Concept #5: Culture

Community foundations have dilemmas they have to resolve. There are difficulties in moving away from old organizational cultures that have not encouraged people to be risk takers or innovators (Callan, 1993, p. 65). The National Committee

for Responsive Philanthropy (NCRP, 1989) has charged community foundations with being risk adverse, having a low tolerance for new, innovative ideas.

Culture is “represented by the explicit actions of donors, trustees, staff, local grantees and consultants” (Schneider, 1996, p. 206). Most change seems to start with the individuals (Schein, 1992).

Employees are often asked to draw upon their own personal coping resources and own social supports from within and outside the organization to manage change; the organization itself offers little to assist individuals in coping with change. Very often, insufficient time and planning are being given to the human side of change. (Callan, 1993, p. 65)

Culture is deeply rooted, often unconscious in its values and beliefs that are expressed in symbols, artifacts, and stated ways of handling situations.

The emerging community foundation culture is one of openness to all groups, whether developing or established due to the community foundation’s reliance on donations from donors of all sizes and diverse backgrounds to meet its public support test and fulfill its role (Marble, 1988). The Russ Reid Company (1994) survey research points out that 80% of donors give less than \$500 per year (excluding religious contributions) to all their charitable interests.

It is critical for community foundations to generate new funds from an ever-widening donor pool and to engage new generations of donors. The interaction of the community foundation and donors shapes the philanthropic directions of the community. Donors supply the financial wherewithal and frequently have good ideas for addressing the long-range needs of the community. Simultaneously, the community foundation operates close to the grassroots community and can provide expertise in ensuring that grantmaking funds flow to the most worthwhile, appropriate and legally sound charitable agencies and their projects. (Council on Foundations, 1996, p. iii)

The conscious decision to aggressively seek out funds from living donors instead of waiting for bequests (Agard, 1992; Council on Foundations; Magat, 1989) has a profound cultural impact on community foundations. Schneider (1996) stated:

In philanthropy, the decision to act draws fundamentally on the actor's understanding of what the individual's responsibilities are in society and vis-à-vis those of the collective community. The nature of this understanding is one of the key elements that distinguishes cultures. (p. 203)

Community foundations have increased their visibility in local communities, and actively marketed themselves as community conveners and community problem solvers. Since adopting this strategy to increase assets, community foundations face mounting cultural tension between donors for results and the accountability of nonprofit organizations. Wealthy donors made their money in business and are results-oriented (Breitenecher, 1996; Rosenberg, 1994). They bring this orientation to the culture of giving; they want results from the nonprofits that receive their funds and are not content with either anecdotal data or a lapse of several years without results. One strategy for dealing with this cultural tension is organizational evaluation and continuous planning which incorporates and reflects the interaction of the five organizational change concepts within a changing environment.

Summary

These five key concepts: mission, identity, key relationships, ways of work, and culture are dynamic. External forces impact them with an emphasis on devolution currently as a major force for change in communities and increasing public attention to the nonprofit sector's accountability and viability. Devolution is important to a greater understanding of the nonprofit environment.

As current welfare programs are capped, resources available to nonprofit agencies are likely to shrink, forcing a search for alternative funding or reduction in service or both. It is also possible that nonprofit agencies will seek to restructure themselves through management changes or alignments with other agencies. (Lurie, 1996, p. 36)

The following diagram (Figure 1) depicts the interrelationships between the five concepts.

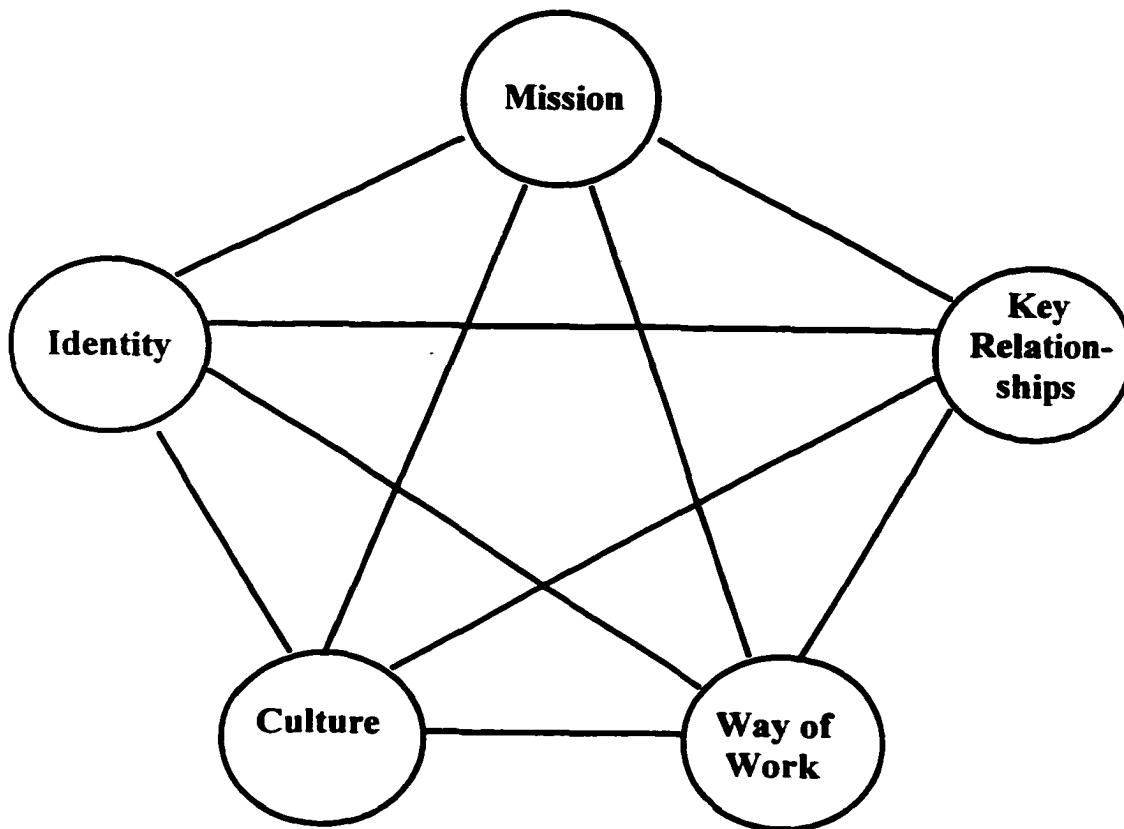


Figure 1. Focus for Fundamental Change (Beckhard & Pritchard, 1992, p. 38).

Effective community foundation leaders see evaluation as a learning tool, and commit themselves to it through allocation of time, financial resources, and modification of structures. To move an organization from a result-oriented mode to a learning mode involves all of these processes (Beckhard & Pritchard, 1992, p. 10) and requires evaluation as a regular, integrative system. Figure 2 depicts the revised framework with evaluation shown as an integrative system.



Community Foundations and evaluation as a tool in development of a learning organization

*Adapted from Beckhard & Pritchard (1992),
Focus for Fundamental Change (p. 38).*

Figure 2. Revised Focus for Fundamental Change Within a Community Context.

Methodology

Modified case studies, resulting in profiles of three selected community foundations, were employed for this study. Since the research issues were less

clear-cut and the questions to respondents resulted in complex discursive replies, data collection techniques included interviewing and analysis of archival. This decision was also based on the literature review, which revealed scant data about evaluation use in community foundations. Earlier survey research about evaluation use (Rodriguez, 1992; Seita, 1993) pointed out the need for evaluation in foundations and nonprofits. Seita investigated and described how Michigan-based foundations of different sizes and types used formal evaluation for decision-making regarding the (a) funding of grant proposals, and (b) determining the performance of existing projects. Bickel and Hatstrup (1994) investigated similar issues in small and medium-sized foundations. Yet more detail is needed in order to move from understanding the issues to practice, and the development of tools to make evaluation use a reality.

During the study, the researcher looked for evidence that supports the conceptual framework and the following assumptions: for community foundations to achieve short and long term effectiveness, they serve in the role of “catalyst”—making something happen by mobilizing commitment, by informed allocation of varying amounts of philanthropic capital, and by encouraging community building skills in a variety of other groups (Mayer, 1994, p. xv). The community foundation’s strategic plan will provide guiding focus for programmatic efforts and resource development targets. A community process that informs grantmaking and guides the organization’s self-assessment will inform the strategic plan. There will be clear communications regarding the outcomes of the strategic plan. The community foundation will ensure that appropriate information is made available (Beckhard & Pritchard, 1992, p. 19).

The community foundation has a written evaluation philosophy identifying board commitment to use lessons learned to improve programs, modify programs,

and when necessary, terminate programs. Training for staff and board members will be clearly defined and implemented. Staff will have evaluation skills that they are able to impart to grantees. The community foundation will have in place a well-planned effort to address the attitudes and resistance that are likely to occur in the organization itself. Unless there is visible behavior from the top leaders indicating the importance of implementing this change, it is unlikely that high commitment will occur with members of the organization (Beckhard & Pritchard, 1992, p. 40)

The community foundation will also have multiple complementary key relationships with nonprofits in the area including grantmaking, technical assistance and capacity building. They will align themselves with nonprofits that have agency endowments at the community foundation and partner with various nonprofits on issues of importance to the community. They will work with small as well as large nonprofits, continually seeking new partners. The community foundation will provide capacity-building assistance to those nonprofits impacted by devolution, which are redefining themselves. Again, this study will attempt to identify the presence of these relationships.

Importance of the Study

This study will be valuable to the 28 regional associations of grantmakers in the United States in their role as technical assistance providers to community foundations, to informing current and potential donors, to nonprofit organizations concerned about their future, and to the field interested in the growth of community foundations. This study will benefit evaluators and researchers interested in promulgating effective organizational evaluation strategies in communities and across diverse types of nonprofit organizations.

This study is also being undertaken to differentiate community foundations from other aspects of philanthropy. While the research on philanthropy was limited, there was even less research conducted on community foundations (Magat, 1989). What has been written so far has dealt with developing and sustaining community foundations. Community foundations are growing in number and their assets are increasing (Columbus Foundation, 1999). More and more community foundations are being looked to for leading community change efforts (Mayer, 1994). This study will enhance the ability to evaluate their effectiveness in this arena.

This study is important to grantseekers, hoping to have relationships with community foundations. The study will provide guidance for nonprofit organizations about the accountability measures necessary if the sector is to have a measurable impact on changing life conditions for people they serve. Nonprofit managers need to know that “different constituencies are judging their organizations’ effectiveness in different ways and that they (managers) should find out what criteria are important to the different constituencies and provide favorable information on how their organizations are doing on those criteria” (Herman & Renz, 1997, p. 202).

Limitations of This Study

This study focuses on community foundations, which are similar to, yet different from, private, corporate and family foundations. It also involves modified case study research with its attendant limitations of generalizability from one setting to others. Since the study is conducted at a specific time when the nation is focused on accountability and devolution, some findings will be related to those current external circumstances. Circumstances and external conditions will change over time, so flexibility is needed in review of the study.

Overview

The purpose of Chapter I has been to state the problem, the questions for investigation, the importance of the study, the limitations, and the organization of this dissertation. Current literature and other studies are reviewed in Chapter II. Chapter III is a review of the problem, the sample, and the procedures used in this study. Chapter IV contains the findings from the study, and Chapter V consists of a summary of the study, conclusions, implications, and recommendations for future research.

CHAPTER II

REVIEW OF THE LITERATURE

One prays for miracles, but works for results (Drucker, 1990, p. 59).

Limitations of the Literature

The empirical literature is small about the nonprofit sector, of which philanthropy is a part. "Far too little is known in solid empirical terms about the scope or structure of this sector, or about its ability to respond to new demands such as changing social and economic realities" (Salamon & Anheier, 1996, p. xi.). The only data regularly available on the nonprofit sector in the United States until the 1970s, for example, was a data series on private, philanthropic giving. Salamon and Anheier (1996) state:

The impression was widespread, therefore, that the scale of the nonprofit sector was roughly equal to the scale of private giving. This was corrected in 1981 when the Census Bureau published aggregated expenditures, numbers, and number of employees, but gave no information on revenues. (p. 4)

What literature exists treats each area separately. The challenge is to bring together and synthesize the small body of knowledge (Magat, 1989) so that community foundations working with donors and nonprofit grantees to achieve mission and impact (Sheehan, 1996) can actually understand the interrelationships of donor trends (Prince & File, 1994), program evaluation (Scriven, 1993; Worthen & White, 1987), capacity building of nonprofit grantees (Gray 1993; Hodgkinson et al., 1993; Salamon, 1996a) and increasing the learning of organizations that are

effectively changing community conditions. Community foundations, donors, and nonprofit grantees have reasons to work collaboratively, synergistically, and cooperatively to achieve community capacity.

Because of the growing research interests in the nonprofit sector and philanthropy, the Aspen Institute established the Nonprofit Sector Research Fund (NSRF) in the early 1990s. NSRF was established to address subjects including ethics, governance, advocacy, public policy, and the impact performance of nonprofits including: who benefits from philanthropy, matters of philanthropic accountability and access and equity. Yet after its first two years of operation, “the fund had received few proposals that address those neglected areas of research” (Eisenberg, 1997, p. 340).

Dorothy Ridings, CEO, Council on Foundations (1999) stated the major message from 1998 research commissioned as part of the Communications/Legislative Initiative (CLI):

We must put a face on philanthropy if we're to help others understand our giving programs and the value they bring to societies all over the world. We must become better storytellers about what foundations and giving programs have achieved, and are still accomplishing, if we're to preserve our ability to keep these traditions alive. (p. 17)

This literature review will focus on a thorough review of community foundations, including history, trends, and reasons they are strategically placed to bring about community change. The second phase of the literature review will focus on organizational change. Finally, the literature review will scan evaluation literature for its applicability as a tool for organizational learning in a changing community context.

Community Foundations Within the Philanthropic Context

James Joseph (1989), former Chief Executive Officer, Council on Foundations, concluded that “society has come to recognize organized philanthropy as a means to express the values of a people through private largess” (p. 48).

Philanthropy and charity in the United States are as old as the country. Since the end of the 19th century, industrialists chose to apply parts of their accumulating wealth to public purposes (Freeman, 1991). “Philanthropy has been called society’s ‘venture capital,’ free to attempt new solutions to social, educational, and health concerns” (Carter, 1992, p. 33). The resources “devoted to charitable activities through private philanthropy have fulfilled a variety of human needs that otherwise would not have been met” (Anderson, 1987, p. 2). “The concept of philanthropy has come to include the giving of one’s time and talents—the vast spectrum of volunteerism—along with the money as a legitimate expression of generosity” (Anderson, 1996, p. 115). “Because people of color have not had the financial means, they have given generously of themselves” (Council on Foundations & Association of Black Foundation Executives, 1993, p. 12).

Thomas, president of The Ford Foundation, declared in their Annual Report (Ford Foundation, 1993) that among foundations’ distinguishing characteristics are:

- 1. They can experiment with new ideas and test the vision of innovators to help determine if board public support is appropriate.**
- 2. They can work quickly in response to dramatic change.**
- 3. They can weather the setbacks that often come before success.**
- 4. They can create new organizations infields often seen as too risky or controversial for business or government.**

5. They can support studies and research that help to inform those who make policy.

Philanthropy is a conscious effort to eliminate difficult challenges facing the community (Yusef Mgeni, cited in K. A. Williams, 1997, p. 2). It is mission-focused and aimed at social advance. It is an institutional process used to build and maintain a civil society (Williams, 1997, p. 3). It is also a “response to acute social needs and problems and advances our impulse to nurture social justice and advance the quality of life” (Williams, 1997, p. 3). Philanthropy provides the freedom to do what individuals could not do alone and what government could not or would not do (Williams, 1997, p. 3). Foundations are a major part of organized philanthropy. They are nongovernmental, nonprofit organizations with funds and programs managed by their own trustees or directors, established to aid social, educational, charitable, religious or other activities serving the common welfare, primarily through the making of grants (Fisher, 1999, p. 1). There are four types of foundations: independent, operating, corporate, and community.

Independent foundations make grants as their primary function. Their assets are commonly derived from gifts of an individual or family. Corporate foundations derive their funds from a profit-making business and, frequently, function in concert with corporate policies and interests. Operating foundations operate research, social welfare, education, or other programs. They rarely award grants to outside organizations. These three types of foundations are private, philanthropic entities whose governance varies widely (Council on Foundations, 1992b).

Community foundations, on the other hand, are classified as public charities (501(c)3) (Council on Foundations, 1992b). Community foundations administer

individual funds contributed or bequeathed to it by individuals, other agencies, corporations and other sources. The Lexicon for Community Foundations stated:

Community foundations uniquely serve three publics: donors, the nonprofit sector, and the community as a whole. Individual community foundations may focus to some extent on one of these publics over the other two, leading to considerable diversity in the field, but by structure and by regulation the community foundation serve all three constituencies. (Scanlan & Scanlan, 1988)

Since all types of foundations derive their funds from permanent endowments, they are able to operate on a much longer time frame than government. Over the years, this institutional freedom has permitted foundations, despite their limited funds, to make significant contributions through the support of new, often untested, ideas where it might have been difficult to obtain funding from sources relying on yearly voluntary donations or annual governmental appropriations (Aiken, Somers, & Shore, 1986, p. 1291). Therefore, this shifting landscape in philanthropy is leading to new policies, roles, and action.

Joseph (1989b) suggests five major developments, which helped to build a new era for organized philanthropy and will influence the future:

First, as government and the private sector engaged in a debate over their roles, a new relationship between foundations and the U.S. Congress has been structured. *Second*, new and more sophisticated research has enabled us to assess and evaluate the performance of the field and its capacity to meet new and emerging needs. We understand more today, about those who give and why they give. *Third*, while we have seen a decline in the formation of large private foundations, community foundations have emerged as a new philanthropic movement sweeping the nation. *Fourth*, we have witnessed the development of a new rationale for corporate giving; and *fifth*, an internationalization of philanthropy. (p. 44)

Community Foundations: History, Current Reality, and Trends

Magat (1989) wrote:

If research on philanthropy and volunteerism in general is thin, it is threadbare with respect to community foundations. . . . In a recent survey of scholars on future research needs in the sector conducted for the Independent Sector Research Committee, community foundations are listed as one of a half-dozen sparsely investigated priority areas. (pp. 5–6)

Since that time, several independent foundations have translated their interest in community foundations to new research, new programs and evaluations of those programs. Those findings are contributing to the small body of empirical knowledge available about community foundations. Agard (1992) wrote a dissertation that offered insights on the roles of community foundations vis-à-vis their size and assets and concluded that asset level was a more significant predictor of change than age. Increased asset levels allow community foundations to increase staff, leverage resources, and increase visibility for a range of community initiatives.

Community foundations represent a relatively small, but extremely vital and influential component of the foundations' universe. They were the fastest growing segment of philanthropy in the 1980s (Council on Foundations, 1992; Foundation Center, 1997; Mayer, 1994; Joseph, 1989) and the 1990s, as demonstrated by the numbers of new community foundations created and growth in their assets (Columbus Foundation, 1999). Renz, Mandler, and Tran, (1997) reported that there are 41,588 active grantmaking foundations in the U.S. in 1996 (the most recent year for which data are available). There are 541 community foundations (Columbus Foundation, 1999).

In the decade between 1979 and 1989, the larger community foundations experienced a 312% increase in dollar value of grants from \$102 million to \$420 million, and a 257% increase in assets, from \$1.65 billion to \$5.91 billion. The 1988–1989 community foundation asset growth far exceeded that of individual and corporate foundations (Council on Foundations, 1992a). Total assets received and

grants paid, again, reached new highs in 1995, 1996 and 1997. According to the 1997 Community Foundation Survey, conducted by The Columbus Foundation, total assets of community foundations exceeded \$21.26 billion. In 1996, community foundations had reached \$17.1 billion in assets, a 28.6% increase over 1995. Twenty community foundations have more than \$200 million in assets, and 43 have more than \$100 million in assets. According to the same survey, gifts to community foundations exceeded \$2.4 billion, up from \$1.8 billion the previous year and grants from community foundations surpassed \$1.25 billion in 1996, up from 861 million in 1995 (Columbus Foundation, 1996). (See Figure 3.)

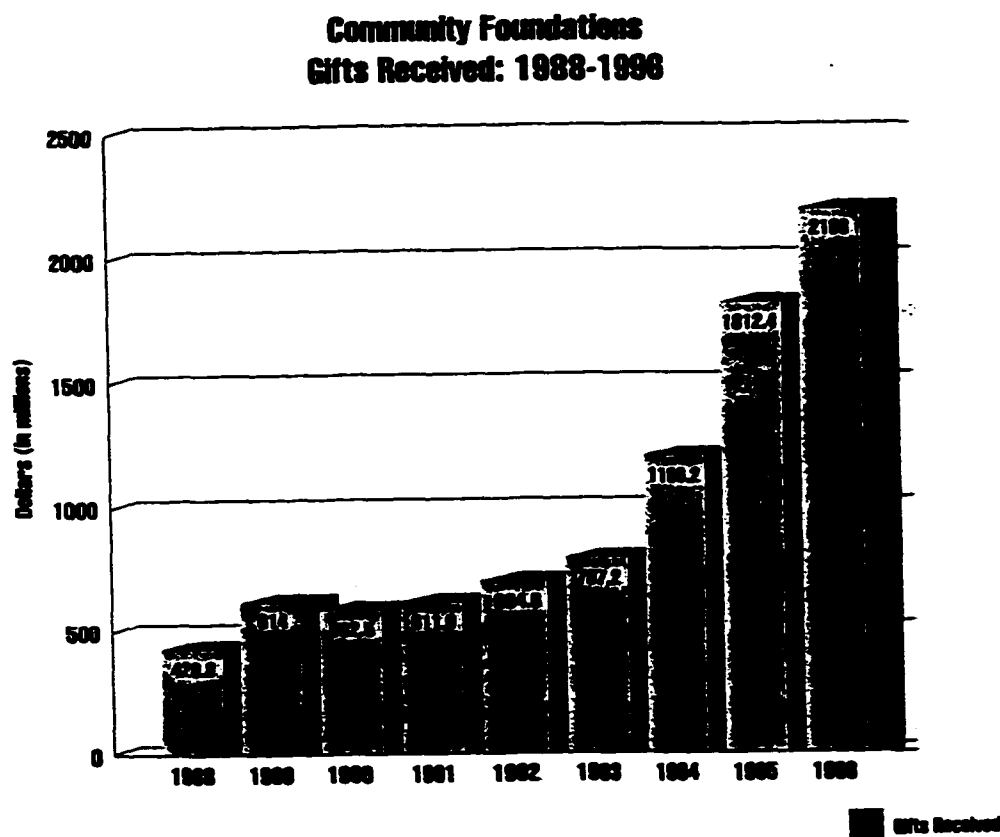


Figure 3. Gifts Received Trend Lines (*Foundation News & Commentary*, 1998, p. 64).

Given the exponential growth of community foundations, both in assets and in numbers, leaders of nonprofits organizations, potential donors, and community leaders are interested in the varied grantmaking and change-making roles played by the community foundation (Backer, 1995; Council on Foundations, 1995). Agard (1992) stated that community foundation leaders require vision, skill in negotiation, problem-solving, and a broad understanding of community issues (p. 2). The need for their leadership role in many communities increased along with stepped-up demands for private initiatives to solve local problems, such as crime, drugs, AIDS, homelessness, and the failure of many public school systems. These demands came at the same time when federal and state resources overall are constrained and communities had to make real choice among competing needs (Herlingzer, 1996).

History

The first community foundations were a cooperative model of philanthropy that brought together an assortment of charitable funds under one umbrella (Council on Foundations, 1992). Community foundations, with permanent endowments, were designed to appeal to “men and women of moderate means whose surplus would not be great enough to endow a chair or a charity” (Joseph, 1989a, p. 63), yet able to make a difference when added to other contributions from civic-minded persons. The community foundation movement began as the brainchild of Frederick Harris Goff, an attorney and president of the Cleveland Trust Company, who observed the obsolescence of charitable trusts languishing in trust banks (Council on Foundations, 1992a). In 1914, he envisioned an opportunity to move dollars from trusts that were no longer viable and thus created the Cleveland Foundation. Goff had two main goals. First, that a philanthropic vehicle be developed to facilitate donor’s charitable

intentions in perpetuity even if their original purposes became obsolete. And second, “that a system be established whereby people of modest means could also engage in large-scale philanthropy if they pooled their contributions” (Council of Michigan Foundations, 1997, p. 16). A committee of bank representatives would manage distributions from such a pool. There was little active government leadership involved to solve community problems at that time.

Goff also saw this new institution as a democratizing force in society, an opportunity for multiple donors to become involved in philanthropy (Council on Foundations, 1992a, p. 2). “Men of wealth have in the past created private foundations, but no way has been provided by which even greater foundations may be created out of the contributions of many citizens” (Joseph, 1989a, p. 63). Community foundations allow many civic-minded people opportunities to not only envision what they can accomplish together. They actually provide the means to participate in making that vision a reality.

Organization

Community foundations are organized either in trust form or corporate form (Hoyt, 1991). For trust forms, the investment responsibility remains with the trust department of the banks. The trust income becomes the responsibility of the community foundation whose governing body has an implied responsibility to monitor the performance, quality, and risk level of the investments (Metcalf, 1989, p. 2). “Early community foundations were organized in trust form. Through the use of appointing authorities, they combined the natural influences of the business, academic, legal, judicial, political and financial communities in their governance” (Joseph, 1989, p. 63).

The corporate form makes it possible for donors of smaller amounts to establish funds (Hoyt, 1991). The corporate form can also accept securities, such as stock in privately held companies, which might not be an appropriate holding for a bank trustee. The investment of the charitable funds is at the discretion of the Board of Directors. The Board of Directors or Finance Committee, may, in turn, engage outside investment advisory services to manage their foundation's assets (Metcalf, 1989, p. 3). "The corporate trustee (the Board) may have a greater fiduciary responsibility for the investment of these assets" (Metcalf, 1989, p. 4).

The corporate form became the more prevalent form of governance following the implementation of the Tax Reform Act of 1969. The law also encouraged community foundation boards to acknowledge their responsibility for their investment managers' performance, a responsibility more easily executed when organized in corporate form instead of trustee form (Council on Foundations, 1994, p. 21).

Early Growth

The community foundation movement seems to have taken its strongest hold in the Midwest in Ohio, Indiana, and Michigan. Those three states have more community foundations with a longer history than any other area in the United States. Foundations in these three states date back more than 75 years, compared with less than 50 years in the Southeast and West (Council on Foundations, 1994, p. 12). Part of the growth is attributable to a concentration of philanthropists in the area.

At least 91 community foundations were created nationwide between 1914 and 1939 (Hammack, 1989). They were still fragile organizations and not well established when the stock market crashed in 1929. "Only 66 remained in operation in 1949 and only 35 controlled \$200,000 in assets, the amount needed to earn, at five

percent, the minimum of \$10,000 to pay for a full-time staff person and an office” (Hammack, 1989, p. 32). This was also an intense period of heightened need in most communities and the time when the federal government decided to intervene in getting the economy back on track and people employed. The government instituted the Civilian Conservation Corps (CCC), among many other programs, as part of the New Deal. The New Deal was the beginning of direct federal assistance to families and communities. This marked the beginning of government’s acknowledged role in the life of its neediest citizens and the beginning of a changing role for philanthropy.

Following World War II, an activist government and optimism that problems could be solved provided the context in which community foundations continued to flourish (Wolpert, 1993). After World War II, the United States government assumed a gradually increasing share of the support for nonprofit hospitals, universities, and cultural institutions. In this environment, though not directly supported by the government, community foundations experienced another growth spurt, including working together collaboratively with other organizations. An inclusive sense of community, strong post war suspicion of government, and growing commitment to volunteerism, spurred many smaller donors to invest in community foundations. More than one half of the community foundation grants, at this time, provided operating expenses of social service agencies (Hammack, 1989).

Leaders in “community planning” led community foundations of the 1940s and 1950s. This resulted in a major shift to the corporate community foundation model resulting in “the creation of a strengthened framework for private charity, a framework responsive to business and professional leadership and independent of government” (Hammack, 1989, pp. 32–33). Their main purpose was to strengthen the local Community Chest, (now the United Way).

By 1960, there was the general adoption in the larger and wealthier cities of the United States outside the South, of the Community Chest and the community foundation as central elements in the framework of private agencies for the control of community life. (Hammack, 1989, p. 35)

Tax Reform Act of 1969

The 1960s ushered in abrupt changes in the sense of community and changing notions of community foundation purposes. There was growing criticism of philanthropy, in general, as new groups emerged (women, environmentalists, civil rights, etc.) and demanded a share of the philanthropic pie. Community foundations represented a badge of political neutrality, which often hampered their involvement in public issues (Frazier, 1989, p. 2). The Ford Foundation, the largest independent foundation in the country, at the time, took a leadership role in responding to these new issues. As part of its mission regarding social justice and better treatment of minorities, The Ford Foundation supported voter registration and other civil rights efforts. It was Ford's support of civil rights issues that first raised Congress' ire about foundations—their lack of public scrutiny, and their lack of accountability.

By 1968, there was a general tax revolt over loopholes for the rich. At Congressional hearings, McGeorge Bundy, representing the Ford Foundation and J. D. Rockefeller, fueled the controversy by discussing Ford's political and activist nature (Lore, 1975, p. 26). He described their voter registration activity in Cleveland, school desegregation in New York, and open housing work. It was acknowledged that Rockefeller had paid no taxes since 1961 as a result of his charitable deductions.

There were two main causes of the Tax Reform Act of 1969. One was abuses—using private foundations to evade taxation and to control businesses. The other was political; support of liberal causes like voter registration. Congressman

Wright Patman (D-Texas) led the charge for tax reform. Less affluent whites such as members of European ethnic groups, labor unions, and Catholic churches, perceived, that they were only marginal to community-building activities that emphasized relationships between blacks (or women) and business leaders and added protests of their own (Hammack, 1989, p. 39).

The Tax Reform Act of 1969 defined the nonprofit sector, including philanthropy, by distinguishing between community foundations, public charities and independent foundations and by reducing incentives for establishing and maintaining private foundations (Margo, 1992, p. 216). The theory was that public control was better than private control, and public charities were therefore better than private ones. This allowed Congress to give preferential treatment in the law to community foundations, which were public charities.

Under the new codes, community foundations, which offered greater deductions to donors, were burdened with fewer limitations on their operations, and were relieved of the excise tax placed on other foundations (Margo, 1992, p. 210). The rules promulgated by the Tax Reform Act of 1969, especially the public support test, set the stage for both increasing fundraising/fund development (Verret, 1989, p. 2) and creation of new community foundations. The public support test meant that community foundations must continually demonstrate that a certain amount of their total support is "public support"; approximately one third of community foundation's income each year must come from a broad cross-section of the public and not just from one source (one person, one family, one foundation, or one company) (Margo, 1992). No more than 2% of the income can come from a single donor.

The public support test is an ongoing challenge for community foundations. Community foundations worry about unusually large contributions from any one

source, which might cause them to be reclassified as a private foundation, especially in the formative years. Similarly, inherent in the concept and purpose of community foundations is the ongoing development of a permanent endowment for the geographical area it serves. "Endowment income does not count as public support, and therefore, ironically, the more successful a community foundation is in building its endowment, the more trouble it may have in meeting its public support test" (Edie, 1989).

Criticism of foundations and an economy beset by double digit inflation and stagflation of the 1970s led to stagnant asset growth for community foundations between 1965 and 1980. The failure of the stock market to keep pace with inflation, and the deflating effect of inflation on bonds caused all types of foundations to reassess their ability to make payout. Many concerns were raised about the long-term impact of the Tax Reform Act of 1969 (Lore, 1975). With more explicit rules, community foundations were able to aggressively seek contributions from living donors and take on distinctive roles in their respective communities. By the end of the 1970s, community foundations were poised for growth.

The Current Situation

With the promulgation of the new tax rules in 1977, community foundations again prospered (Edie, 1989). During the 1980s, there was tremendous growth of new community foundations and tremendous wealth generated as a result of a robust economy and stock market performance. Community foundations diversified their development activities to attract living donors (Verret, 1989). Private philanthropy played a key role in the growth of community foundations (Hammack, 1989). Large foundations that were unable to act locally (Council on Foundations, 1995; Mayer,

1994) recognized that partnerships with community foundations allowed them to respond more appropriately than direct grants to regions where they have no relationships by making grants to community foundations.

Growth in Size and Assets

Despite the exponential growth of government funding and participation into all human service, educational, and cultural realms, nonprofit organizations have also expanded and diversified beyond anyone's imagination (Salamon, 1992). Although volunteers remain an essential pillar of the enterprise, professionalism has developed in the management of both nonprofit organizations and the organized philanthropy that sustain them (Frazier, 1989). The strategies and means of raising funds have become highly sophisticated and the competition for funds much keener. Community foundations themselves have had to become more entrepreneurial and aggressive in asset development (Magat, 1989, p. 8).

Much of the new money currently goes into donor-advised funds. Gifts from living donors have overtaken bequests as the largest single source of foundation income. Donors to community foundations range from men and women who annually contribute a few thousand dollars to the very rich who may give or bequeath millions of dollars, either in unrestricted funds or for special purposes (Phillip, 1990). "Some community foundations have successfully marketed donor-directed funds, which afford donors more control during their lifetimes but become unrestricted at death" (Leonard, 1989, p. 94). Community foundations permit living donors to participate actively in philanthropic decisions by recommending to community foundation boards the areas of need they want their revenues to address (Phillip, 1990, p. 142). The allocations may not always be to the local charities (Prince & File, 1994).

By 1990, individual funds represented 85% of community foundation assets and are permitted by the Internal Revenue Department to be included among the exempt assets of the foundations (Council on Foundations, 1994, p. 16). According to a Russ Reid 1994 national survey, current donors to all nonprofit organizations were concerned with impact. Wealthy donors made money in business ventures and are results oriented. They bring this orientation to giving. They want to see results from the nonprofits that receive their investments (Prince & File, 1994). There are other reasons to aggressively seek out local philanthropists: (a) federal reductions for human services, (b) the corporations of many communities are no longer locally owned and no longer seem to have the same commitment to local issues, and (c) pressing and seemingly intractable needs appear to be growing exponentially along with public cynicism regarding the ethics and efficacy of charity (Wilson, 1995).

Community Foundations Are Grantmakers

Community foundations are similar to other nonprofits, in that they raise money but rather than make immediate use of it for programs, they invest it and use the proceeds to build charitable capital (Council on Foundations, 1992b, p. 15).

Grantmaking is still the basis for how community foundations do their work.

“Community foundations are funding local solutions to our most pressing problems instead of providing day-to-day support” (Rainbow Research, 1990a, p. 2).

Community foundations are asked to demonstrate inclusiveness in their policies beginning with mission and value statements, and inclusion of different groups in governance, staff and grantmaking (Council on Foundations, 1992d).

The foundation should adopt a vision statement that embraces a true and generous vision of the community, construct a grantmaking program that fulfills the mission statement and develop evaluation procedures that help

keep the grantmaking program on track. With these steps, the foundation will be better able to serve its community. (Council on Foundations, 1992d, p. 41)

Community foundations operate under specific grant guidelines. They will not allow funds for certain purposes and they apply restrictions to particular types of grants. Foundation staff typically reviews all requests and makes recommendations to a committee or the board (Carmichael, 1994, p. 36). Community foundations make grants to local nonprofits. Social services, the second largest component of the nonprofit sector, comprise individual and family services, job training, child day care services, and residential care services (Salamon, 1992). These were the typical organizations seeking funding from community foundations, in addition to education and health care. Community foundations fund human service organizations most often (27%) and education next (26%). These percentages are larger than that of private foundations or corporate foundations for the same types of services (Council on Foundations, 1992a, p. 2).

This is important because these are also areas where federal devolution policies are eroding the federal base of support. "The effects of poor economic conditions may have played a role in this trend with community foundation grants keeping local basic services intact to meet growing needs in the face of increased requests" (Council on Foundations, 1992a, p. 45).

"Along with evaluating whether grants have been successful in reaching their proposed goals, foundations committed to inclusiveness periodically review grants made and projects declined in an effort to assess how well the foundation is responding to diverse populations" (Council on Foundations, 1992d, p. 26).

Other Services to Grantees

Community foundations see themselves in cooperative, rather than competitive roles with local nonprofits, financial institutions, and professional advisers. Their message is "We are a resource for you. We want to help. Please feel free to call us" (Carmichael, 1994, p. 35). Community foundations are moving beyond their traditional role of grantmaker (Ylvisaker, 1989). The number of community foundations offering something more than grants continues to grow, with several providing direct services (Ylvisaker, 1989, p. 57). They are providing technical assistance to nonprofits, managing charitable programs, and acting as fiscal agent for new charitable enterprises, and maintaining a grantseekers' reference library. That they do not charge fees for these services "underscores the essential public service nature of their work" (Council on Foundations, 1992a, p. 2); however,

Community foundations, no matter how thoughtful, inclusive, balanced and responsive their grantmaking program, inevitably come under fire for neglecting the needs of some special population, neighborhood or issue area....In launching a special initiative that benefits one group, a foundation runs the risk of slighting other need constituencies. (Council on Foundations, 1992, p. 23)

The community foundation also offers various kinds of fund-raising assistance and alternatives for charitable organizations in their geographical area (Carmichael, 1994). Fundraising and endowments have been used increasingly by nonprofit organizations wishing to become less dependent on philanthropy and the government. Establishing an agency endowment and actively fundraising for it improves its ability to control its future resources. "Charities need endowments for self-preservation and long-term security, to guard against financial setbacks, down turns in the economy, and to demonstrate their stability and performance" (Carmichael, 1994, p. 35).

Some community foundations understand that agency endowments work only if nonprofits see themselves as partners, notwithstanding that the community foundation has legal control of the money (Carmichael, 1994, p. 37). With community foundation flexibility, the endowment can assist the donor as well. "A donor can make gifts to a dozen agency endowments at the community foundation with one-stop shopping" (Carmichael, 1994, p. 39). Community foundations offer the option of anonymity, as well as variety of gift-planning services that may not always be amiable at individual nonprofits (Carmichael, 1994, p. 39). "Nonprofit endowments make up an increasing proportion of community foundation income, as do activities in which community foundations holds more temporary funds for a variety of community drives" (Leonard, 1989, p. 95).

The Role of Private Philanthropy in Community Foundation Growth

The role of private philanthropy is a key relationship in the growth of community foundations (Council on Foundations, 1992a). Large foundations recognize that partnerships with community foundations allow them to respond more appropriately than direct grants to regions where they have no relationships (Mayer, 1994). The community foundations serve as grant managers for initiatives conceived of by larger foundations.

The growing availability of grant support for community foundations has turned community foundation grantmakers into grantseekers. Government confidence in community foundations is evidenced by turnovers of mishandled charitable assets and corporate penalty payments to community foundations. Corporations have created community foundation funds in operating locations to replace local giving

following corporate takeovers. Some, for tax reasons, have by-passed their own corporate foundations to give appreciated assets to community foundations.

The Charles Stewart Mott Foundation believes there are four community foundation missions: (1) developing a permanent, unrestricted endowment; (2) responding to emerging, changing community needs; (3) providing a vehicle and a service for donors with varied interests; and (4) serving as a resource, broker, and catalyst in the community. At a time when society's fragmentation seems to be accelerating, community foundations are strategically positioned by their values and their vision to bring communities together (Frazier, 1989, p. v). Frazier maintains that

Their political neutrality should enable them to bring into the same room those seeking to maintain power and those seeking to acquire power. Community foundations have resources to be not only grantmakers, but also dreammakers. Community foundations should serve as intermediaries for donors, involving them as much or as little as they should chose, but using their resources to build or restore communities. They can shape consensus rather than simply respond to it. (pp. v-vi)

In 1982, The Charles Stewart Mott Foundation made the first of four grants to the Council on Foundations to provide technical assistance to smaller, new or revitalizing community foundations to better grow and serve their communities. The Community Foundation Technical Assistance Program had four components: (1) extensive direct consultation, (2) a fellowship program, (3) a short-term visiting consultants program, and (4) production of written instructional and reference material (Council on Foundations, 1994). In 1985, the Advisory Committee decided to concentrate on technical assistance as the core service and to train additional co-consultants who are Executive Directors of community foundations. In 1987, this service was expanded again to become The Community Foundation On-site Consulting Program, a project of the National Agenda for Community Foundations (Mayer, 1994).

Community foundations have recently begun to expand from larger metropolitan areas to smaller communities. In Ohio, Indiana and Michigan, there are some 60 community foundations in places with populations less than 250,000 (Council on Foundations, 1994, p. 12). To assist smaller areas, a community may be best served by linking up with a neighboring, professionally staffed community foundation with experience where the regulatory, financial, and reporting systems are already in place (Council of Michigan Foundations, 1997, p. 11). The W. K. Kellogg Foundation's Challenge Grant (\$61 million since 1988) to the Council of Michigan Foundations (CMF) served as a leader and a catalyst to increase the role of young people in philanthropy and make the concepts of community foundation available to every citizen in Michigan. Dr. Russell G. Mawby (1992), Chairman, Emeritus of the W. K. Kellogg Foundation said:

If all of us are successful in our efforts, the next five years will witness, in communities across the state, a series of activities that will help young people develop life-long values of generosity and leadership, and which will at the same time build stronger and more caring communities. (p. 1)

The Michigan Community Foundations' Youth Project resulted in new funds created across Michigan and creation of Youth Advisory Committees (YACs). The Michigan Community Foundations' Youth Project (MCFYP) encompassed three strategies: (1) a challenge grant to raise endowment dollars, (2) the involvement of youth in philanthropy; and (3) technical assistance delivered on a statewide basis (Council of Michigan Foundations, 1997, p. 7). The Lilly Endowment's Giving Indiana Funds for Tomorrow (GIFT) program was modeled after MCFYP and provided \$90 million to Indiana's community foundations since 1990.

Donor Services

Cultivating new donors is essential to a community foundation's ability to achieve its mission. "In community foundations, independent initiative is both celebrated and perpetuated. As each new donor 'joins' the community foundation, the foundation's ability to reflect the evolving tapestry of community caring is enriched" (Council on Foundations, 1992, p. v). Community foundations work to balance responsiveness to both donor and community nonprofit. "Without gifts to create charitable funds, there would be no grantmaking" (Applebaum, 1996, p. 42). "Donors are becoming too sophisticated to appeal to altruism" (Prince & File, 1994). Some community foundations give donors a chance to make a difference. Donors are part of building the organization's advisory base (Drucker, 1990, p. 86).

Community foundations and nonprofits have to figure out how to get new monies that have not been previously given, rather than have someone transfer their allegiance from one non-profit program to another one—to have a long-term really positive impact on the good that the non-profit organizations are trying to do. (Drucker, 1990, p. 91)

Donors can achieve flexibility, simplicity, tax benefits, community impact and permanence when they establish a fund at the community foundation (The Columbus Foundation Advisors Manual, 1996). Donors do not automatically know or understand what the organization is trying to do. Bernholz (1998) stated that "community foundations should prioritize education of their philanthropic 'inner circle.' The ultimate beneficiaries of this approach are the local nonprofit programs that receive additional funds, and the donors themselves who are matched with opportunities that fit their interests" (Bernholz, 1998, p. 3).

“Some donors are experiencing ‘compassion fatigue’—there is so much misery in the world that we are becoming quite hardened and callous to that constant plucking of our heart strings” (Drucker, 1990, p. 58).

One goal is to shift donor advisors toward less restricted giving over time. Seminars with issue experts, luncheons on topics of community interest, presentations by grantees—each forum presents a regular opportunity to educate donors about the best news in the community and the wisest places for their charitable investments. (Bernholz, 1998, p. 3)

Community foundations also provide an array of additional services for donors. The Council of Michigan Foundations (CMF), in fulfilling its legislative function, reported in its 1997–1998 annual report that a bill to remove the sunset cap on community foundation single business tax credit was signed by Governor Engler. The Community Foundation Tax Credit is now a permanent tool to promote charitable giving for individuals and organizations in the state of Michigan.

For donors and their advisors, community foundations commonly furnish planned giving information and consultations, serve as trustees of charitable remainder trusts, manage assets contributed during life or at death and share information on community needs and opportunities (Carmichael, 1994, p. 36).

Leonard (1989) states that

More sophisticated cultivation of estate lawyers, financial planners, and other intermediaries who advise prospective donors has kept community foundations’ bequest income high, as well as providing an avenue to identify wealthy donors with charitable and tax motives to make substantial lifetime gifts. Testamentary bequests remain more common than complicated planned gifts. (pp. 94–95)

Inclusiveness/Diversity

Eisenberg (1997) commented “the growing diversity in philanthropy is one of its greatest strengths and the promise of philanthropic renewal” (p. 3). The Working

Group on Diversity began with a “vision of inclusiveness encompassed actions that would break down barriers so that all members of the community would have access to and could participated in their foundations’ work” (Council on Foundations, 1992, p. 1).

The community foundation serves increasingly diverse and, in some cases, divided communities. The results and the discussion of a 1989 survey of the Council on Foundations members led to the development of *The Inclusive Community: A Handbook of Managing Diversity in Community Foundations* (Council on Foundations, 1992d). It offers a number of resource development strategies to reach minority donors. Donors of color are motivated to “give back” to their communities after achieving a measure of success. Effective strategies include increasing the numbers of minority staff and board members, as well as a long-term plan for donor cultivation. The plan begins with (a) increasing awareness of the community foundation and the various roles it plays in the community, (b) understanding the attitudes and perceptions of people of color, (c) providing education, and (d) cultivating and soliciting identified potential donors.

Summary of History and Organization of Community Foundations

“Community foundations have become so numerous and diverse that it is impossible to pin them down to particular organizational forms and animating purposes” (Hammack, 1989, p. 43). They are the most community-based of all philanthropic institutions. They are also the most flexible; they can support a wide-range of initiatives to improve the community, from economic development to social services, from recreation to health care, from ecumenical church projects to

neighborhood development. "Since they serve *all* the nonprofits in the community, they can bring *all* of them together to make things happen" (Mawby, 1992, p. 3).

The role of the community foundation in the future will be to not only fund nonprofits, but to attest to their capacity and integrity in response to the attacks on nonprofits (Wilson, 1995). Community foundations will be asked questions about public accountability, compensation, board effectiveness, and oversight. Community foundations will determine how much they are willing to initiate action through their risk tolerance (National Committee on Responsive Philanthropy, 1989).

Community foundations will continue to be the fastest-growing sector of the foundation world for the foreseeable future. Philanthropy in general, community foundations included, will be inviting targets for public attention and increased regulation (Agard, 1992). Consumer groups—from minorities and women to environmentalists and grassroots organizations—have begun to scrutinize foundation behavior and to lobby for a greater voice in and share of the enterprise (Magat, 1989, p. 5). The notion that boards are primarily responsible to the donors—and only secondarily to society—is increasingly under attack (Joseph, 1989, p. 67).

There are more than 541 community foundations across the nation. As public institutions, community foundations are strategically placed to play a leadership role in a fragmented human service environment that may include the following:

1. As a fund-raiser, community foundations "create permanent endowments." They work with donors who invest at all levels from a few hundred dollars to multi-million dollars. Sophisticated donors wanting a hands-on role resulted in growth in donor-advised and field of interest funds, with slower growth in unrestricted funds available for need. Community foundations have to work with donors to educate them about a broader range of community challenges.

2. Community foundations are grantmakers seeking to “improve the quality of life.” The nonprofits selected need to have the capacity to achieve the agreed upon outcomes, in an environment of increasing need, shrinking federal and state revenues, and increasing public accountability. Beyond grantmaking community foundations need to work with nonprofits to build agency endowment, partnerships, and provide technical assistance.

3. Community foundations are responsible to the community at large. Board members are residents, representing diverse views of the community. The challenges to the geographical designations of community foundations are that issues are increasingly regional, national, and global in scope.

4. As respected organizations, community foundations serve as convener/leader for important issues. Where the sectors are blurring, the community foundation works with other funders, corporate leaders, larger foundations, and nonprofits. Community foundations have access to information and can bring disparate groups to the table, while serving as a broker and/or intermediary.

5. Community foundations seek partnerships with large, independent foundations such as The Ford Foundation, The Charles Stewart Mott Foundation, The W. K. Kellogg Foundation, and The Lilly Endowment.

6. Poised at the brink of a new millennium, community foundations are reassessing their beliefs and values about community—what is important and what is not. The challenges facing them are complex.

Organizational Change

Community foundations are undergoing organizational changes as a result of internal and external environmental factors.

The style of transformational change that emerged during crisis typically involved radical change to the mission, structure and organizational culture of companies in response to the need for greater competition and the demand for quality control . . . managerial activities during the 1990s seem to be destined to be dominated even more by chaos, change, and fast-paced innovation. (Callan, 1993, p. 64)

The Context of Change

Part of the change underway is the way communities are viewed. From the 1950s through the Great Society programs, as well as through much of the 1970s, communities are viewed as needing to be fixed by urban planners, by agencies, or by programs. This view was tied to the increasing medical model that categorized services so those federal budgets could be used to pay for necessary services (Salamon, 1992). This fragmented view of service delivery also led to unintended consequences for the families needing assistance. People's lives are integrated, yet when they are treated in compartmentalized ways they began to accept that this was the way things happened to them because of their circumstances.

That fragmented view is giving way to increasing recognition that the persistent needs of communities be addressed by different strategies than those previously employed. One of the most compelling changes has been the investment in human and social capital at local levels.

It involves nurturing a community back to health by assisting it in reaching into its own resources for vision and mobilization capacity. In this approach, the role of outside agents is not to serve as "experts," but to facilitate work that the community must essentially perform for itself. (Wallis, 1996, p. 35)

Needs assessments and community mapping are two methods for ascertaining what change strategy to use in a given community. A needs assessment is used to verify and map the extent of a problem. The needs assessment answers questions about the number and characteristics of the individuals or institutions that would

constitute the targets of a program to address the problem. Needs assessments then help design new programs or justify continuation of existing programs (Council on Foundations, 1993b, p. 12).

The needs assessment was a staple of the early community foundations' strategy for service to communities, beginning with the first study commissioned by the Cleveland Foundation in 1914 and 1915, resulting in individual grants awarded to nonprofit organizations.

Just as a community has needs, it also has strengths and assets. Communities cannot be rebuilt by focusing on their needs, problems, and deficiencies. Rather community-building starts with the process of locating the assets, skills and capacities of residents, citizens, associations, and local institutions (Kretzmann & McKnight, 1993).

Some practitioners see needs assessment and community mapping as opposing ends of the spectrum. There are times when each has value for a community. Rather than a specific model, the need is for flexibility.

Goldberg and Stewart (1996) stated, "The responsibility for social ills does not lie with any particular sector and that it takes cooperation and collaboration of all sectors—federal, state, and local governments; nonprofit human services organizations; business; foundations; and citizens—themselves to effect change" (p. 95). The government, through devolution has redefined its role in relation to meeting the needs of its most vulnerable citizens (Diaz, Burlingame, et al., 1996). Devolution, passing decision-making down to the lowest levels, increased discussions about the viability and vitality of the nonprofit sector to replace government as the deliverer of support with fewer financial resources (Nathan, 1996).

Diminished government funding to nonprofit organizations, calls for greater accountability, tangible results from services delivered, and increasing competition for philanthropic and local. "Nonprofit organizations are affected by the intense competition for donative dollars that will ensue as those nonprofits facing large declines of government support and increasing loads turn to individual and organized philanthropy to make up the gap" (Diaz et al., 1996, p. 128). As the government retrenches from the provision of funding social programs, foundations are receiving additional requests. Research undertaken by Independent Sector and the Aspen Institute (Salamon & Abramson, 1996) pointed out that philanthropy in general could not replace the government as the principal funder of social services.

As the nonprofit sector grows more complex (Salamon, 1992) and donors become more sophisticated (Marble, 1988), leading organizational change requires a "larger perspective, one that takes on the whole of things" (Wheatley, 1994, p. 2).

Serving as a catalyst for change requires an understanding of outside forces (Beckhard & Pritchard, 1992, p. 2), clear vision of the desired end state of the entire system (Nanus, 1992, p. 4), personal investment in developing and building commitment, and analysis of the present (Beckhard & Pritchard, 1992, p. 8). To strengthen the catalytic role, the organization has to operate in a learning mode using information and modifying existing structures. It entails the process of feedback and replanning, or "learning to improve the effectiveness of the effort as a natural component of all strategies and tactics" (Beckhard & Pritchard, 1992, p. 9).

Beyond the information department, changes may be made to procedures, reporting, policy design, and the details of the way people work. In a systems orientation, organizations are thought of as living complex systems, whose parts exist

in a delicate balance with one another, have a common purpose and identity, and are set in a common, changing context (Beckhard & Pritchard, 1992, p. 33)

Frazier's (1989) research documented how community foundations can facilitate concerted action to enhance public action. She sent written requests to 274 community foundations to provide program descriptions; interviewed community foundation CEOs, program officers, and board members; reviewed documents generated; and hosted a working conference of 31 foundation leaders, community activists, and public education leaders for the purpose of debating public education issues and facilitating concerted action to enhance public education. "If foundations wish to measure change, they must do so while the change is occurring. Simple evaluation designs provide for end-point data collection only, but most require at least two sweeps; before and after the project" (Gershowitz, 1993, p. 45).

Communication supporting the change efforts are created and monitored. As well as providing people with information, communication is an essential prerequisite to changing attitudes and behavior, ways of work, relationships, and so on, all of which are likely to be necessary to fundamental change (Beckhard & Pritchard, 1992, p. 85). Communication is key to developing a critical mass of persons and/or groups who are committed to a change for it to occur (Beckhard & Pritchard, 1992, p. 77).

The Scope of Evaluation Within Foundations

The Council on Foundations (1993) cited seven reasons for foundations to conduct evaluations:

To be accountable as a public trust; to assist grantees to improve; to improve a foundation's grantmaking; to assess the quality or impact of a funded program; to plan and implement new programs; to disseminate innovative programs; and to increase the state of knowledge. (pp. 6-7)

The ultimate desired outcome of organizational effectiveness, in the nonprofit and philanthropic sectors in particular, is positive impact on people. Service impact is the real “bottom line” for nonprofit organizations (Gray, 1993, p. 1). To persevere in these changing times, the nonprofit sector must demonstrate the effectiveness of the services it renders. The erosion of public support is perhaps the most alarming sign with regard to the future resiliency of the nonprofit sector (Goldberg & Stewart, 1996, p. 96). According to Worthen and White (1987), evaluation has come to play an increasingly important role in the operation of educational and social programs. “The persistence of serious problems, despite monumental financial efforts, has brought renewed pressure for experimentation with new processes and changes in the existing system” (Kettner & Martin, 1996, p. 35). Even with this knowledge among foundations, many foundations still use only the most rudimentary forms of evaluation.

The consequences of inaction are numerous. There is no consistent rationale for community foundation decision making; it is often the haphazard response to need, as well as responses to continued attacks on foundations. In 1980, Marilyn W. Levy of the Rockefeller Brothers Fund said:

Grantmakers may need solid documentation of the effects of foundation action for reasons beyond their very real personal desires to do good deeds, improve the lives of others, or beyond the normal cravings for power, love, and prestige. Such documentation may be crucial to the fragile and ever challenged right of foundations to continue as an institution in our society. Foundations may be required to accept the burden of accountability as payment for the continued freedom to make informed pluralistic choices as to the allocation of dollars. (Levy, 1980, p. 39)

The San Francisco Evaluation Primer (San Francisco Foundation, 1984) said:

While it is tempting for a foundation to want to use evaluation solely as a tool for making a *decision* about a project or program directions, it may be more appropriate to view it primarily as a learning tool. This distinction is subtle, for learning often leads to improved (or at least different) decisions. (p. 5)

Relatively little is known about the degree to which philanthropic foundations use formal evaluation. Smith (1985) analyzed The Foundation Grants Index to determine foundation support for evaluation from 1972 through 1983 based on grants awarded. He conducted a follow-up study and asked three questions based on small initial findings: (1) What is the actual level of foundation activity in evaluation? (2) How public is foundation work in evaluation? and (3) To what extent is foundation evaluation activity accurately represented in The Foundation Grants Index?

The data suggested that a half-dozen foundations out of a universe of 22,000 foundations provided the largest monetary awards to support evaluation since 1972. The 76 foundations which represented a minute percentage of that universe, are all located in only 18 states and are concentrated in a smaller number of Midwestern and eastern states. The majority of the 158 recipients of the 205 evaluation grants received only one or two awards. Only two organizations received four awards, with universities receiving the largest amount of support. The amount of support and number of grants was highest from 1973 to 1978 and has since dropped considerably. Most awards for evaluation are made for work in the fields of education, health, and welfare and low support has generally declined, especially in evaluation (Smith, 1985, p. 239).

In his second study, Smith (1985) conducted another search of the Foundation Grants Index to identify all awards that included "evaluation" anywhere in the title or abstract. An additional 780 awards were found of this type and 124 were selected for study. The findings were consistent with the first study. The top foundations in terms of numbers of grants and amount of money awarded for evaluation were the same for both groups. The pattern of recipients was the same—a

wide distribution of awards with very few recipients receiving more than one or two grants (Smith, 1985, p. 231). Over the 12-year period in question, 140,000 awards were made, and 985 grants were evaluated.

The Council on Foundations' Research Committee (1990) conducted 20 phone interviews and collected 11 questionnaires from the evaluation subcommittee to determine the barriers to the conduct of evaluation. They reported five barriers: (1) a lack of understanding on the part of foundation staff of evaluation methods generally, and of the range of choices possible in a particular situation; (2) a lack of fit between some evaluative methods and foundation time and data needs; (3) foundation staff discomfort with some evaluative methods—random assignment notably—in light of the commitment to the population being served by a foundation program; (4) the perceived high monetary cost of evaluations; and (5) the perception that evaluators lack consideration for the demanding daily world of grantees; a frequently cited example was the alleged unnecessarily intrusive filling out of evaluation instruments (Carter, 1992, p. 34).

Not much had changed in use of evaluation when McNelis and Bickel (1996) reviewed 13 empirical studies that investigated the use of evaluation by foundations. They also reported on the preliminary findings from an ongoing study of evaluation, use in small and mid-sized foundations, conducted as part of the University of Pittsburgh-Lilly Endowment evaluation partnership. They concluded “not much is known about the actual prevalence of evaluation activity, the quality of these evaluations or their impact on organizational learning” (McNelis & Bickel, 1996, p. 21). McNelis and Bickel's findings show that the studies focused on the seven categories identified by the Council on Foundations as reasons for foundations to conduct evaluation.

After surveying 170 small and medium sized foundations (24% were community foundations), McNelis and Bickel (1996) concluded that “like their larger counter-parts, small and mid-sized foundations typically do not seem to use evaluation to hold the foundation, itself, accountable—though evaluation is often valued internally for the strategic information it provides in the shaping of grant making decisions” (p. 21).

Patrizi and McMullan (1998) interviewed representatives of 21 foundations across the country to examine the use of evaluation in foundations. They were selected purposively from among those foundations with extensive experience in evaluation and acknowledge that this study is not representative of all foundations but rather reflects the experiences of those foundations whose investment in evaluation is substantial. No community foundations were included in their survey. They stated:

We believe that evaluation and, more broadly, information are central to the growth and development of systems, organizations, and individuals. Whether considering a foundation, its staff, or the communities and systems they hope to influence, information occupies a central position in their evolution. As investors in social change, foundations must have access to wide-ranging, in-depth information and the capacity to interpret it. (p. 4)

They found five distinct purposes for evaluation, similar to ones previously cited: improving grantee practice and implementation; improving foundation practice and grantmaking; responding to foundation board request about the benefits of grants; informing public policy; and identifying best practices in the field (Patrizi & McMullan, 1998, p. 16).

Several of their findings were applicable to this research.

To the extent that evaluation produce information about major initiative or constellations of related grants of strategic importance, they are valued. For a larger number of grant of less strategic importance, evaluation is not a priority. . . . Strategic assessment of entire portfolios of “clusters” of grants is

increasingly seen as a more directly useful and innovative approach of evaluation from the perspective of the program staff than are evaluations of individual grants. (Patrizi & McMullan, 1998, p. 21)

As many foundations limit their grantmaking to less than 5% of the value of their assets, it is easy to see that most foundations' annual grantmaking budgets are relatively small. Funding resources for evaluation are even more limited. "To the extent that small (i.e., most) foundations support evaluation, it is likely to be informal" (Kehrer, 1992, p. 36).

The emphasis might be on evaluations that are useful, low cost, and involve nontechnical language. In addition, many small foundations need to see that evaluation doesn't always require expenditures of very large sums of money (Kehrer, 1992, p. 37).

Given the track records of the smart people employed by our foundations and nonprofits, and perhaps with a new awakening to their role as evaluators, we will be able to rely more and more on their combined judgments and less on expensive, time consuming, large scale, formal evaluations that we have seen in the past. (Sanders, 1992, p. 38)

Limitations of Current Evaluation Use

The majority of foundations, regardless of type, are small. Castle (1991) said:

Without staff, trustees of small foundations may assume that conducting grant evaluation is difficult and expensive and may decide to fund only agencies with which they are familiar. However, it is possible for small foundations to assess whether or not their grants have made an impact in very cost-effective ways. (p. 1)

Castle (1991) offered the following evaluation options, even for small foundations: grantee self-evaluation, use of an experienced counselor, use of a graduate student at a local university, and on-site visits by trustees.

Evaluation philosophy is not yet institutionalized with foundation staff or trustees. "Even when boards understand the viability of evaluation, boards often

direct dollars to be spent on program services rather than evaluation” (Seita, 1993, p. 91). Little regard has been given to the focus of evaluation as a method to strengthen and improve service delivery, communicate important findings and lessons learned, and increase support for the organization. Properly used, evaluation can become another tool for successful program implementation and how the results can inform the work of foundations. “Formal evaluation is a public process where we report the information we use and defend the conclusions we reach. We share the results of our formal evaluations with others who should know” (Sanders, 1993, p. 113).

Insufficient time and attention has been given to evaluation across the spectrum of foundations. Marble (1988) said:

We have found some funders and organizations do use evaluation effectively. Those that do, view it as a learning tool that puts their theories of change to the test. They see it not as a separate discipline of activity but as an integral part of their planning and management. (p. 1)

Lingenfelter (1994) of the John D. and Catherine T. MacArthur Foundation, suggested that foundations have real reasons to evaluate:

Every time we make a grant we lose the opportunity to do something else with that money that might have been valuable to society. Philanthropic resources are scarce, but donors have great flexibility. We should not squander precious freedom and money on ineffective grant strategies. (p. 38)

Applebaum (1996) added:

The development plan should be part of a reflective process of evaluation that refines the issues and programs and makes needed adjustments during the plan’s implementation . . . it entails an ongoing process of review and assessments cycling back to a reframing of the issues, modifications of the plan and making needed changes in its implementation. While we all try to learn from our mistakes, this method of evaluation creates the possibility of learning and making changes in the midst of a project or initiative, rather than simply providing 20/20 hindsight. (p. 44)

The most effective evaluation efforts are tailored to the size, scale, and complexity of the giving program, as well as to which of the goals above were more important. Alkin (1980) stated, "Evaluate those projects which the foundations want to know more about and those which evaluation information would be useful in decision-making" (p. 4). Evaluation plays "an important role when the stakes are high; in investment, in service when knowledge is limited, in situations when claims can be justified (e.g., wide dissemination of a practice; projects in the service of public policy), in visible initiatives" (Sanders, 1992, p. 38).

The realization that evaluation can play a pivotal role in assuring program quality and effectiveness has led to renewed interest in developing evaluation tools, training, and experts (Sheehan, 1996). A critical challenge for funders and service providers will be to develop effective models for evaluating the impact of these new service structures. Gray (1993) points out evaluation is a component of effective decision making and the responsibility of everyone in the organization. She stated that tools and methodology can be "simple, cost-effective and user-friendly" (p. vi).

What More Do We Need to Learn?

Lingenfelter (1994) said:

The evaluation spotlight should shine on both the grantee and the grantmaker as a collaborative team seeking mutual goals. Such an evaluation is more likely to help all the members of the team learn something important. And it is more likely to help both grantmaker and grantee do a better job. (p. 38)

At present, we have only a few impressionistic efforts to evaluate community foundations' impact. Only three or four community foundations have yet been the subjects of extensive histories (Hammack, 1989, p. 47). The Ford Foundation evaluated community foundations when key business and civic leaders become

“dissatisfied with the course of philanthropy” (Hammack, 1989, p. 37). The National Committee for Responsive Philanthropy evaluated ten of the largest community foundations for their level of risk.

More needs to be known about how community foundations solve real community issues that are agreed upon with stakeholders. Community foundations operate as part of a system, not as isolated practitioners. Because their funds are derived from multiple donors, what happens with donors is important to nonprofit grantees and vice versa (Council on Foundations, 1996). There needs to be a continuous flow of data about impacts and outcomes to make decisions, learn lessons, and use those learnings to modify the community foundation and to improve the community.

“Evaluation needs to be specifically linked to stated, measurable objectives” (Wagner & Guild, 1989, p. 135). Measuring outcomes involves defining key result areas, together with the intended outcomes for each of them (Knauff, 1993, p. 45). Key to development of an outcome orientation is use of evaluation feedback in planning future initiatives. One common problem in grantmaking is a lack of outcome orientation in many projects and proposals. Many requests are either activities or include only process objectives. Clear and explicit focus areas will allow foundations to get closer to the areas where they want to have impact:

These evaluations need to be useful and feasible in addition to being as accurate as they can be. A balance is needed, and we should never assume that evaluation is impossible because of limited resources. Evaluation is the lifeblood of a flourishing organization. It is not a question of whether to do it, but rather how much to invest in it. (Sanders, 1992, p. 38)

Finally, The San Francisco Evaluation Primer (San Francisco Foundation, 1984) recommended:

Those foundations not view evaluation as a source of definitive answers or a roadmap for decision making. Rather it is a limited tool and a useful process that can help us bring rigor to our examination of progress and overcome our own biases. (p. 15)

Where Does This Study Fit?

There is increasing interest in philanthropy because of its asset base (Agard, 1992; Diaz, 1996a). There are needs for comprehensive studies of philanthropy and a need to differentiate community foundations from other types of philanthropy. There is also the need to move from philosophical discussion about evaluation use in foundation settings to practical discussions that leave people with guides for conducting evaluation. Evaluation has been considered the “Achilles heel” of philanthropy.

Some community foundations have made a commitment to use evaluation. Primarily, they are focused on self-reflection and the initial grant review process. Several are involved in consortium efforts with major universities, evaluation firms, and local organizations to develop and pilot evaluation tools that have applicability for the nonprofit sector. Some foundations have developed tools with the assistance of outside consulting firms to track implementation of the organizations’ infrastructure building efforts

Finally, there has been tremendous growth in the number of small community foundations with limited staff or technical expertise (Council of Michigan Foundations, 1997). They can learn from larger, more developed community foundations. To that end, this study establishes exemplary practices; implementation approaches, timelines and resources needed.

CHAPTER III

METHODOLOGY

As previously stated, this study addressed the following questions:

- 1. When the financial resources were given to an intermediary organization such as the community foundation, what processes does the community foundation engage in to meet (a) the needs of the donors (Applebaum, 1996); (b) the needs of the recipient organizations (Kettner & Martin, 1996); and ultimately (c) the needs of the community they serve (Clotfelter, 1992)?**
- 2. How were planning and evaluation used throughout the organization with multiple stakeholders, to accomplish multiple objectives?**
- 3. What should be expected along the way in both human and financial costs associated with implementing an evaluation system that supports organizational learning?**

Modified case studies resulting in profiles of the three selected community foundations were employed. Since the research issues were broad and the questions to respondents resulted in complex discursive replies, data collection techniques such as in-depth interviewing were called for (Yin, 1993).

Yet more details are needed to move from understanding of issues to practice, and the development of tools to make evaluation use a reality. "In the trade-off between precision and richness, we have allowed ourselves to become too preoccupied with precision, and have overlooked the rich store of anecdotes and

contextual data that would add depth and meaning to the discussion” (Guba & Lincoln, 1989, p. 249).

Eisenberg (1997) stated, “A good deal of academic research about nonprofits and foundations has also suffered from a lack of grounding in reality, in the actual operation of live organizations with all their problems, crises, and demands” (p. 340). This study selected three community foundations in order to understand the contextual conditions and the phenomenon of evaluation. In these cases, multiple stakeholders and multiple points of views were used to give enough information (not just facts and percentages) so that others can use information to enhance their evaluation practice.

The discussion will look at the sequence of program and evaluation events, who is responsible for what, how necessary data were collected under difference circumstances, how reports were organized and delivered, and other details that show both the potentialities and limits of various techniques and concepts. (Council on Foundations, 1993b, p. 48)

The interviews provided in-depth analysis from community foundation trustees, staff, and nonprofit grantees about evaluation that is actually occurring. The qualitative inquiry allowed the researcher to collect data of greater depth on a smaller number of cases. The emphasis was on “direct observation without preconceptions and careful attention to the everyday, commonplace, and mundane features” (Broughton, 1991, p. 461).

Deutscher (1976) said:

It is desirable to the evaluator to begin to learn what program people were trying to do by watching them do it and listening to them talk about it—*in situ*! There is a cumulating body of evidence from sociolinguistics that if one listens to people talk about what they are doing while they were doing it, chances of understanding the activity are maximized. (p. 264)

The Research Procedure

Selection of Case Study Sites

The researcher used Council on Foundations publications, informal discussions with foundation colleagues and writings about community foundations to select a group of community foundations that would be appropriate for the study. The three community foundations studied were The Greater Kansas City Community Foundation and Affiliated Trusts, The Saint Paul Foundation, and The Community Foundation for Southeastern Michigan. They were selected because of their reputation as leaders in the community foundation movement, visibility of the Chief Executive Officers in their respective communities, their use of evaluation in broad organizational change, publications by and about their organizations, differences in size of financial assets and maturity, and willingness to participate in the study.

Data Collection

Data collection began with review and synthesis of written material and continued with on-site work, which consisted of 10–12 interviews per site. Using materials received from each site, as well as materials from the Council on Foundations (COF) and other public sources, case outlines were created. The materials requested included annual reports for the years 1992–1998, strategic plans, and evaluation materials (protocols, philosophy, reports, manuals, etc.). The Council on Foundations database and the Columbus Foundation Annual Survey (1997, 1998, 1999) were checked to gain an overall picture of the community foundations and their relative position with other community foundations across the country.

Specific documentation, as well as materials from the Council on Foundations (COF) and other public sources, was reviewed to substantiate the interview data. The COF database was used to gain an overall picture of the community foundation standings. Annual reports from The Ford Foundation, The Robert Wood Foundation, and The Lila Wallace–Reader’s Digest Fund were reviewed for corroborating evidence. Each annual report discussed the initiatives from their perspective, offered insights on purposes of the initiatives, and evaluation findings.

The majority of the data was collected via qualitative interviews with 30 respondents in the three communities. These were one-on-one personal interviews with Community Foundation CEOs, Development Officers, Vice Presidents, Program Officers, Board Chairs, Distribution Chairs, grantees, and partner organizations’ representatives. In Kansas City, 12 interviews were conducted. In St. Paul, nine interviews were conducted, and nine in the Community Foundation for Southeastern Michigan. Anonymity was guaranteed to all interviewees. Differences occurred with varying depth and length of responses, processes, and methods used by the three community foundations.

All interviews were conducted using a standard protocol, i.e., it was important to have consistent questions across each site so that comparisons could be made about the three sites. The questions asked were:

1. What community change initiative and/or activities is the community foundation engaged in?
2. How is the change work being accomplished?
 - (a) What was the need for the change and how was it identified?
 - (b) How did the community foundation decide among competing needs to focus on these activities/initiatives?

3. How does the community foundation report out the changes as they occur?
 - (a) For organizational accountability?
 - (b) For organizational improvement?
4. Who is involved with the community foundation in implementing the change activities/initiatives?
 - (a) Who still needs to be involved?
 - (b) What are the barriers to their involvement?
5. What changes are taking place as a result of these activities/initiatives?
6. What evidence do you have that supports the
 - (a) Positive changes?
 - (b) Negative changes?
 - (c) Unanticipated changes?
7. What new opportunities are occurring in the community foundation as a result of the changes in the community?
8. What internal and/or external resistance has the community foundation encountered?
 - (a) At what stage of the initiative?
 - (b) How was the resistance addressed?
9. What environment factors were affecting change?
 - (a) Devolution
 - (b) Other funders
 - (c) Nonprofit accountability
 - (d) Donors
 - (e) Community needs
 - (f) Other

10. How is the community foundation different now than it was 5 years previously, relative to:
- (a) Donor relations?
 - (b) Grantee relations?
 - (c) Community relations?
 - (d) Others?
11. What has the community foundation learned as a result of organizational evaluation?
12. How is the community foundation using these learnings?

Data Analysis

“Qualitative methods often provide rich illustrative materials which can heighten the persuasive power of evaluation results” (Broughton, 1991, p. 463). All data provided by the community foundations, as well as information gained through interviews were organized and analyzed. The taped interviews were transcribed to ensure accuracy of the information. The categories of the research and the conceptual framework provided the initial coding scheme. The interview data elaborated on the general themes, adding greater specificity and identifying relevant materials often developed and used exclusively by each community foundation.

The transcripts were reviewed using a cut and paste methodology, so that data could be organized into categories, themes, and patterns. These themes and patterns were reviewed against the relevant literature to determine consistency with the literature and points of departure until the overall conclusions were verified and supported.

Limitations of the Data

The reader should exercise caution in generalizing the results since they were based on three case studies. The communities were not randomly selected and the results are not representative of all community foundations. The case study results can be shared broadly with other community foundations as illustrations of how evaluation and learning can occur in community foundations. In this way, other community foundations and those interested in their growth and development will be able to have information about what worked and about ideas that they might want to adopt. They will also be able to compare their uses of evaluation to community foundations that are considered to be leaders.

The Subjects

The Greater Kansas City Community Foundation and Affiliated Trusts

The Kansas City Community Foundation was established in 1978 by a group of civic leaders with an investment of \$296.13. In 1986, the community foundation merged with the Kansas City Association of Trusts and Foundations to become the Greater Kansas City Community Foundation and Affiliated Trusts. Today, the community foundation encompasses seven affiliated trusts, three supporting organizations and serves 1.5 million people in the metropolitan area covering two states and a five-county region in Kansas and Missouri.

During its 20 years of existence, The Greater Kansas City Community Foundation has experienced significant growth in its combined asset base from \$296.13 to \$550,000,000 at the end of 1997. Significant growth has also occurred in the Kansas City Community Foundation's influence on change making. As this

investigation will show, this came about, initially, due to strong community alliances fostered and supported by the community foundation in response to documented community needs, continuous dynamic leadership of the CEO who has served since 1986, and a 24-member board of directors committed to the metropolitan area.

The Saint Paul Foundation

In October, 1940, the Saint Paul Foundation began when the St. Paul Association of Commerce formed a committee to ascertain the city's welfare needs. Committee members sought a way to use private philanthropy to supplement the public funds poured into government welfare programs in the 1930s that were diminishing. As the needs of the community changed, The Saint Paul Foundation continued to provide leadership focusing on a vision of a healthy and vital community in which all people have the opportunity to enhance their lives and the lives of others. The area includes the Minnesota counties of Dakota, Ramsey, and Washington, and is rich in social institutions, traditions and a spirit of growth and idealism.

Its 17-member board has seen steady asset growth. The Saint Paul Foundation had assets of \$4 million in 1970, and hired the first staff in 1974. The Saint Paul Foundation has had the continuous service of its CEO since 1974. The CEO is credited with the leadership and foresight that makes The Saint Paul Foundation the largest community foundation in Minnesota. The Saint Paul Foundation also supports the Minnesota Foundation, a statewide community foundation. Together, The Saint Paul Foundation and the Minnesota Foundation have combined assets of more than \$500 million. The Saint Paul Foundation also provides staffing and support for two private foundations, the Mardag and Bigelow Foundations.

The Community Foundation for Southeastern Michigan

Previously, the Detroit Community Trust was organized in 1916, but its growth was limited with no one person or group providing leadership. The Economic Growth Corporation, in the early 1980s realized that with mergers and acquisitions and businesses leaving the area, that there were fewer and fewer corporate centers and company headquarters in southeast Michigan. The Community Foundation for Southeast Michigan was created in 1984 as a permanent endowment built by gifts from hundreds of local citizens committed to the future of southeastern Michigan. The community foundation serves the seven counties of southeastern Michigan, having a combined population of approximately 5 million. The foundation was designed as a regional community foundation in order to cross boundaries on issues such as the tax base, healthcare, transportation, bureaucratic jealousies, inefficiencies, and overlaps.

The Kresge Foundation committed a \$5,000,000 challenge grant if the community foundation organizers could raise matching funds. Forward thinking program development, partnerships and strategic alliances, and a strong fiscal growth trajectory from \$15,081,407 in 1988 to \$232,000,000 in 1998 have characterized the first 15 years. The *11th Edition of The Michigan Foundation Directory* ranks The Community Foundation for Southeastern Michigan as the 10th largest foundation of Michigan's 1,468 foundations, and the second largest community foundation in the state after the Kalamazoo Foundation. The CEO has 13 years of service, having served previously in staff positions at two other community foundations. The community foundation describes itself as young, entrepreneurial, looking for opportunities, needing to find partners for everything it does. The Community

Foundation for Southeastern Michigan has gained visibility and credibility as a result of initiatives undertaken.

CHAPTER IV

PRESENTATION OF FINDINGS

The study examined The Greater Kansas City Community Foundation and Affiliated Trusts, The Saint Paul Foundation, and The Community Foundation for Southeastern Michigan, three community foundations which developed and used evaluation as a significant component of their organizational strategies for accountability, organizational change and effectiveness.

As previously stated, this study addressed the following questions:

- 1. When the financial resources were given to an intermediary organization such as the community foundation, what processes does the community foundation engage in to meet (a) the needs of the donors (Applebaum, 1996); (b) the needs of the recipient organizations (Kettner & Martin, 1996); and ultimately (c) the needs of the community they serve (Clotfelter, 1992)?**
- 2. How were planning and evaluation used throughout the organization with multiple stakeholders, to accomplish multiple objectives?**
- 3. What should be expected along the way in both human and financial costs associated with implementing an evaluation system that supports organizational learning?**

Overview of the Subjects

The Greater Kansas City Community Foundation

Kansas City, Missouri is a vital urban hub. The bi-state of Kansas and Missouri area is a western-style complex of multiple downtowns, bedroom communities, and shopping malls, rimmed in all directions by farmland. The area still has vestiges of the Civil War, including descendants of plantation owners and slaves. Kansas City has an excellent economy with an agricultural base. Ninety-five percent of the businesses are small businesses committed to the community; there are few large headquarters located in Kansas City. As one civic leader noted, "The Kansas City metropolitan businesses have realized that if they do not get involved in community development, they are not growing their next generation of employees."

The majority of dollars to support the community foundation are raised in Missouri and invested in Missouri. As the community foundation has grown, a new focus on reaching the entire service area has become of paramount concern since wealth and need are in different sectors of the regional community. In 1996, grants totaled \$34 million, nearly the amount the local United Way campaign collected for nonprofit agencies in the five-county area. In 1997, the foundation's total grants more than doubled, to \$72.2 million, and combined assets were in excess of \$550 million. In 19 years, the foundation distributed over \$250 million in grants. The community foundation was second in grant making only to the New York Community Trust.

According to the Greater Kansas City Community Foundation 1997 Annual Report, the mission of The Greater Kansas City Community Foundation is to be the charitable resource for Kansas City—to "make a positive difference in the lives and

future of the people in greater Kansas City through grantmaking, advocacy, support of the not-for-profit sector and promotion of philanthropy for the benefit of the community.” Community foundation staff and community members described the community foundation’s board and leadership as risk-takers and entrepreneurial, an unusual stance for nonprofit organizations or philanthropy.

The community foundation wants to be the charitable giving resource—the organization everyone looks to for answers about giving. The Greater Kansas City Community Foundation board and staff believe that it best meets the needs of its constituencies through increased focus on the donor and increased donor services. Donor services include assuring that high quality services reach all funds; and developing a personal approach to charitable giving for donors by connecting them to their philanthropic interests while deepening their understanding and broadening their perspective about community needs and issues.

Six community change initiatives were reviewed during this study where an outside evaluation had occurred during the initiative’s life cycle. The six initiatives reviewed were (1) Project NeighborHOOD, (2) YouthNet, (3) Youth Friends, (4) the Partnership for Children, (5) the Community Arts Initiative, and (6) Arts Partners. Each of the initiative selection decisions came after convening stakeholders, conducting studies, and discussions with affected groups.

The Saint Paul Foundation

In 1949, Annie Paper left a \$5,000 trust, becoming the first donor to the Foundation. For the next 20 years, the Foundation focused most of its efforts on building upon this initial gift and accumulating assets in the forms of trusts and bequests. As these bequests were received, the Distribution Committee began making

grants. In 1952, the first grant for \$400 was awarded to the International Institute to buy materials for prospective citizens.

In Minnesota, communities of color grew by 72% between 1980 and 1990, with the highest concentration of growth occurring in the metropolitan areas of St. Paul and Minneapolis. Twenty-five years ago the population was 95% Caucasian, with a relatively stable African-American population having roots in St. Paul since 1868; and a smaller Latino population comprised mostly of migrant workers from Mexico. During the last 20 years there has been an influx of persons from Southeast Asia. Today, St. Paul has the largest Hmong population formerly from Laos in the United States. Well over 60% of the children in the public schools are children of color. More than 23% of the students in the early grades are Hmong. Saint Paul is projected by 2010 to be approximately 40% Caucasian, 20% African Americans, 20% Asian American, 20% Latino, and a small percentage of Native American (U.S. Bureau of the Census, 1999). The community foundation staff believes that no ethnic group appears likely to dominate others; therefore, a proactive strategy is essential to building a community responsive to all its diverse voices.

The mission of The Saint Paul Foundation is to “actively serve the people of the greater St. Paul area by building permanent charitable capital, making philanthropic grants, and providing services that contribute to the health and vitality of the community” (Saint Paul Foundation, 1997a). This is done by working with donors to achieve their philanthropic goals, managing responsibly the Foundation’s assets, encouraging and participating in community initiatives and partnerships, broadening the base of effective leadership in the community, building awareness of the role of philanthropy in meeting the needs of the community, and providing services to other charitable organizations.

The Saint Paul Foundation has been actively engaged in all aspects of its mission. The evaluation of various programs and initiatives provided the basis for determining its identity and culture. The programs reviewed as part of this research typify how The Saint Paul Foundation engaged with multiple stakeholders to do its work. Each program/initiative reviewed was also evaluated, either internally or externally. Braced for greater diversity in the next millennium, The Saint Paul Foundation decided to face the challenge head-on by tackling diversity and anti-racism issues.

The Community Foundation for Southeastern Michigan

Within the seven counties, there are many distinct local communities that face issues and challenges unique to their areas. Detroit, the largest city in the region, is undergoing massive changes. After years of stagnation, new mayoral leadership resulting in new opportunities for both the city and the region tied to it. The urban core has become more African American and the suburbs have stayed predominately white. With new changes such as the Empowerment Zone designation, there is optimism that changes will occur. Livingston County, a blend of rural and suburban neighborhoods, is one of the fastest growing counties in the state.

The Strategic Plan 1996–2005 stated that the mission of The Community Foundation for Southeastern Michigan is

to exist in perpetuity to enhance the quality of life of the citizens of southeastern Michigan. The foundation, in its stewardship role, seeks, accepts and administers funds entrusted to it by people of various means, and by other institutions. The Foundation identifies creative and innovative approaches to community problems and provides financial grants and other support to meet the associated needs and opportunities. In its leadership role, the Foundation promotes philanthropy and uses its resources to stimulate actions for long-term community betterment. (Community Foundation for Southeastern Michigan, 1995a, p. 23)

The Community Foundation for Southeastern Michigan used “community conversations” to create excitement and build positive momentum. Rather than speak about change, they asked, “How can we move the community?” Their partners of nonprofit organizations and other foundations work with them to incrementally move the community forward. They “try to make the community smarter on issues,” to be “not only a resource for money but a resource for ideas.” For purposes of this research, the following initiatives were reviewed, Family and Neighborhood Initiative, Substance Abuse Prevention, the Van Dusen Challenge, and the Touch the Future Initiative.

Findings Keyed to the Research Questions

Research Question 1

When the financial resources were given to the community foundation, what processes did the community foundations engage in to meet the needs of the donors, the needs of the recipient organizations, and ultimately, the communities they serve?

The resources to support the three community foundations came from a variety of sources including wills and bequests, unrestricted gifts, field of interest funds, donor advised funds, grants from other foundations, and fees for services. The timing and source of support affected the processes since, according to staff persons, each donor had different expectations for how the resources would be used. Unrestricted funds were given with the expectation that the community foundation had knowledge of both community need and service providers, and would be accountable for the best use of the funds. Field of interest donors were concerned

about a specific area such as education, health, or social services. The donor identified the major area and, as in the case of the unrestricted gift, allowed the community foundation to make subsequent decisions (Rhine, 1993). The donor of an advised fund determines the priorities, agencies, and amounts of funds allocated.

As discussed in Chapter II, the public support test, adopted by the IRS in 1977 required community foundations to bring in new donors each year (Margo, 1992). "This gave rise to donor advised funds and special interest funds through which donors might continue to influence the use of their money" (Hammack, 1989, p. 42). Moreover, because these community foundations allowed donors to specify the purposes to which their gifts may be used, they were faced with the challenge of coordinating individual wishes so that an overall pattern of needs may be met.

The three community foundations studied used multiple evaluation techniques to meet the needs of donors, recipient organizations, and the community, including: (a) involvement of key stakeholders, (b) grant review and monitoring processes, (c) special evaluation projects/ initiatives, (d) building the evaluation capacity of the nonprofit sector, and (e) evaluation communications to serve their multiple constituents.

Involvement of Key Stakeholders

Struckhoff (in Newman, 1989) warned community foundations to be prepared to justify their privileges as public charities and "to build adequate staffs, to fulfill the need for broad-based participation, and to provide leadership in support of private philanthropy" (Newman, 1989, p. 86). In this way, he said, community foundations would "encourage greater participation by the involvement of more citizens in foundation efforts" (Newman, 1989, p. 86).

The community foundations used the basic tenets of empowerment evaluation, including convening and developing coalitions, collaborations, and partnerships, to ensure the selection of the “right” issues to support. Given the multiplicity of issues and the relatively small amount of funds available for distribution, the community foundations decided among competing issues to determine funding areas. They brought together different ideas and points of view, facilitated learning and dialogue on important issues and fostered a sense of community (Rainbow Research, 1989).

Fetterman (1993) advocated empowerment evaluation as a way to help program participants evaluate themselves and their programs to improve practice and foster self-determination. The people involved develop skills to become individual problem-solvers, self-evaluators and reflective. Empowering processes at the organizational level include shared leadership and decision-making (Fetterman, 1993, p. 4). Fetterman argued that such processes were democratic, invite participation and the outcomes included organizational networks and effective resource acquisition. These empowering strategies used by the community foundations included “expanding community vision on issues; exerting leadership to involve stakeholders in community-wide discussions and problem solving; and leveraging assets of the community” (Frazier, 1989, p. 38). Involving diverse stakeholders became an essential part of their work to focus on all constituent groups.

Convening diverse community groups, whether other philanthropists, donors, donor advisors or nonprofit organizations, was an essential evaluative process for these three community foundations. No project, no matter how large or how small, could be done by the community foundation alone, according to one CEO. It was not just a resource question. The CEOs and staff engaged in conversations with board

members about the priority of an issue, and whether it appeared to have a chance of reasonable success given reasonable effort. The community foundations worked to build the partnerships, coalitions, and collaboration. Some were strategic—they finished a project and moved on—such as the energy initiative undertaken by the Community Foundation for Southeastern Michigan. Some were longer lasting, such as the literacy project in St. Paul and Project NeighborHOOD in Kansas City.

The Greater Kansas City Community Foundation. For Kansas City, stakeholder involvement was demonstrated through the Project NeighborHOOD—Kansas City’s comprehensive plan to reduce substance abuse in the central cities. The Robert Wood Johnson Foundation awarded Kansas City a \$3 million “Fighting Back” grant to fund a detailed action plan for dealing with substance abuse as a public health problem, not a law enforcement problem. Robert Wood Johnson awarded 13 grants from a field of 331 applicants nationwide. Kansas City displayed an “uncommon level of community support” in its grant application (Greater Kansas City Community Foundation Annual Report, 1991–1991). Project NeighborHOOD received other collaborative funding, including a \$500,000 grant from the community foundation administered by the Carrie J. Loose Trust.

One neighborhood activist said in the 1991–1992 community foundation Annual Report: “As a result of this collaborative, we now have shared ownership of a common vision and a vehicle for addressing the problems of substance abuse in our community” (Greater Kansas City Community Foundation, 1991–1992). In 1993–1994 the community foundation’s Annual Report highlighted Project NeighborHOOD’s outreach efforts of mobilizers who work directly with neighborhood residents affected by the fallout of substance abuse. Fourteen thousand

individuals were encouraged to enter treatment or participate in prevention programs. As a result of Project NeighborHOOD's lead, Kansas City built a system of neighborhood Community Action Network (CAN) Centers. CAN Centers were staffed by two community police officers that patrol on bicycles, a city property codes inspector, and a Project NeighborHOOD facilitator trained in substance abuse/prevention services. The City Council assured the success of Community Policing by including the program in the city's annual budget. "In both public policy and public attitudes, our ultimate goal is to focus attention on children's needs and to make society more responsive to those needs" (Greater Kansas City Community Foundation, 1991-1992).

The Saint Paul Foundation. The demographics of the area is changing, bringing about a recognition that "community foundations need to be more open to new ideas from multiple segments of the community, more inclusive at the board and staff level, and recognize that other groups can participate as philanthropists" (Council on Foundations & The Association of Black Foundation Executives, 1993, p. 13). The definition of stakeholder was expanded to include traditionally minority or underrepresented groups. This concept was best captured in the 1997 Annual Report of the Saint Paul Foundation, which stated:

All members of the community share responsibility for achieving a healthy and vital community. The community is strengthened when people of diverse backgrounds participate in meaningful partnerships. The cultural and ethnic diversity of our community should be reflected in all of its institutions and processes. All people must be treated with fairness, dignity and respect. Achieving positive community change requires long-term investment and thoughtful commitment, risk-taking. (Saint Paul Foundation Annual Report, 1997a)

The Diversity Endowment Funds created permanent resources through which the Twin Cities' diverse communities of color could partner with the Foundation

(Saint Paul Foundation Annual Report, 1995). The Saint Paul Foundation recognized that the Diversity Endowment Funds, established in 1992, had to demonstrate more than an opportunity to make community specific grants, but that the communities of color needed to participate in the full range of philanthropic activity. The Diversity Endowment Funds each undertook a community needs assessment, raised endowment funds and developed grantmaking programs. At the end of 1995, the assets of the Common Diversity Endowment Fund and the four specific diversity funds were \$3.5 million. The groups made their first grants in June of 1996 totaling \$234,551.

The Community Foundation for Southeastern Michigan. The State of Michigan appropriated resources from Michigan's share of the Exxon Oil overcharge restitution settlement and created the State Energy Conservation Program (SECP). The Community Foundation for Southeastern Michigan and 13 other community foundations, statewide, cooperated to increase the availability of energy conservation and programs to local nonprofit organizations. The Community Foundation for Southeastern Michigan received \$1.1 million, requiring a dollar-for-dollar match by private sources. The community foundation raised an additional \$3,000,000 from five major donors. The funds were made available to nonprofit organizations and needy residents through extensive partnerships involving multiple funders and multiple recipients.

One community leader affirmed that the program strategy was based on articulating that "the largest asset in many nonprofits is their building." Problems such as energy waste and inadequate building maintenance drain resources and take away the ability of nonprofit organizations to support their programs and services

effectively. Using five strategies, the Community Foundation for Southeastern Michigan reached many stakeholders across the seven county region.

General energy initiative program grants were made for creative and innovative energy conservation projects. Technical assistance grants were made to conduct detailed facility analyses, establish performance contracting or shared savings, or engage technical expertise to conduct detailed analyses of the homes of low-income residents. Energy initiative capital grants were made to organizations that underwent the above-mentioned analysis for projects that had an energy savings payback of ten years or less. Nonprofit organizations were required to find other financial supporters to qualify for capital grants. Through the energy initiative local program, nonprofit organizations were able to borrow up to \$100,000 from four local banks for the purchase and installation of energy conservation measures for their agency or for the homes of low-income residents. The community foundation subsidized the rate of the loans up to 3%. Not only were nonprofit organizations direct beneficiaries, but low income and senior residents benefited directly as well.

Grant Review and Monitoring Processes

Community foundations have limited funds and expertise, and cannot invest in all possible areas of endeavor. Grants were made in response to applications and in compliance with stated wishes of donors at the time gifts were made to the foundation. The major portion of the grantmaking budget comes from advised, designated, and scholarship funds, all nondiscretionary money. It is a complicated process—allocating the income of one fund to various purposes and different fields of interest (Metcalf, p. 7).

“Once the community foundation knows its priorities—outcomes it wants to achieve within an issue area—it can embark on a program of grantmaking meant to achieve those outcomes” (Rainbow Research, 1989, p. 16). The community foundations studied rely on staff, primarily, and/or the grants review committee to determine the quality of the grantee organizations and to determine if the programs fit into defined areas. All the community foundations have broadly defined strategic focus areas where they commit funds. As these three community foundations have become more proactive in their grantmaking, evaluation helped to set priorities among goal areas competing for attention. Their strategic plans were clear and direct about the outcomes the community foundation was seeking to achieve. Clear and explicit focus areas allow community foundations to get closer to the areas where they want to have impact, whether that be capacity building for nonprofit organizations, improving the quality of life, providing community service or community improvement or targeted services to and for youth.

The grant review process is where the community foundation communicates with the nonprofit organizations. They have developed criteria for grantmaking, including which areas will be funded, and what areas were outside the purview of the community foundation. Each grant application asked for some modest level of evaluation. Staff and volunteers were in agreement that a clear evaluation of project applications determined the extent to which the proposed project fit within a community foundation program. Evaluative criteria were focused on the importance and contribution of the project and the likelihood of its success.

Once a grant was awarded, staff and volunteers conducted monitoring or site visits to determine if the grantee was achieving the agreed upon outcomes. While monitoring is not evaluation, monitoring is an opportunity to observe first hand what

is happening during the life of the project, builds on the relationship and can inform the evaluation.

The Greater Kansas City Community Foundation. The Greater Kansas City Community Foundation has approximately \$2.3 million available for unrestricted grantmaking. The majority of the unrestricted dollars was used to support initiatives. The management committee comprised of all officers and the past board chair, meets four times per year to review grants. The Board of Directors, which also meets four times per year, ratifies grants over \$100,000. When grant requests need immediate attention, the management staff or CEO has discretionary power for approving grants up to \$10,000.

Program officers developed *Guidelines for Grant Seekers—1999* (Greater Kansas City Community Foundation, 1999) to acquaint prospective grantees with processes, due dates, areas of interest, typical grants and whom to contact. The guide contained information about specific initiatives underway and eligibility criteria. Finally, the guide provided assistance on the grant proposal, program logic model and outcome measurement framework. The evaluation section is clear and includes explicit examples to assist prospective grantees.

In *Guidelines for Grant Seekers—1999*, staff reported:

The Greater Kansas City Community Foundation is committed to evaluation as a strategy for: (1) increasing the capacity of the non-profit community to understand and articulate the measurable impact of their work on Kansas City families, (2) demonstrating to donors how their individual dollars make a difference in our community, and (3) improving our grant-making process by increasing our capacity to make effective and informed decisions. (Greater Kansas City Community Foundation, 1999, p. 4)

Agencies seeking grants under \$10,000 receive community foundation support for outcomes identification prior to grant approval. The successful agencies sent final

reports with pictures, client stories or letters to the community foundation as evaluation documentation. Agencies seeking grants of \$10,000 to \$50,000 received community foundation staff support for outcomes identification prior to grant approval. The successful agencies submitted interim and final reports tied to outcomes in grant proposals.

During an interview between a program officer and the executive director of a fledgling nonprofit group, the Executive Director passionately stated her program's development, growth, and future opportunities. She discussed the organization's outcomes, both programmatic and fiscal. The agency, unlike many start-up organizations, was operating on a 5-year plan with a built-in evaluation process. Throughout the dialogue, the program officer asked questions and focused the conversation on realistic future undertakings of the organization.

Toward the end of the meeting, based on information presented and previous reports, the program officer asked the Executive Director to submit a proposal to one of the Trusts managed by the Community Foundation. The program officer was knowledgeable about the purposes of the trust and had requested the meeting to check out her initial impressions of changes occurring at the nonprofit organization. During a postmeeting debriefing, the program officer shared how she researched both the purposes of the trust, whose donor has deceased, and the nonprofit agency. Community foundation staff ascertained that it is necessary to keep abreast of what occurs at agencies, changing community needs, and specific donors' wishes. In related areas, there has been growth in agency endowments and scholarship funds. Nonprofit organizations recognize the need to be more systematic in planning for their own futures. Both donors and nonprofit endowments are the kind of

partnerships that this community foundation thrives on. Scholarships are ways to honor family members and assist individual students at the same time.

While grantmaking at Greater Kansas City Community Foundation grew to \$72.2 million in 1997, the bulk of that grantmaking was restricted by the donors' desires. Donors focus on resolving an individual issue or individual needs. They were more specialized in their giving and less willing to give to agencies' operating expenses.

The Donor Connection was created so those donors learn about nonprofit organizations, their needs and expand opportunities for giving charitably. There is no guarantee those nonprofit organizations will receive awards through the Donor Connection. Three or four times per year, nonprofit agencies submitted proposals to the foundation, which will be shared with donors. The proposals were screened by staff and distilled into one-paragraph summaries, categorized by focus areas and compiled into a document entitled *The Donor Connection*, which is mailed out to the 800+ donors who may choose to support parts or all of the requests. The community foundation serves as a broker between donors and nonprofit organizations.

In correspondence to the donors, community foundation staff stated:

Each agency listed below has submitted a more detailed request to the community foundation which staff has reviewed carefully. Site visits and in-depth research may not have been conducted on each proposal. However, staff is willing to do this on a particular program or agency at your request. Please call your fund manager . . . or visit the community foundation's website at www.gkccf.org for additional information. . . . Donor names or addresses have not and will not be shared with applicants. Should you happen to receive an additional solicitation from an agency, please feel confident that it is unrelated to this process.

The Saint Paul Foundation. The Saint Paul Foundation's earliest evaluation plan focused on grant evaluation. In 1987, The Saint Paul Foundation developed an

evaluation plan for itself including: (a) evaluation forms, (b) various new forms to facilitate the evaluation/reporting process, and (c) recommended revisions of existing forms to accommodate the evaluation plan. The Saint Paul Foundation decided to use the elements of an evaluation model taught at the University of Minnesota. Portions of this model were described in *Sourcebook: Program Evaluation* (1983) by Brinkerhoff, Brethower, Hluchyj, and Nowakowski. The model focuses upon five major questions: Who are the *audiences for the evaluation information*? What *concerns* or information needs does each of these audiences have? What specific *questions* should be addressed by the evaluation? What *information* is needed to answer these questions? and What *methods* should be used to gather this information?

The proposed plan was based upon the information required for each grant file at three different stages or phases of a grant—pre-grant, current grant, and post-grant *and* for three kinds of grants—standard grant, innovative-Level I grant, and innovative-Level II grant. Standard grants require descriptive information and innovative grants require judgmental information.

Standard refers to those grants that The Saint Paul Foundation wishes to monitor but do not require any judgments about the value of the project. Types of grants that were called standard were the designated/donor advised category as well as annual general operating, capital, and program-related investments (PRI).

Innovative grants were those limited operating, special project and studies/evaluation that were of an experimental nature and of a high priority for the Foundation and the community. The Foundation wished to learn as much as it could about the impact and effectiveness of these grants. Level I grants were initially defined as those less than \$10,000, while larger ones were labeled Level II. In

general, judgmental evaluation evidence for Level I grants was the responsibility of the grantee while external evaluation was required for Level II grants. Out of the planning, emerged the handbook *Evaluating Foundation Programs and Projects* (Stockdill & Stoehr, 1989).

The Saint Paul Foundation program officers discussed the development of evaluation plans with applicants following the Letter of Inquiry stage, have their applications submitted for Board review and with grantees who need additional help. Staff offered a descriptive short document, *Developing an Evaluation Plan: A Step at a Time* to help applicants think about evaluation. Staff of the Saint Paul Foundation developed guidelines for grantees' interim and final reports, which helped them tie the intended outcomes, activities and information collection outlined in their evaluation plans to their written documentation.

The Saint Paul Foundation attempts to find out whether the project accomplished what it was supposed to, to find out whether those affected actually felt they benefited, and to make sure the donors feel their concerns were addressed. Not all projects work out well. One staff member said "If something doesn't work, we'll correct it, we'll work at it. We'll keep moving. Over time, we've learned that process evaluation is a critical step to outcomes evaluation."

The Community Foundation for Southeastern Michigan. The community foundation made 1,720 grants totaling more than \$15 million in 1998 (Community Foundation for Southeastern Michigan, 1999). The majority of the grantmaking resources come from special projects/initiatives. As a new and relatively young community foundation, the Community Foundation for Southeastern Michigan operates targeted grantmaking programs, a combination of its

grantmaker/grantseeker roles. Clusters of grants are grants that have a similar purpose and may be funded by a specific donor. Examples included the Pistons Palace Foundation's PARKS Program, the Kellogg Youth Initiative, and the faith-based Family Development Program. The Pistons Palace Foundation wanted to improve recreation in the core city by refurbishing 35 parks. The community foundation, as a public charity, received the funds from private foundations and assumed work for construction and inspection.

The Community Foundation for Southeastern Michigan has provided grants to churches through The Family Development Program in Detroit and Highland Park for the past 12–13 years. The purpose of the program was to assist churches in developing creative solutions for families. These were small church congregations, and the average size of the award is \$5,000. The community foundation provided hands-on technical support, including grant writing assistance and monitored the grants. The community foundation staff provided training on program development to the 19 churches involved in the collaboration. Now some pastors can provide the training as well. The pastors from all different congregations' worked together as screener and decision-makers. They made funding recommendations to the Board of Directors. Staff has observed growth in operations of individual programs and more ownership of the process by the churches. The community foundation has gained more visibility in this part of the region.

The community foundation does not evaluate every program. The average size of their unrestricted grants is \$25,000. The process begins with communicating with communities through grant guidelines. The guidelines were written in simple laymen's language. They send out fliers announcing availability of grants and inviting

people to participate in community conversations or training prior to submission of an application.

Applications receive initial staff scrutiny. If parts were missing or incomplete, staff go back to prospective grantees for hands-on work in order to make the best presentation. According to the grants review committee members, "We don't want to overlook legitimate needs if someone forgot to dot an 'i.'" They use a teamwork approach with the applicants. Staff supports an all volunteer committee through interrelationships between staff and volunteers. Staff evaluates proposals and conduct due diligence for the organizations requesting funding. Board members interviewed agreed that:

This is a terrific staff. They compile systematic information on organizations whether they are applying for grants or not. Our business is to know who they were, and what they provide, how it fits with community need. That's a service we provide to our donors.

The Community Foundation for Southeastern Michigan, as part of the *Final Evaluation Guidelines*, requires an evaluation of the program focused on "Were the objectives of the program met?" Sometimes, they conduct a post-grant evaluation of major initiative by bringing together the funded organizations and asking the questions: "Does our money really meet the need that you have?" and "Have we targeted it [the money] in the right direction?"

Special Evaluation Projects/Initiatives

"Communities cannot be rebuilt by focusing on their needs, problems, and deficiencies. Rather community-building starts with the process of locating the assets, skills and capacities of residents, citizens, associations and local institutions" (Kretzmann & McKnight, 1993, p. 17). Community initiatives have been found useful

(a) to broaden the ownership of solutions to pressing community problems, (b) to expand the pool of resources available for addressing community problems, and (c) to strengthen the community's capacity to respond to its problems (Rainbow Research, 1991, p. 7). "Community foundations know the territory, have time-tested relationships with nonprofit service providers and other agencies, work well with government and business networks and—perhaps more importantly—can attract local funds to augment national funder grants" (Council on Foundations, 1995, p. 3).

This programmatic shift for community foundations underscores a need for planning and evaluation. Scriven (1993) stated "evaluation should be arranged by program management and program officers as part of good management of the program" (p. 90). Evaluation can be the link that determines if agreed upon plans were carried out, how they may change over time, and how the community initiatives achieve desired outcomes and impact.

The Greater Kansas City Community Foundation. The National Coalition for Children targeted Kansas City as a lead city addressing the intertwined issues of drugs, violence, poor health care, poor education and the many threats to a happy and productive future. Recognizing the need for multiple strategies to work with youth serving agencies, the Partnership for Children was created in 1991 to improve conditions for children and youth by mobilizing powerful new voice in the community to work on their behalf. The Partnership for Children operated as a partnership between Greater Kansas City Community Foundation and the Heart of America United Way and stands for the principle that children were our most valuable and vulnerable natural resource. The mission statement reads:

to secure from every citizen of our community the highest regard for the care and treatment of children and their families; to define, elicit, and measure

desirable behaviors consistent with that attitude – displayed by precise actions which are validated by measurable behavior showing that Kansas City's commitment to its community starts with a commitment to its children. (Partnership for Children, 1998)

The United Way board chair, in the 1991–92 Annual Report stated, “The Partnership for Children will allow us to move from a reactive approach to a preventive approach. Together, we will bring about meaningful change of children and families throughout the Kansas City area” (Greater Kansas City Community Foundation, 1991–1992).

Kansas City wants to become the Childhood Capital of America, the place people choose to raise children. Kansas City developed a *Report Card and Briefing Book* as a means of assessing the 1991–1992 status of children and setting the benchmarks for future programs. The initial report card was based on solid statistical data from the five-county metropolitan area, as well as input from the local community. Annually, these reports documented the status of children and youth in Greater Kansas City and encouraged actions to improve children's lives. In 1993, the Partnership gave the metropolitan area an overall grade of D+ in the areas of safety and security, health, childcare, education, and teen years. In efforts to ameliorate conditions outlined in the report, the Partnership focused on two key goals: to immunize fully all children under two by 1996 and to assure quality and affordable child care by the year 2000 for all families who need it. Efforts also began on the third major goal: to work to end violence against and among youth in the five-county metropolitan area (Greater Kansas City Community Foundation, 1993–1994). The 1998/99 *Report Card and Data Briefing Book* gave the community a C+, down from a B- the previous year. The decline is discussed extensively with supporting data. Some examples included an increase in infant mortality rates, lower achievement test

scores, fewer teens graduating from high school, higher consumption of alcohol and other illegal drugs, and an increase in the murder rate.

The Partnership for Children, as part of its advocacy strategy developed the multi-media campaign, "Is it good for the children?," as a guiding principle for all community decision-making. The trademarked and copyrighted \$700,000 media campaign coupled with grass roots organizing and action has begun to show results. It has been used by school boards to promote passage of bonds. Citizens groups and politicians have used it. Recently, it was used in a dispute with the United Way, which resulted in the Partnership for Children deciding to become a 501(c)3 organization. As a 501(c)3 organization, the Partnership will have the ability to operate in perpetuity, and to be more autonomous.

In 1998, delegates from the Robert Wood Johnson's Urban Health Initiative visited Kansas City to learn about the Partnership for Children. According to Laura Scott (1998), Assistant Editorial Page Editor of *The Kansas City Star*:

Kansas City introduced these delegates to the people who were making the difference. Leaders in the business, philanthropic and faith communities; the nonprofit and government sectors; and in children's advocacy shared what they had learned from the many efforts being made on behalf of children in this community.

The willingness of Kansas Citians to share their experiences—warts and all—was one of the reasons to be proud of this community. . . . Kansas City was asked by the [Robert Wood Johnson] foundation to be the informative example of how a community can undertake a broad-based goal helping children through

- A collaboration of community interests—youth, urban and suburban residents, the faith community, those in education, businesses and health-care groups—working on the problem.
- A lasting commitment of support and technical assistance from a variety of sources.
- Locally set priorities that are based on that community's understanding of what it needs to improve the status of its children. (p. B7)

She further reported that the community has learned that progress takes time. It has learned that it must develop innovative funding ideas to secure financing from several streams. It has learned it has to communicate its message capably in order to wake up a sleeping public to become involved.

The Saint Paul Foundation. Approximately 18 years ago, a University of Minnesota study on the status of illiterate adults helped The Saint Paul Foundation harness funds and build coalitions to address this community issue. The program emerged as a series of experiments such as “if you added counseling and computers, adults become literate faster.” For the past 15 years, the Saint Paul Foundation has supported efforts to improve adult literacy instruction. TLC began in a hopping center and evolved over the years. Two of the latest literacy projects are the Ronald M. Hubbs Center for Adult Learning (the Hubbs Center) and the Community Literacy Collaborative (CLC). The Hubbs Center opened in 1994 and provides a wide range of adult literacy instruction in conjunction with social services co-located at the center. The CLC is a loosely structured collaborative of community-based providers of literacy services who seek to improve the quality of instruction and to create ways to develop more effective ways to provide adult literacy services. With an infusion of \$5.5 million in state funding that will be available annually, the CLC changed its name to the Saint Paul Community Literacy Consortium.

The Hubbs Center was designed to (a) address literacy from a “holistic” perspective; (b) empower adults and their families for self-sufficiency; (c) increase the number of adults served in literacy programs from 4,000–10,000 in 5 years; (d) provide higher quality adult literacy services by establishing a Lifelong Learner Center; (e) work collaboratively; (f) include basic skills instruction, workforce

literacy, family literacy, English language training, and technology as the key components; (g) be managed by a Citizens Advisory Council; and (h) use the principles of governance as articulated by the Strategic Team during the planning phase of Center development.

The evaluation was designed to answer the following questions: To what extent are adult learners making progress? To what extent are learner outcomes being achieved collaboratively? To what extent does the Hubbs Center represent an effective model for literacy programs? (Johnson & Stockdill, 1998) Evaluation methods included stakeholder questionnaires, stakeholder focus group interviews, learner questionnaires, learner focus group interviews, one-on-one interviews with individuals most knowledgeable about the overall work and strategic direction of the Center, analysis of statistical reports submitted to the State of Minnesota and reviews of service reports completed by community-based organizations (CBOs) located at the Center (Johnson & Stockdill, 1998, p. 1) There were 13 community based organizations co-located at the Hubbs Center.

The evaluation findings stated that quality of service offered increased since the opening of the Hubbs Center in 1994 due to (a) the work of the community based service providers located at the Center, (b) the advanced technology available to the Center staff and learners, (c) supportive staff, (d) revised curricula, and (e) increased program and course offerings. The number of hours of instruction per learner steadily increased although numbers of learners decreased slightly, perhaps as a result of work requirements of welfare reform. CLC had significant impact on the quality and quantity of services from 1995–1998, due to systematic design, coordination, expansion and implementation of innovative services.

Community Foundation for Southeastern Michigan. In 1986, The Ford Foundation chose eight community foundations with permanent assets between \$2 million and \$10 million, staffed by at least one full-time staff person, a member of the Council on Foundations, and located in a metropolitan area with a population of 250,000 to participate in a Leadership Program. The goal was to increase flexible grantmaking and enhance board and staff capacity and commitment to assume a leadership role in community problem solving. Each community foundation was awarded \$500,000 to be matched \$2 to \$1 with unrestricted and broad field of interest funds within 2 years. The Leadership Program was structured to secure new unrestricted funds and to provide support for the development and implementation of a 5-year grants program targeting an important community problem.

Rainbow Research was hired by The Ford Foundation to design the evaluation, conduct site visits and orient participants to the evaluation activities and serve as Program Evaluator. Rainbow Research (1989) did not evaluate success or performance but documented learnings of how participants grew and developed within the scope of this opportunity from the premise that community foundations develop in response to local conditions (p. 4).

Specified areas for the evaluation of the Leadership Program included organizational capacity, asset development, community role, and programming and grantmaking. The specific evaluation targets for each growth area were as follows:

Organizational capacity: (a) strengthened administration and staffing of the community foundation; (b) board functioning that increasingly served the development of the community foundation's mission, organizational capacity, financial assets, and programs; and (c) staff competent with enhanced skills and support to address the issue area chosen for this program.

Asset development: (a) a well-managed fundraising strategy that allows the community foundation to grow as quickly as possible; (b) increased visibility and attractiveness of the community foundation in appropriate segments of the community, and vice versa; and (c) increased financial support, and increased sources of financial support.

Community role: (a) increased expertise in the variety of roles that a community foundation can play in addressing a community issue; (b) increased focus, momentum, legitimacy, and support given to addressing the issue area; and (c) strengthened relationships between the community foundation and different segments of the community, and strengthened relationships among different segments.

Programming and Grantmaking: (a) effective grantmaking practices, (b) a portfolio of grants or projects conducive to achieving impact in the community foundation's chosen area, and (c) strengthened approaches to other issue areas experienced by the community. Participants were encouraged to review the Evaluation workbook periodically as an aid to their own monitoring and evaluation (CF, 1990, p. 5)

The Community Foundation for Southeastern Michigan decided to

raise the priority of drug abuse prevention in the seven counties served by the Foundation. Substance abuse was one of the region's most critical problems. The Foundation's program focused on strengthening collaboration and regional cooperation among the diverse groups and funding agencies working on the problem. (Rainbow Research, 1989a, p. 5)

In researching the issue, community foundation staff discovered a lack of leadership in an area with a highly complex but uncoordinated delivery system. The system emphasized treatment over prevention and education. Providers in the drug abuse field were eager to join an effort that would raise the profile of prevention and

bring in additional resources. The community foundation believed it could mount an effort to counter a sense of community powerlessness to address substance abuse in a long-term meaningful way (Rainbow Research, 1990, p. 5).

Working with the University of Michigan School of Public Health, The community foundation staff convened professionals and administrators monthly in a Prevention Forum to discuss issues of substance abuse prevention. The Prevention Forum sessions were intended to produce awareness, support, and a higher priority for promising activities. The results formed the basis for the next generation of grant-supported prevention efforts, either by the community foundation or by other funders (Rainbow Research, 1990, pp. 5–6).

Focused grantmaking is done with the premise that making grants to achieve an articulated and desired set of outcomes is more likely to have meaningful impact than grantmaking done without a focus, especially if the focus was chosen through an authoritative and knowledge-building process. (Rainbow Research, 1990, p. 6)

The work of the Prevention Forum was consistent with background research. Background research can provide authoritative information on which to base the next steps of the initiative, which typically includes a series of grants for community education, advocacy, or direct service delivery. How the background research is done is critical for evaluating its usefulness. It can be done in a consensus building way, in a way that creates logical priorities for taking next steps, in a way that produces new knowledge for use by other organizations. A final product can be used to educate the community and mobilize community activism. If it's a written report, it's an asset that can be distributed widely and freely (Rainbow Research, 1990, pp. 14–15).

Background research is a way the community foundation can be handed a set of priorities and direction that derive from credible authority (Rainbow Research, 1990, p. 15).

The findings of the Leadership Program identified three criteria for community foundations for deciding which issues to take on with limited resources. They were: (1) pay off to the community, (2) support for taking on the issue, and (3) opportunities for constructive action. They provided a checklist of questions.

Criterion #1: Pay off to the community: Can the community foundation offer something immediately as well as down the road? Can the foundation help change the actual conditions that create the problems? Will the benefits be clear and meaningful?

Criterion #2: Support for taking on the issue: Do leaders in the area support the foundation's involvement? Do the foundation's own board members support its involvement? Can the foundation get financial support from where it's wanted? The issue should be inviting and attract visibility and funds for the community foundation.

Criterion #3: Opportunities for constructive action: Is the foundation's involvement in this issue "appropriate"? Does the issues invite partnerships and collaboration? Does the issue allow nonprofits to participate with maximum flexibility and creativity?

Ford and Rainbow Research reported the lessons learned as participants developed the community leadership skills needed to respond to the chosen issue. Given the limited ability of community foundations to make grants, Ford and they concluded that a community foundation could not fill fiscal gaps with limited grantmaking. As a result, "the question became, 'How can we make these dollars go the farthest?' and 'What will this use of funds add to the community's ability to respond to this problem?'" (Rainbow Research, 1990a, p. 2).

A strategic grantmaking locus represents a larger mission; one that holds that the net effect of expanding a sum of money can be significantly increased if it is allocated with certain end goals in mind (Rainbow Research, 1990, p. 8). Within the

context of community priorities, these grants develop according to the needs and opportunities as expressed by their communities. The Leadership Program Evaluation Workbook asked for evidence of results for these aspects of their community initiatives: (a) increased focus, momentum, legitimacy, and support given to addressing the issue area; (b) strengthened relationships between the community foundation and different segments of the community, and strengthened relationships among different segments; and (c) a “portfolio” of grants or projects conducive to achieving impact in the community foundation’s chosen issue area (Mayer, 1994).

Rainbow Research added a checklist for noting progress. That checklist and other useful information were incorporated into *Community Foundations: Findings from the Leadership Program for Community Foundations*. The complete series of publications consists of an Introduction, the Growth Series, and the Community Leadership Series. Mayer (1994) reported on the results of the entire initiative. The evaluators found “indicators that programs have made prevention principles more central to their efforts” (Mayer, 1994, p. 167).

At the end of the initiative, the Prevention Forum and the University of Michigan produced *Action Strategies for Preventing Substance Abuse: A Resource Manual for Southeastern Michigan*. The community foundation distributed it to over 600+ entities in the region. A major regional conference was held to educate local policy makers and practitioners about promising models. As a final act of community education, the community foundation produced and distributed 5,000 copies of *Preventing Substance Abuse: Strategies and Findings from Project Prevention, 1987-1991*.

Building the Evaluation Capacity of the Nonprofit Sector

Traditionally, foundations make grants based on their assessment of the potential efficacy of a program. Although that approach created an incentive for nonprofit organizations to devise innovative programs, it did not encourage them to spend time assessing the strengths, goals, and needs of their own organizations. Thus, they often lack the organizational resources to carry out the programs they have so carefully designed and tested. Foundations need to find new ways to make grants that not only fund programs but also build up the organizational capabilities that nonprofit groups need for delivering and sustaining quality. (Letts, Ryan, & Grossman, 1997, p. 37)

The role of nonprofit organizations is key to assisting the community foundation to achieve its mission (Council on Foundations). Yet many nonprofit organizations lack the up-to-date skills to deal with the accountability issues, tangible results for services delivered, and increasing competition for philanthropic and local resources that were part of the daily existence (Gray, 1993; Hodgkinson, 1998; Salamon, 1992). The leaders, staff, volunteer boards and constituents may not be abreast of the challenges facing the nonprofit sector in general. "Technical assistance can heighten the chances for program and organizational success. They refine the community foundation's programmatic skills as well" (Rainbow Research, 1990, p. 17). These three community foundations provide hands-on training for nonprofit organizations, technical assistance and education support for nonprofit organizations. Additionally they have helped nonprofit organizations build endowments as a way to gain greater self-sufficiency and less dependency on external funding (Carmichael, 1994).

The Greater Kansas City Community Foundation. The Greater Kansas City funding community (United Way, private, family, corporate and community foundations) agreed to work together to develop and implement an evaluation

process that would be used to assist grantees' program performance. The evaluation model used has its basis in the United Way of America's (1996) *Measuring Program Outcomes: A Practical Approach*.

Based on the results of the 18-month pilot of the United Way of America Outcome Measurement model, a comprehensive training plan has been developed and implemented in Kansas City. The consensus among participants was that the model was clear, simple to grasp and less costly to implement than other models. The funders recommended this model for use and were working together around a common approach for measuring program outcomes in nonprofit human service agencies. As one community funder stated, "We are speaking one language around evaluation and accountability. This is the language we're going to talk, and then we're working very hard to get non-profits up to speed." Another interviewee commented:

I don't think we do not-for-profits any favors by having a widely divergent number of different approaches to evaluation. It's like they'll have to learn one set of standards in order to answer for the grant that they got from the Community Foundation, and they have this whole other set of standards in order to report for the grant they got from the United Way, and a whole third set of standards if they got some money from the Hall family. I can see that just making them crazy. It would lead almost to the point of having to have a whole staff devoted to nothing but figuring out how to report what they're doing to the different funders. It would behoove all of us to get together on how we're going to do this evaluation thing.

The plan included training opportunities for both agencies and funders. Orientation sessions were held with nearly 400 nonprofit agency leaders, consultants and funders. Intensive training was provided for two persons from 160 agencies who receive substantial support from both the United Way and at least one foundation partner at no cost. Other agencies attended the training on a fee basis. To date, 380 persons representing 207 organizations attended or registered for the training.

With the growth of philanthropy and active involvement of donors, it was important for grantees to understand the motivations and desires of donors. Some agencies lack knowledge and understanding of the shifts underway at the community foundation. As one civic leader pointed out:

Community foundations have always struggled with the paradoxes of their funding structure—grantmaker, grantseeker, fundraiser, and fund manager. What the nonprofit community sees were more dollars raised and leveraged with outside funding resources while their ability to get resources diminishes every year.

Staff at the community foundation provided capacity building assistance to grantees and prospective grantees. In structured settings, prospective grantees worked on outcomes first, prior to grant submission. There was less need to retrofit the request when everyone at the beginning understood the objectives and outcomes. Staff explained:

We constantly preach to the nonprofits here that . . . only do they want to do evaluation because it's good for them, it's good for their organizations, it's good for programs, but it also gives them a language they can use to speak to donors. We were helping them understand how they can do evaluation in a way that doesn't add layers of bureaucracy or more money to their budgets.

The Saint Paul Foundation. The Saint Paul Foundation provided evaluation workshops for grantees two or three times a year. Each workshop was by invitation and required that a staff person and a Board person attend together. The workshops addressed the theoretical and practical aspects of evaluation. The workshops have undergone intense evaluation themselves and were constantly fine-tuned to respond to participant opinions. This has been a wonderful public relations tool for the Foundation and has given grantees the opportunity to get to know program staff in informal settings.

The Saint Paul Foundation conducted a telephone survey of evaluation workshop participants in 1992. The survey sample was 30 people randomly drawn from a group of 189 people representing 120 different organizations. They attended workshops in July 1990, February 1991, or September 1991. There were six interview questions:

1. Do you recall your evaluation workshop experience? What were your lasting impressions?
2. Did you have an opportunity to share what you learned at the workshop with staff or co-workers?
3. Have you done anything differently in your evaluation planning or implementation as a result of the workshop? If so, what?
4. Since attending the workshop, have you used the handbook *Evaluating Foundation Programs and Projects*? If yes, please describe how you've used the handbook.
5. What suggestions do you have for improving the usefulness of the handbook?
6. What ideas or suggestions do you have for how the foundations can best provide grantees, such as yourself, with the information and assistance you may need to evaluate your program? At what point in time would this information be most beneficial?

The Saint Paul Foundation believed that evaluation training had to permeate the organization. They offered training to several people in each organization. In one agency, four of the five management staff participated in the training. They were still at the agency and able to influence the other staff in evaluation practice. Evaluation is now embedded in all facets of that organization. At another organization, the

development staff participated in the evaluation training and did not pass the materials or learning on to the programming staff. With changes in the development staff, the agency lost its institutional memory. That agency is now contracting with the University of Minnesota staff and students to train staff. They received funding from another foundation in St. Paul to focus on outcomes instead of outputs and how to learn.

The Community Foundation for Southeastern Michigan. The 1995 Annual Report stated:

We consider each grant an investment that must hold the maximum potential to make lasting improvement in this region. We aim to build the capacity of institutions and people. Therefore, our grants often help people improve their skills and self-sufficiency, assist neighborhoods to plan and build their futures, and encourage cooperation across institutional program areas and maximize the strengths of our diverse region. (Community Foundation for Southeastern Michigan, 1995b, p. 5)

An upcoming project with economic development organizations is aimed at learning how to measure success in the community. The Community Foundation for Southeastern Michigan is using a national model, the Assessment of Training and Technical Assistance Needs of Community Development Corporations and Consultant Recommendations (1998) to train regional CDC organizations. The training and technical assistance will help increase their success as implementing programs and project development activities. CDCs were looking at outputs instead of outcomes such as units completed and graffiti removal. They need to look at a better quality of life in some measurable way.

Evaluation Communications

In an era where issues are public and donors are asked to respond to multiple financial appeals, public awareness of issues is a virtue and a necessity. The community foundation provided information about resources and opportunities for issue resolution to a large array of stakeholders. As strategic grantmaking produced the desired changes, the information was shared broadly using multiple methods. Dissemination required that there are clearly defined uses of evaluation from the outset of a project. Evaluating project accomplishments included changes in attitudes, achievement, participation level, and economic rewards. As one Kansas City interviewee stated, "By performing careful evaluations, foundations can better attack problems in society, spread the word about programs that succeed and garner more public support and funds for positive projects."

These three community foundations used the Internet as a way of expanding dialogue with their stakeholders.

The Greater Kansas City Community Foundation. One staff member stated:

One of our intents at the Greater Kansas City Community Foundation is to run our operation like a business. We were concerned that our communications function be strategically oriented, that it be very much part and parcel of where we see ourselves going as an organization and that it helps drive what we do.

Another staff commented, "You communicate with the public about who you are. What you are about is a vital piece of the organization's mission."

The community foundation stepped up efforts to communicate and disseminate changes taking place in philanthropy and community conditions. They used articles in the metropolitan newspaper and annual media events as well as events for specific initiatives such as the Lila Wallace-Reader's Digest Project. At the staff

level, they added a full time communications manager. Throughout the foundation's offices, there were posters, articles, newsletters and other materials that demonstrated the changes going on in Kansas City. In the staff lounge, there was a refrigerator magnet proclaiming "Is it good for the children?"

The Saint Paul Foundation. As reported in the Winter 1999 Quarterly Report, The Saint Paul Foundation's newly adopted Strategic Plan for Grantmaking calls for stepped up communication of the grantmaking strategy to all interested parties. The newsletter is a start of the communications effort and illustrated how the new strategic plan was used to assist a new venture. Achievement Plus is a public/private partnerships working to improve the academic achievement of K-8 students. The Saint Paul Foundation invested \$1 million, larger than average foundation grants, to finance construction of a new community center. The significance of this large investment was that all essential community participants support the project and agreed to help make it work.

The Achievement Plus project addressed the four strategic outcomes of the Strategic Plan for Grantmaking: (1) an anti-racist community, (2) economic development for all segments of the East Metro area, (3) strong families that provide healthy beginnings for children and youth, and (4) quality education for all. The educational and social programs were designed to be culturally sensitive to all students and offered an opportunity to build an anti-racist community. The location of the facility made it an anchor and strengthened the East Side's economic recovery. Achievement Plus will provide parents with opportunities to participate in their children's academic, social and recreational activities. The schools will be open expanded hours in the morning and afternoon. Families with limited financial

resources will receive full memberships in the YMCA. Finally, Achievement Plus has been identified as a new way to improve performance at the elementary level.

The Community Foundation for Southeastern Michigan. The community foundation engaged in “community conversations” in moving the community to debate issues. They talked to other funders, nonprofit organizations, citizens and elected officials. They sometimes made small grants in an area such as the environment or senior services to learn more about an issue.

For example, according to one community spokesperson, seven years ago one newspaper editorial wrote, “nonprofit endowments were bad.” That has been turned around through a major media campaign, accompanying an endowment building effort, The Van Dusen Endowment Challenge (VDEC). The media campaign was initiated to change how people view giving and what they do with their assets. One evaluation finding from VDEC stated “continued education about endowment development is needed” (James Bell Associates, 1998, p. ES-6). Grantees reported the strongest need for education among the general public—55% reported the need for a major education effort.

Another finding of the VDEC evaluation stated:

Take steps to disseminate information about VDEC to other interested foundations and organizations . . . It is important that descriptive information about the intervention and its results be disseminated so that potentially interested organizations and individuals can become familiar with VDEC and assess the applicability of the program model to their situation. (James Bell Associates, 1998, p. ES-8)

The Community Foundation for Southeastern Michigan wrote special reports at the end of initiatives. The purpose was to get information out on what had been accomplished and what more needs to be done. The newsletter was a communication device used primarily by nonprofit organizations.

The three community foundations investigated used multiple strategies to engage community stakeholders in critical activities in order to inform their own actions. Domains of the process that were common to each foundation included stakeholder involvement, grant review, special projects/initiatives, nonprofit capacity building, and message communication. While each of the above are important, each foundation used different ways to get there. One selected example is that in the area of capacity building: the Kansas City Foundation uses the United Way of America materials, the Saint Paul Foundation provided evaluation training periodically using propriety material, and the Community Foundation of Southeastern Michigan uses initiative specific training. In this example, each foundation demonstrates a commitment to evaluation capacity building, but goes about it in various ways. Other examples can be noted in Table 1.

Research Question 2

How were planning and evaluation used as learning tools throughout the organization with multiple stakeholders to accomplish multiple objectives?

These communities recognize the interdependence among the sectors (National Civic League, 1994) to identify common goals to meet community aspirations. The public and private sectors, working together, need to involve citizens in reaching consensus on the region's strategic issues.

Each of the three community foundations valued strategic planning and some level of evaluation. Agard and Richmond (1992) cited three reasons for a formal written strategic plan:

1. Putting the plan on paper forces the community foundation to take an objective, unemotional and critical look at its progress and its future.

Table 1
Community Partnership Engagement Processes

Processes	The Greater Kansas City Community Foundation	The Saint Paul Foundation	The Community Foundation for Southeastern Michigan
Involvement of Key Stakeholders	Community planned collaboratively to develop shared vision and vehicle	Targeted outreach to minority and underrepresented groups	Reliance on regional, and local partners, including those most affected by the issue
Grant Review	Outcomes based application and evaluation process; technical assistance provided; Donor Connection	Guidebook and technical assistance provided to grantees	Guidebook and technical assistance provided. Reliance on volunteers and staff
Special Projects/ Initiatives	Locally set priorities and a commitment for permanence	Long range implementation of a critical issue, taking on differing aspects over time	Address critical community issue through research, program development and community ownership
Building the Capacity of the Nonprofit Sector	Comprehensive training developed using United Way of America materials	Evaluation training 2–3 times per year	Training related to specific initiatives
Communications	Communications as part of strategic positioning: Growing philanthropy for the Region	Community buy-in for Strategic Grantmaking Plan	Communicating need for endowment building: Touch the Future

2. The plan is a means to communicate the foundation's identity and ideas to the public and the foundation's constituencies.

3. The foundation can use the plan as an operating and management tool measuring performance and leading to success (p. 11).

Program planning and evaluation are not discrete, isolated events; program evaluation is obviously related to program planning through the information gathered as a result of evaluating. A number of characteristics of evaluation, accountability, and planning procedures may alter the types, among, and/or

quality of services to clients as well as the purpose. (Glenwick, Stephens, & Maher, 1984, p. 322)

The strategic planning process embodied leadership from the board, staff, and engagement with communities and donors. Where the goals were clear, the chances for success were greatly enhanced. The community foundations evaluated their performance on specific measures as well as their progress on ameliorating tough community conditions. These three community foundations engaged in strategic planning and evaluation as tools for mission accomplishment. Evaluation was both formative and summative, relying on assistance from external as well as internal evaluators. They communicated the lessons learned through various methods, both internally and externally.

Strategic Planning

The Greater Kansas City Community Foundation. Kansas Citians have used strategic planning for several decades to learn more about issues and potential solutions. Throughout the area, there were numerous professionals and community groups engaged in needs assessments, whether topical or geographical. These groups surface a plethora of issues. However, until a “champion” steps forward to propose solutions, it is just an issue. The community foundation has emerged as a champion for numerous causes based on its ability to discern not only what the issues were, but to put together the coalitions and partners necessary to move an issue forward and create changed circumstances in the community.

After years of successful initiative implementation, sustainability, and increases in public status as a community problem solver, the Greater Kansas City Community Foundation decided to review its progress (Greater Kansas City

Community Foundation, 1991–1992) and assess its value added to the community. During the years spent implementing the community initiatives, the Kansas City metropolitan community landscape changed. Changes in the external environment included leading industrialist and philanthropist Marion Kauffman's death and the emergence of the Kauffman Foundation as a convener and service major, the growth of the Hall Family Foundations, the United Way retooling its operations, and the Chamber of Commerce engaging more in the community.

The intergenerational transfer of wealth (Breitenecher, 1996) and devolution (Diaz, 1996) were being debated locally as well as nationally. As one staffer said, “There’s a huge potential in the next 10 to 15 years for engaged local charitable giving to make a significant difference in the kind of community we have.” The message, however, had to be focused, articulated often and reinforced with purposeful action on the part of the community foundation.

The Greater Kansas City Community Foundation’s strategic planning committee reviewed internal and external operations. The Community Foundation’s role as neutral convener was taken over by other foundations. The niche of the community foundation appeared to be growing the next wave of philanthropy. The new work of the community foundation focused on the growth of philanthropy. If charitable giving in Kansas City increases, one Kansas City staffer reported, “We’re aware it’s not all going to come here, but if it just increases, whether it goes to the United Way or to Saint Steven’s Baptist Church, we all win.” The new thrust of the Greater Kansas City Community Foundation included four areas: (1) donor services; (2) growing philanthropy; (3) grantmaking and community leadership; and (4) key support areas: finance/investment, communication, and board services.

Growing philanthropy involved an increased donor services emphasis for the community foundation. Every donor has a personal representative within the foundation to help them meet with their charitable objectives. The foundation also launched a worldwide web site with the intent of expanding opportunities for dialogue with its many constituencies. Since the adoption of the new strategic plan, there has been tremendous growth in donor advised funds in Kansas City. Currently, the community foundation has over 800+ donor-advised funds, up from 225 funds in 1992. Kansas City is experiencing the era of savvy donors who want more say in where their money is spent. "The community foundation is a vital community resource for betterment of the community; it is more than a grantmaking entity." One staff person noted:

With our donor base changes we grew from a \$12,000,000 foundation to a \$150,000,000 foundation. The increased revenues were in the donor-advised funds. Thirty nine percent of our money comes out of the donor-advised funds. We began to see what these donors were capable of doing. They were people who really wanted to make a change in their communities. They had great capacity, at varying levels. We saw the potential, then we saw this transfer of wealth.

The Saint Paul Foundation. The Saint Paul Foundation has maintained an on-going strategic planning process since 1987 to review key operations within its grantmaking, investment, and development programs, and to adapt strategies to target its work to meet the challenges ahead. Early in 1994, the Board made a strategic decision that changed the development work to volunteer driven and staff supported. To do this, The Saint Paul Foundation involved ever-widening numbers of people in the development efforts to give time and emphasis to defined development programs in distinct areas. Sufficient staff was added to support these efforts (Saint Paul Foundation Annual Report, 1994).

Later in 1994, the Board shifted its strategic context and devolution planning focus to grantmaking and special projects. Under normal conditions, the community served by the Foundation had a need for charitable capital that far exceeded the available supply. This normal level of need, combined with anticipated major changes in the availability of public funds (devolution), made the Foundation's planning for the allocation of grantmaking dollars much more urgent.

In the fall of 1996, The Saint Paul Foundation launched a comprehensive process to review its grantmaking program and its relationship to community needs and changes in an external environment that had become more difficult due to dramatic changes in the region, and the evolving roles of government and the private sector. A 27-member Community Advisory Committee (CAC) representing the major cultural and geographic communities served by the Foundation was appointed to offer advice on grantmaking to the Board of Directors. The CAC met monthly for approximately one year. Additionally, the community foundation convened 19 special community meetings involving 209 participants from across the service delivery area. These meetings added depth to the community conditions and feedback on the community foundation's operations.

The monthly meetings focused on topics relevant to the community foundation's grantmaking: race and poverty; regional, government, and nonprofit issues; housing and community development; economic development and employment; family issues; education; public safety; and health and mental health. Background materials were supplemented with presentations and round-table discussions for developing potential solutions. Major themes were recorded. Midway through the process, the CAC considered how the issues were related and what these relationships implied for community foundation action. They focused on connections

among the issues, on community capacities, and on a variety of approaches to problem solving.

In August 1997, the CAC submitted its final report to the Strategic Planning Committee of the Foundation. The report offered insights and ideas about key issues facing the community as well as recommendations for the Foundation's grantmaking to address those issues. The Community Advisory Committee recommended that The Saint Paul Foundation concentrate its resources on the achievement of three outcomes: (1) an anti-racist community, (2) economic development for all segments of the East Metro area, and (3) strong families that provide healthy beginnings for children and youth. The Board affirmed its support for the outcomes and strategies and added a fourth outcome—quality education for all. The Foundation is now using this Final Report as a resource in the development of its Strategic Plan for Grantmaking.

The participants in the planning process agreed that “business as usual” would not suffice to meet the depth and scope of community change and social problems confronting the metropolitan area. The Saint Paul Foundation, itself, would also have to change how it conducted its business: “how the Foundation learns; how it handles internal operations; how it establishes and maintains relationships with constituent communities; how it conducts its grantmaking; and how it offers leadership in the larger community” (Community Advisory Committee: Final Report, p. 3). The CAC recommended the following five strategies as critical ways in which the community foundation “can become more responsive to its constituent communities and to community partners, more understanding of local conditions and neighborhoods, more effective in all its grantmaking, and more effective in achieving the three recommended outcomes” (Saint Paul Foundation, 1997c, p. 13). The Saint Paul

Foundation should (a) promote neighborhood decision making and community-building efforts, (b) rely on cultural communities as primary resources for developing solutions to community challenges, (c) adopt a form of leadership that works in partnership with its constituent communities to influence the public agenda, (d) support holistic ways of strengthening families and communities, and (e) support efforts that promotes the importance of spirituality and the values of personal and social responsibility.

The CAC recognized that the community foundation could not achieve these outcomes alone or quickly. Therefore, indicators of progress, involving a combination of quantitative and qualitative measures, were a necessary next step, and might include indicators internal to the Foundation and community indicators. The internal indicators were funding patterns and foundation operations. The community indicators were social indicators, perceptions of leaders and residents from constituent communities, public forums and discussions, legislative and policy changes, and community events. They also offered benchmarks for the three outcomes.

Benchmarks of an Antiracist Community

1. Increased funding for efforts to combat racism in the community.
2. Increased funding for agencies serving and controlled by people of color.
3. Increased representation of people of color in all Foundation processes.
4. Community leaders and institutions from all cultures participating in discussions and actions to address racism and its consequences.
5. Changes in race relations in the East Metro area, as evidenced by decreased in racial incidents and hate crimes, improved racial representation in major institutions and in community decision making.

6. Changes in urban-suburban relationships, such as successful metro-wide desegregation, affordable housing in the suburbs, and suburban-urban projects dealing with racism.

Benchmarks for Economic Development for All Segments of the East Metro Area

1. Increase in the number of businesses owned and operated by people of color in the inner city, and the number of jobs attributable to the.
2. Participation by community residents and leaders in the development of inner-city economic development projects.
3. Improved employment levels in the inner city and in communities of color.
4. Increased support for business development at the inner city and in communities of color.

Benchmarks for Strong Families That Produce Healthy Beginnings for Children and Youth

1. Increased funding for efforts that provide family supports.
2. Flexible funding for programs that serves entire families.
3. Increased funding for efforts that promote healthy development, rather than only attempt to minimize or reduce problems.
4. Effective use of youth and parent advisors by the Foundation and funded programs.
5. Improved family outcomes—stability, healthy relationships, and so on.
6. Workforce development efforts that were effective for the chronically unemployed, and for young people.

The Board of Directors met with representatives of the CAC to review the recommendations, then held a 2-day retreat where they accepted the recommended outcomes and strategies of the CAC Final Report and added one outcome—quality education for all. The board work continued throughout 1998—developed specific approaches to achieve the four outcomes, orient staff to the new plan, review approaches with the Strategic Planning Committee, and write the plan. The Board adopted the plan in November 1998 and implementation began in 1999 and will continue over the next decade.

The unique aspect of this strategic plan is that The Saint Paul Foundation will give priority to grants that address the four long-term outcomes rather than specify specific grants upfront. The foundation has targeted 50% of its unrestricted grantmaking dollars to achieve these outcomes. In order to implement the Strategic Grantmaking Plan, baseline data were needed. The Saint Paul Foundation was able to use pre-existing data collected by another civic organization. The purpose of Greater Saint Paul Tomorrow is to keep St. Paul and the surrounding communities in the foreground of America's best places to live, work, and visit. Its two visions were: (1) "that all members of our community will have access to jobs that pay enough to support a family," and (2) "that all of our children and youth will be prepared to be productive and participating members of society" (Greater Saint Paul Tomorrow, 1997). This information, regularly updated, will assist The Saint Paul Foundation in measuring how it is doing meeting the four outcomes of its Strategic Grantmaking Plan.

The Community Foundation for Southeastern Michigan. The Community Foundation for Southeastern Michigan experienced rapid start-up and continued

growth (Community Foundation for Southeastern Michigan Strategic Plan, 1995a, p. 1). The community foundation built partnerships through grantmaking, establishing trust and credibility. They learned about the needs and goals of national grantmakers and their fit with local projects. Its first Strategic Plan, undertaken in 1987, identified four major roles for the community foundation, established operating principles and planning objectives. The Strategic Plan articulated the major factors that drove growth included strong lay leadership, strong professional leadership, flexible donor options, defined unique niche among local private foundations and charities and creative program development (Community Foundation for Southeastern Michigan, 1995a, p. 3) The current Strategic Plan (1996–2005) was based on two opportunities:

1. In the next 10 to 15 years, \$8 trillion will pass from the current generation to the next. Community foundations must be skilled and able to participate with potential donors in estate planning which will require new skills and knowledge of foundation boards and staff.

2. Demographic changes will provide opportunities for community foundations to be inclusive in their donor development, grantmaking and other services. Foundations must study demographic and wealth pattern changes, learn and appreciate different giving patterns and traditions, and reach out to greater potential donor markets.

The community foundation was also cognizant of the challenges facing them. Therefore, the Strategic Plan 1996–2005 was designed to guide the community foundation through its second decade of growth and service to southeastern Michigan (Community Foundation for Southeastern Michigan, 1995a, p. 23). The

major roles of the community foundation would be philanthropic leader, asset developer, funder, investment manager and charitable service provider.

The very nature of community foundations is to build a permanent endowment (Council on Foundations, 1992). One staff member said, "We're trying not just to build it for ourselves, but to help the community." Permanent capital to operate nonprofit organizations now and into perpetuity is an identified need. The Van Dusen Endowment Challenge and Touch the Future Initiatives of the Community Foundation for Southeastern Michigan were two examples of strategic work that strengthened both nonprofit organizations and the region while changing the tradition of giving in the community from giving for today to giving permanently. The Van Dusen Endowment Challenge focused on cash gifts for 38 organizations and Touch the Future focuses on planned giving for 13 organizations.

The Van Dusen Endowment Challenge was a 7-year initiative funded primarily by the Kresge Foundation to help nonprofit organizations in southeastern Michigan begin building endowments. Area nonprofit organizations and funders conducted generous annual campaigns but there were no major endowments. As one interviewee stated, "The region, as wealthy as it is, was not capturing that wealth." Using the Kresge grant, the community foundation leveraged the discussion about nonprofit organizations' financial needs with the corporate community. One community respondent said, "It was not typical for corporations to give to endowments, but the community foundation was able to get terrific support for this endeavor."

Now 38 organizations have secured more than \$60 million in new endowments. Over 100 organizations are building endowments with the community foundations and others are building endowment on their own. The organizations have

changed how they look at building financial capital for the future. The donor population of those organizations has also changed.

During this time of dramatic shifts from federal to local and state government as providers of service, organizations with operating endowments have more stability than programs without operating endowments. The Joy of Jesus Ministries, as reported in the *Detroit News*, raised \$750,000 and received a \$250,000 match. Dollars raised were matched 3 to 1. They will use approximately one half of the interest earned for operating expenses, The remainder will continue to help build the endowment. The *Detroit News* quoted the Community Foundation for Southeastern Michigan CEO on November 11, 1997 as saying, "It has been a pay-as-you-go, cyclical struggle for many nonprofits. A bad economic cycle or change in the funding climate is enough to put many at risk" (Wowk, 1997, p. 55).

Touch the Future works with nonprofit organizations to encourage them to use planned giving techniques to build endowments and to encourage all residents in the region to think about giving to the endowment funds of their favorite charity. Over a 6-year period, they expect to raise \$125 million in new endowments, and the broader implications in the community were 5 or 10 times that in terms of influencing endowments. Another community person said, "We're saying to the community that over the next 20 years, this is your opportunity to really build your capital base."

Another 100 organizations received technical assistance to engage in planned giving. The Community Foundation for Southeastern Michigan brought in the regional and national experts and charged nonprofit organizations a fee so that they take the training seriously and show up. The community foundation pays approximately one half the costs of the training programs. The community foundation offers training to staff, board leadership and volunteers of nonprofit organizations to

teach them (a) why endowment is important, (b) how to raise money for endowment, and (c) particularly how to raise money for endowment through planned giving.

One community member summed up the efforts at building permanence by saying:

The country hasn't realized the depths of the challenges yet. We are not a caring country. In the 1950s through the 1970s the United Way was a coalition movement. The end result was to raise money, not to solve problems. The community foundation coalition speaks to the needs of the community. The community foundation does not get the "credit." We are a partner and a supporter to make institutions succeed. We are focussed on getting the communities to work together.

Evaluation

Evaluation is a part of the work at these three community foundations. Alkin (1980) proposed five foundation activities that suggest general evaluation areas—foundation goals, foundation programs, project applications, project implementation, and project accomplishments. Foundations cannot invest in all areas of endeavor and have to set priorities among goal areas competing for attention. Once those determinations were made, the extent to which the funded activities within the program corresponds to the program's goals and the goals of the foundation—the way they complement each other, and where they were redundant or overlapping. It is specifically demonstrated and reinforced by leadership and shows up in evaluation sections in grant applications to national funders, evaluation designs for special projects and dollars allocated for evaluation across projects.

There were examples of organizational evaluation (Gray, 1993), where the community foundations were examining their operations, their capacity, and their use of evaluation findings and/or learnings. Evaluation is a part of strategic management, helping to foster proactive strategies versus reactive grantmaking. Sanders (1992)

stated, "The best use of evaluation is continuous throughout the life of an organization, program, or project. It starts at the very beginning when visions, missions, and ideas were discussed and continues as we follow our activities and their impacts" (p. 37). Evaluation helps the community foundations respond in part to the increasing oversight of regulatory bodies and the increasing cynicism of the general public about foundations and their grantees. Each of the three community foundations used various reporting out strategies for evaluation findings.

The Greater Kansas City Community Foundation. The Greater Kansas City Community Foundation decided to build on existing evaluation work for its program level initiatives. Instead of starting from scratch with development of materials, the community foundation used the United Way's outcome evaluation materials, training, and model. Kansas City was one of 13 communities selected across the country to test and evaluate the United Way of America materials in 1996. The demonstration lasted two years. The goals of the initiative were (a) to prepare and support nonprofit social service agencies in greater Kansas City to incorporate program outcome measurement into decisions on how to improve program effectiveness, and (b) to assist local funders in developing and implementing a plan to use program outcomes measures in their grantmaking programs. The initiative was structured as a collaborative of funders exploring the issue of how to approach outcome measurement in the nonprofit health and human service arena. The collaborative effort had three additional objectives: (1) to determine the level of resources needed by an agency to incorporate outcome measures as part of their program planning process, (2) to develop a sustainable system for the provision of ongoing training and

technical assistance to agencies and funders, and (3) for funders to agree on a common approach for agencies to use in measuring program outcomes.

The pilot project included nine nonprofit human service agencies, nine consultants who worked in the nonprofit arena and nine funders working together for 18 months. The nine agencies were selected based on size, scope, and type of program(s), geography, and national affiliation to provide a diverse pool of agencies. During this learning process, all participants were trained on the United Way of America model and agencies were expected to implement outcome measures for at least one program. Progress was monitored closely and assistance was offered when needed. Phase Two of the project was the development of an ongoing training component.

There were checkpoints built into the project design and proved to be beneficial in monitoring progress and intervening when problems became apparent. Agencies were over-ambitious about the number of outcomes they could measure and the scope and sophistication of the proposed data collection tools. A key message from participants to the evaluators was “develop an outcomes measurement system that you can manage within your agency.” Written reports from the agencies were valuable for lessons learned and offered insights about the challenges of shifting to an outcomes focus.

Participants in the pilot program rated The United Way of America Outcomes Measurement model useful as a program planning approach. It offered a straightforward, practical approach to systematically measure program outcomes. Participants considered the materials and curriculum for intensive training highly effective. One participant in training said:

One of our pilot agencies had an eight-week counseling program. After their first go-round of data collection, they realized that on average, women were staying in the program for only three sessions. Instead of figuring out how to keep them in for eight weeks, they took a look at what could they accomplish with these clients in two to three weeks, because they weren't able to sustain that kind of longevity. If you're not tracking the stuff in a systematic way and really asking the hard questions, you just don't see it.

One community leader confirmed:

The United Way sort of invented outcome measurement and evaluation. My perception though, is that the community foundation is being more rigorous in the application of the principle and is getting more quickly to the operational aspect of how the rubber hits the road. It's a whole different way of doing business. You don't necessarily make people feel good and make lots of friends when you announce that the rules have changed, and here's the way we're going to operate from now on.

The title of a major editorial in the *Kansas City Star* stated, "Foundations Must Measure Their Results" (1998). The focus on evaluation, primarily aimed at the Kauffman Foundation, offered advice for other local funders. The editorial went on to say:

The foundations should be careful to make sure the goals they establish were attainable. It is difficult, for instance to determine whether certain kinds of programs have changed human behavior. And some programs take longer to become effective than was initially. . . . By performing careful evaluations, foundations can better attach problems in society, spread the word about programs that succeed, and garner more public support and funds for positive projects. (p. B6)

With the longer term initiatives such as Project NeighborHOOD and the Partnership for Children, the community foundation used external evaluators to design and implement the evaluation. One evaluator stated:

There has been an examination of this sort of intermediate marker of change, called community assistance change, that tracks the number of new programs, policies and practices in the community that we found to be closely tied, causally, with changes in distal outcomes. For example, we've seen it across measures of cardiovascular disease, measures of drug abuse at a community level, teen pregnancy, a whole variety of different indicators. It's turned out to be a wonderful intermediate marker for those things that won't change for 10 or 15 years. If you try to figure out whether you were making progress towards that goal, I can almost guarantee that it's connected to the new and

modified programs, policies and practices in some combination that's relevant for the outcome indicated.

In Kansas City, external evaluators

track community responses with key informants around the metro area, of responses to systems changes and agenda setting things that have gone on in the metro area that have been incredibly positive—an increase in the passage of bond issues as a result of Youth Friends and the Number One Question campaign, which I do believe is causal, to a real sort of insurgence in community pride around the metro area, that people really can make a difference.

Kansas City has created a cottage industry of evaluators and a cadre of consultants' work with nonprofit organizations on a contract for service basis. Therefore, there were numerous people with both skills and time to assist both the community foundation and nonprofit organizations. Yet the majority of the evaluations were still focused on rendering summative judgments to grantees. The University of Missouri Kansas City has taken the lead in developing evaluation tools relying on local evaluation work as well as evaluation work for a myriad of national funders, including The Robert Wood Johnson Foundation, The W. K. Kellogg Foundation, and The Ford Foundation. The Kansas City metropolitan area benefits directly and indirectly from having this caliber of evaluation assistance.

The Saint Paul Foundation. The Saint Paul Foundation became involved in evaluation in 1986 as the result of a question about the impact of grantmaking over a 10-year period: "How did we know if we had made any difference at all?" A professor of evaluation and measurement at the University of Minnesota undertook an evaluation of a random sample of 50 grants to assess the extent to which the intended outcomes had been met and the value of the outcomes over the long term. His evaluation was based primarily on the review of file materials that would outlive the institutional memory of Program Officers, CEOs and Board Members. In general,

his work found that the file evidence indicated only “a modest measurable impact” by the grants he reviewed. In 60% of the files, there was no way of knowing whether the grant had any impact at all. The Program Officer, the CEO and the Board may have known at one time, but the files were silent on these matters. Only 9 of the 50 grants included documented evidence that their intended outcomes had been achieved and only about half provided evidence of activities that were undertaken (Comprehensive Evaluation Plan).

Based on that early evaluation work, evaluation in all its forms has been integrated into the operation of The Saint Paul Foundation. The Strategic Plan for Grantmaking has a clear and focused evaluation plan. The evaluation will involve a three-step process: (1) setting performance targets, (2) monitoring and measuring implementation, and (3) evaluating annual progress and setting new performance targets.

1. *Setting performance targets.* The Grants Policy Committee annually reviews progress in implementing the Strategic Plan and recommend performance targets for unrestricted and field of interest grants. In most cases, multi-year performance targets will be recommend. They will identify opportunities for special efforts consistent with the Strategic Plan and will require special project funding and donor advised funding. The Board of Directors approves and/or modifies the recommended performance targets, areas of opportunity for special efforts, and communications goals.

2. *Monitoring and measuring implementation.* Staff directs a process in which indicators and benchmarks of progress were measured. Performance indicators measure what the Foundation does to implement the Strategic Plan and will be tracked by the management information system. Activities benchmarks will be

documented by events recording process for grants, implementation activities and communications program.

Influence indicators were indicators of ways in which the foundation influences other actors or events to address Strategic Plan outcomes. Influence indicators will be tracked for other institutions, grantees, and raising funds from others. Community indicators were measures of community conditions or events that describe something about the status of the outcome in the community. The foundation has little direct influence over these conditions or events as they were influenced by many different sources. However, the Foundation is still interested in whether they are improving over time. Staff conduct surveys and/or focus groups to assess perceptions of change in community conditions in the four outcome areas. The Foundation taps into a number of organizations already collecting social indicator data.

3. Evaluating annual progress and setting new performance targets. The process will be the same used for Step 1.

Community Foundation for Southeastern Michigan. Special projects continue to provide a major source of grantmaking (Community Foundation for Southeastern Michigan Strategic Plan, 1995a, p. 26) for the Community Foundation for Southeastern Michigan. The Van Dusen Endowment Challenge was designed to address the historic undercapitalization of nonprofit organizations in Southeastern Michigan by (a) assisting nonprofit organizations in establishing and building endowment, and (b) educating the nonprofit sector and donor community on the importance of building financial independence and program support through raising endowment (James Bell Associates, 1998, p. ES-1). The evaluation of the Van Dusen

Endowment Challenge was significant because the grant program was about the community foundation's role in building endowment and strengthening the nonprofit sector in southeastern Michigan. There were major assumptions and a high level of risk in this new venture, undertaken by a young community foundation. There was uncertainty about level of interest among nonprofit organizations in the new initiative. Were the incentives enough to attract nonprofit organizations? There was uncertainty about the region's understanding of and willingness to support endowment building

The Van Dusen Endowment Challenge Program became the signature program for the community foundation. It was not a traditional program to provide direct services to persons in need of prevention or intervention, but a program to change attitudes and behaviors of donors and to strengthen the nonprofit organizations. One community leader stated, "I am hopeful that this will be the legacy of the first 15 years of this foundation. If we can help every other organization build its capital, we will have done something."

The evaluations encompassed project application, project implementation and project accomplishments. More importantly, they assessed the community foundation's ability to communicate its message effectively through evaluation of workshops explaining VDEC, evaluation of the technical assistance provided, and options for future programming related to endowment building and strengthening the nonprofit sector.

Thirty-eight organizations of varying structures, sizes, and missions participated in the Van Dusen Endowment Challenge. The participating organizations never had endowment funds before, had inactive endowments or had endowments with market value of \$500,000 or less. The endowments were developed for general operating support of for a specific program or purpose. The challenge goals were set

between \$100,000 and \$3 million. The applicants were evaluated on reasonableness of the challenge grants, past fundraising experiences, proposed use of endowment fund, and other factors which could impact the organization's ability to reach their proposed goal (James Bell Associates, 1998, p. 3-3). The 38 organizations raised \$37,256,920 within 3 years, approximately 5% short of the anticipated goal of \$39,247,500. As of December 1997, with the inclusion of the match from the Kresge Foundation and subsequent investments, the endowments had reached \$61.4 million. Gifts came from foundations (27%), individual donors (26%), staff/board members (26%), corporations (13%), and other sources (9%).

There were three major external evaluations of the Van Dusen Endowment Challenge (VDEC) grant—Preliminary Findings from the Short-term Evaluation of the VDEC Program (1995), Interim Findings From the VDEC Program (1996), and the Final Report (1998). There were three purposes for the evaluation: (1) to provide an overall assessment of the effectiveness of the VDEC program in meeting its basic objectives of building endowment and organizational strength/stability of nonprofit organizations in Southeastern Michigan, (2) to identify and document effective program strategies for replication, and (3) to provide input to assist in the development of related initiatives to strengthen nonprofit organizations in Southeastern Michigan and in other locations.

The evaluation was contracted to an external firm located in Virginia, James Bell Associates. The evaluation incorporated a Project Advisory Group to provide helpful suggestions on design and conduct of the evaluation. The Advisory Group was composed of persons with knowledge and expertise of evaluation, philanthropy and fundraising. They collected data for the final report through telephone interviews and one-on-one site visits to grantees, staff, and board members

To determine the effectiveness of the program, the final evaluation design (a) used existing data and documentation from grant files; (b) conducted site visits and two rounds of telephone interviews to ascertain implementation experiences and ways in which organizational capacity, operations, financial stability and other program dimension were affected by participation in the program; (c) surveyed VDEC grantees Board members (291 members at 31 organizations responded); and (d) mailed survey to VDEC donors (31 of 38 VDEC agencies responded and 50 donors from each organization were selected; 420 donors' surveys were returned).

During the planning phase for the Van Dusen Endowment Challenge, 367 organizations attended one of three orientation workshops to learn more about VDEC and hear a presentation about endowment building and fund raising by faculty from Indiana University's Center on Philanthropy (James Bell Associates, 1998, p. 2-2). Participants were asked to evaluate the effectiveness of workshops in explaining VDEC and provide feedback on the likelihood of their participation.

The reasons to participate included the incentives, building organizational capacity (fundraising and strategic planning), getting to know or work with the community foundation, free training/technical assistance, ability to be part of a region-wide effort to strengthen nonprofit organizations and Michigan Tax Credit. Twenty nonparticipants were also surveyed. The nonparticipants cited similar features as most important. Their uncertainty about raising funds, the time/effort involved in fundraising, community foundation control over the endowment, potential effects on annual fund raising, and expected rate of return on endowment were given as reasons for nonparticipation.

The evaluation included an assessment of the effectiveness of the program in meeting its basic objectives of endowment building and strengthening the

organizational capacity of nonprofit organizations in Southeastern Michigan. Among the questions addressed were the following:

1. Did the participating organizations reach their respective endowment challenge goals and how much did endowment was raised by participating organizations? What impact did organizational size or type, previous fund raising experience of staff and board members, and other factors have on an organization's ability to raise endowment?

2. What impact did VDEC have on donor bases of participating organizations? Did participation spur organizations to expand their existing donor base? What were some of the problems associated with reaching out to new types of donors (e.g., corporation or foundation)? Were organizations' fund raising capabilities enhanced by their participation in the program? Did organizations employ new fund raising methods? Did involvement in VDEC affect annual or other fund raising performance of participating organizations—both before and after reaching VDEC challenge goals?

3. What organizational components were most and least affected by VDEC participation (e.g., board and staff development)?

4. Did VDEC increase the awareness of other nonprofit organizations and the donor community concerning the importance of endowment? (James Bell Associates, 1998, pp. 1-5, 1-6).

Key dimensions of organizational capacity noted were in the area of fundraising and board development. VDEC participation was important (66%) or somewhat important (32%) impact on their current operations and future plan. The functioning and performance of their board of directors were more involved in fundraising and strategic planning. Having clear organizational goals and developing

short- and long-term strategic plans for meeting the goals as part of strategic planning was stressed at the Fund Raising Academy.

The evaluation assessed the views of nonprofit organizations and donors toward endowment development. VDEC was intended as an initiative to overcome what was considered to be a lack of tradition of giving to endowment within the region. The efforts to publicize the concept of endowment and to encourage the expansion of endowment development throughout the region demonstrated ability to educate and work with individual donors to encourage gifts to endowment.

Thirty-six percent of donors responding to the survey reported that they had never given to endowment prior to their contribution to the Van Dusen endowment (James Bell Associates, 1998, p. 5-16). Grantee organizations expected that VDEC will significantly contribute to the knowledge of endowment development with nonprofit organizations and the nonprofit community in Southeastern Michigan (James Bell Associates, 1998, p. 5-18) and raising the awareness of the general public in the region concerning the importance of giving to endowment (pp. 5-19). Additional education concerning the importance of endowment is needed.

“Grantees identified the Endowment Challenge Grants, the three-year deadline, and technical assistance as the most critical elements for success” (James Bell Associates, 1998, p. ES-4). The training sessions provided through the Fund Raising Academy and the one-on-one technical assistance provided by the community foundation was invaluable to building fund raising capabilities and assisting grantees. When asked about which components of their organizational capacity were most affected, “82 percent of grantees cited positive impacts in the areas of financial condition and fund raising capabilities” (James Bell Associates, 1998, p. ES-5).

Fifty-five percent of VDEC grantees indicated that they planned to continue to build their endowment at the community foundation. The reasons cited were the proven track record of the foundation in managing VDEC funds, lack of staff and board expertise to manage endowment, donors more comfortable contributing to a fund “in perpetuity” rather than one which could be assessed in apparent time of need.

Learning

H. S. Williams (1991) argued the definition of learning from many viewpoints “is a relatively enduring change in behavior” (p. 5). The paradigm involved changing behaviors as opposed to making judgments: using mistakes instead of documenting errors; starts with individual behaviors instead of group behaviors; and affects people, not programs. These three community foundations have incorporated education and communication of both strategies and results into the processes they use for serving the community. There were multiple facets to their communications, including one-on-one meetings with their constituencies, annual reports, special reports, multi-faced marketing campaigns, news coverage, and so forth. For learning to occur the results of evaluation have to be communicated broadly and communities need to see visible changes.

The Greater Kansas City Community Foundation. One staff member reported that learning “involves making mistakes and figuring out how to recover from those.” YouthNet, Youth Friends, and the Partnership for Children grew out of the need for multiple strategies to work with youth-serving agencies concerned about rising gang activity and the influx of drugs in the central city. YouthNet was developed in 1988. By 1993–1994, 12,000 young people between the ages of 11 and 17 had been helped

to avoid substance abuse and gang violence and to stay in school. YouthNet changed over the years, but essentially it is an organization that provided support for service providers in the metro area.

The community foundation staff and partners were willing to tell both sides of a story—both the good and the bad. YouthNet, after years of incremental success, suffered major setbacks in 1998 when it attempted to take its programs “to scale.” Going “to scale” is a concept within the nonprofit community when a program moves beyond the pilot and/or demonstration phase to serve all who were eligible or in need of the service. “Youth Today chronicled for the nation the tension between funders, providers of services, and community residents when an initially good program floundered as it tried to go to scale.” One community member reported:

There was some serious divisiveness that was going on between folks—I think, in part, because of lack of communication, and in part, for people not being clear about their purposes. . . . The [community foundation] CEO has really done a lot to rebuild that. Other people have, too. It’s going to take a while to rebuild.

The Saint Paul Foundation. Inaugurated in August 1989, Supporting Diversity in Schools (SDS) was a 6-year program in St. Paul that sought to create school environments free of racial prejudice and privilege. SDS was designed to encourage multiculturalism and inclusiveness by involving parents, teachers, administrators, and community members from diverse backgrounds in the creation and support of school-community partnerships. (Saint Paul Foundation Annual Report, 1994).

A number of evaluation reports, articles and a novelized report by COMPAS, Inc., have generated the following results: *Way to the River Source, Supporting Diversity in the Schools, Lessons Learned by a Community and Its Schools*,

Engaging Parents Communities and Educators in School Change, Role of Community Organization in Supporting Racial Equality, and Eliminating White Privilege in Schools were widely disseminated throughout St. Paul. *The Future of Genuine Diversity in Schools: What You Can Do* is a summary of the lessons learned from 7 years of SDS program implementation. Forty-five hundred copies have been disseminated throughout the state of Minnesota, nationally and internationally, including South Africa and Australia. The English version was distributed to approximately 4,000 people, the Hmong version to approximately 300 people, and the Spanish version to approximately 200 people.

The Saint Paul Foundation acknowledged the need to change the faces of people assuming leadership in the region. *The Images of Our Community: A Biographical Supplement to a Series of Posters* (Saint Paul Foundation, 1997b) is not only a pictorial representation, it was a statement and demonstration of change. *Images of Our Community* sought to bring to children and young people the images and stories of diverse people throughout the Twin Cities community. These were people on whom the community depended, individually and collectively. They served as role models for people of all backgrounds and age. The posters and supplements were distributed to 300 schools, libraries, and community agencies since 1997.

The Board of Trustees, at its 1996 retreat, reviewed the lessons that had been learned from operating special projects and published "The Lessons Learned From Special Projects," which contains:

1. Effective system change is a long-term effort.
2. Engaging a consortium of funders is more effective than acting alone.

3. Extending a complete invitation to all stakeholders to participate in the research, planning, implementation and evaluation of the project must be a priority from the beginning.

4. Develop the evaluation plan in the early stages of the project. Evaluation plans should contain recommendations for dissemination.

5. Include accountability and sustainability for project continuation after foundation funding ends unless a specific sunset provision is made.

6. Provide an opportunity for an advisory committee to genuinely influence policy, procedures and practices of the project.

7. Use evaluation findings to “course correct” or adapt a project as it evolves. Setbacks and/or failures as well as successes should be used as learning tools.

The Foundation’s role should be that of convening interested parties and helping to facilitate planning, fund raising, project implementation, and evaluation processes. It should strive to be an equal partner in the process and not to control decision-making. The Foundation identified two additional methods to assist its partnership role:

1. We continue to develop and refine our Management Information System which helps to monitor and track all aspects of our grantmaking system including those associated with evaluation, e.g., compliance with application guidelines, receipt and approval of evaluation plans, interim and final reports, and close out memoranda.

2. We established a fellowship with the University of Minnesota, *The Saint Paul Foundation Evaluation Fellow*, which saw three fellows in the 7 years of its life span. The purpose of the Fellows Program was to help (a) the University attract high quality Ph.D. candidates in evaluation and measurements to the Department of Education and Psychology doctoral program; (b) provide hands-on experience for

Ph.D. candidates in the nonprofit sector; and (c) provide the Foundation with a qualified person to help think about and promote evaluation principles and practices of the Foundation, its client foundations, and grantees.

Community Foundation for Southeastern Michigan. The Council on Foundations and the Association of Black Foundation Executives (1993) study on inclusiveness recommended comprehensive education on the part of community foundations to broaden people of color's understanding of the philanthropic options. There was widespread consensus that most people of color, even those of means, are unfamiliar with the concept of philanthropy as carried out by community foundations (p. 12).

The African American Legacy Project was one of 11 national grants funded by the Regional Associations of Grantmakers, to pursue learning about issues of diversity and philanthropy. The African American Legacy Project was aggressively launched as an education effort in minority communities on how individuals could decide what to do with their charitable resources rather than direct fund raising or development of a single minority fund. The African American Legacy Program lets the individual decide where his/her money is invested philanthropically. If an organization wants to start a traditional minority fund, that is acceptable. The Legacy program is really about learning how to give anywhere. The first target is through the churches. Two participants from the Van Dusen Endowment Challenge spearheaded the initiative.

The African American Legacy Project encouraged the African American community to expand the tradition of charitable giving. The program helps individuals to improve their environment by developing economic solutions,

encouraging self-sufficiency and providing a legacy for future generations. The education focused the wide range of interests the individual has. The survey conducted by the Community Foundation for Southeastern Michigan data revealed that African Americans, in particular, have very strong traditions but not strong support for ecumenical organizations, other than the church.

The African American Legacy Project's evaluation measured the current level of African American philanthropy and provided assistance in developing strategies for dramatically increasing levels of philanthropy. The project evaluator was appointed to the management team and stated in the evaluation report:

The African American Legacy Project has been successful in identifying challenges, coming up with a plan of action and implementing that plan successfully so that the overarching goals and objectives were realized. Their goals and objectives were reached, although the means may be somewhat different.

Planning and evaluation were integral to each foundation and its community partnership building process and its information gathering process. Yet, each foundation found unique ways that were context specific and sensitive to build partnerships, to capture lessons learned, and to use evaluation lessons. For example, the Kansas City Foundation used evaluation lessons to manage conflict and tension that emerged as projects changed, and/or as they moved to scale. The Saint Paul Foundation used lessons learned from planning and evaluation to disseminate to multiple audiences, thus effectively leveraging information. Finally, the Community Foundation of Southeastern Michigan used evaluation to learn about planned giving and new special initiatives. There are other examples in Table 2, but the richness of these findings reveal the use of the critical domains that are transcendent, yet are at the same time community specific.

Table 2
Community Partnerships for Planning and Evaluation

	Greater Kansas City Community Foundation	Saint Paul Foundation	Community Foundation for Southeastern Michigan
Strategic Planning	Identified issues, built coalitions, developed niche	Community Advisory Committee developed strategic focus areas	Permanency and endowments to strengthen nonprofit sector
Evaluation	United Way Outcome Model, External Evaluation for Strategic Initiatives, Organizational Benchmarks	Performance Targets, External Evaluation for Strategic Initiatives, Benchmarks for Strategic Grantmaking Areas	Project Level Evaluation, External Evaluation for Strategic Initiatives
Learning	Used evaluation to manage conflict and tension emerging as projects change and move to scale	Used evaluation to generate reports targeted to multiple audiences	Used evaluation to learn more about planned giving and create new special initiatives

Research Question 3

What should be expected in both human and financial costs associated when implementing an evaluation system supporting learning?

Making a commitment to use evaluation comes with a responsibility to internalize evaluation as part of the core work. It means that the financial costs for training staff, volunteers (including the board), nonprofit grantees, and donors become part of the organizational planning and budget considerations. Finally, it means communicating the lessons learned and applying those lessons to future work of the community foundation.

The Greater Kansas City Community Foundation

The United Way of America Outcomes Measurement model collaborative pilot program evaluation made recommendations for agencies and funders: to determine the level of resources needed by an agency to incorporate outcome measures as part of their program planning process; and to develop a sustainable system for the provision of ongoing training and technical assistance to agencies and funders. The evaluators recommended that agencies use a facilitative consultant with expertise in planning as the most beneficial from a process standpoint. To minimize the impact of staff turnover and ensure continuity, the outcomes work team should have a number of members who were all trained and active participants in the outcome measurement process. Another recommendation was that “funders should encourage participants to learn outcomes measurement by recognizing that implementation takes time and allowing adequate time to develop an effective system that produces reliable results.”

The Center for Management Assistance would continue to offer the United Way of America Outcomes Measurement training as part of their ongoing curriculum. The time requirement on the part of the agencies was significant for all participants. The considerable time commitment was not “unreasonable.” The benefits of the outcomes measurement approach outweighed the time required for implementation. Based on the range of responses, there did not appear to be one formula that could be applied across the board. There were no “big agency versus small agency” differences in terms of ease or ability to implement outcomes.

All participants noted that staff time would be a key issue. Some expressed a need for additional staff to manage the process while others felt that reassignment of existing staff would accommodate the shift.

Assembling an expanded team of talented people without previous foundation experience has meant extra training requirements for the community foundation. During a grantmaking meeting, the vice president asked, "What staff development needs do you have? Get those to me." The community foundation used a local accounting firm to provide training for nonfinancial managers. The administrative staff also encouraged staff to take short courses, participate in workshops, etc. Training areas have included financial management, community economic development and evaluation techniques.

The Saint Paul Foundation

There were costs internally and externally when the evaluation system was implemented. The first cost was staff time to do evaluation. Some staff was reluctant to change the way of doing business. There were also perplexing issues of how to use evaluation information. The information had to be in a useable fashion and staff had to have time to share the findings with grantees and other interested parties. One staff member reported, "We tried 'brown bag' lunches as a way to share. This met with mixed results."

Externally, requests for training nonprofit agencies' staff and time away from service delivery was met with a "We're here to provide service." There was a lack of trust in the Foundation's motivation and a lack of understanding about the value to their program. Nonprofit organizations generally lack access to technical assistance. With limited number of staff of grantees and limited dollars to do evaluation, it was

not a priority. The need to plan the evaluation at the same time that they were developing a project proposal was another issue for nonprofit grantees. There was a sense of competition between smaller organizations with less capacity and larger organizations with more capacity.

Despite those barriers, however, there were significant benefits to both the Foundation and to the grantees. Internally, evaluation preserved an institutional memory. "Not only do we know it was a good program, but the files document that knowledge." Future grantmaking was better informed. Evaluation helped to break down mystic about "Funders." It was a good public relations tool and developed better rapport with grantees. Externally for the grantees, many gained better understanding of the work of foundations. It helped to improve their sense of access to the Foundation, which made the Foundation more a part of the community. Many agencies have a better understanding of the value using the evaluation findings in a positive way to course correct or to sustain some element of their programs. Finally evaluation helped the grantee fulfill his/her role in a more effective manner so that the Foundation, as stewards of the assets, made the most effective use of those dollars.

The Community Foundation for Southeastern Michigan

The Community Foundation's primary emphasis has been evaluation of strategic initiatives, with resources provided for in the grant and reliance on external evaluators. Those reports have provided guidance to the organization, both for grantmaking and organizational change. Staff members as well as board members work closely with external evaluators and incorporate the findings into their work. One board member said, "Evaluation is synonymous with education. The challenge is to use evaluation as a tool. The ends are to improve structure for better results in the

future. Staff and volunteers have to distinguish between means and ends." Decision making recommendations are based on analysis and intuitive judgments. The community foundation has all the elements of a good evaluation system beginning with commitment, skills, and talent. They need to place a frame of reference around these activities.

Table 3 notes how each foundation makes investments in staff to support organizational learning. The commonality across each of the three foundations is that all recognize time for staff to get continuing education and provide technical assistance to grantees, so that both staff and community stakeholders benefit and are strengthened.

Table 3

Human and Financial Investments for Organizational Learning

The Greater Kansas City Community Foundation	The Saint Paul Foundation	The Community Foundation For Southeastern Michigan
Staff time for personal training and technical assistance; shift in responsibilities may require additional staff needed	Staff time for personal training and technical assistance	Staff time for personal training and technical assistance; training volunteers

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of a summary of the study, conclusions, implications, and recommendations for future research. This study investigated and described how different community foundations approach organizational evaluation—choosing which proposals to fund, program monitoring, program improvement, and program impact. The three community foundations studied approach evaluation not as a formal system of grant accountabilities, but as a way of systematically gathering information from various constituents for purposes of building relationships, building capacity and mobilizing the community. These three foundations, to meet the needs of donors, recipient organizations, and the community at large, demonstrate multiple evaluation techniques. Findings show that purposes of evaluation include:

- (a) involvement of key stakeholders, (b) grant review and monitoring processes,**
- (c) special projects/initiatives, (d) building the capacity of the nonprofit sector, and**
- (e) communications.**

The community foundations in this research study made commitments to use evaluation, essentially focused on self-reflection, the initial grant review and monitoring process, and special initiatives. Evaluation, as a practice, is increasingly prioritized in various aspects of the organizations' development, including the addition of measurable objectives and benchmarks in their strategic plans, modifying the role of staff and board members, and technical assistance for nonprofit grantees.

Evaluation as a primary tool to enhance organizational mission achievement requires the commitment to make evaluation integral to the community foundation's core work instead of an add-on. Moreover, the three community foundations make continuous improvement of grantmaking capacity and strengthening nonprofit organizations, the board and donors a centerpiece of all efforts going forward. Therefore, the financial costs for training staff, volunteers (including the board), nonprofit grantees, and donors become central to the organizational planning and budget considerations. Finally, communicating the lessons learned and applications to future work of the community foundation is an increasing value for evaluation.

Findings From the Case Studies

In the following section the findings of this study were compared to some of those studies previously reported on in Chapter II. The discussion of findings will focus on internal evaluation capacity, multiple methods of evaluation used, the use of organizational evaluation, evaluation training and partnerships with national foundations.

Internal Evaluation Capacity

Community foundation staff recounted frequent formal and informal contacts with grantees, program recipients and donors. When staff and board members are knowledgeable of the evaluation processes and/or findings, they report better ability to leverage the work of the community foundation and to support nonprofit grantees. The three community foundations in this research study relied on the use of external evaluators and developing internal evaluation capacity. The use of external evaluation and evaluators was found to be more prevalent when a major initiative or large grant

was created. The use of these external experts coincided with the perceived importance and potential impact of the grant initiatives. In these cases community foundations report that these external evaluators were critical to promote project success and to capture lessons learned, outcomes, dissemination, and policy issues. They also used these external evaluators to leverage future grantmaking and community mobilization actions.

Seita (1993) pointed out the need for evaluation in foundations and nonprofit organizations. Seita's study also found that "community foundations reported that indirect contact is the most useful means for finding out what happened as a result of grantmaking" (p. 92). This study supports those findings that while informal evaluation still is prevalent among the community foundations studied, they have moved to more stringent formal measures.

Multiple Evaluation Methods Used

Recent trends in evaluation practice are less interested in methodological purity and more concerned with capacity, empowerment, participation, and developing an inventory of organizational learning practices. Thus, a trend toward blended methods of evaluation using both quantitative and qualitative methodology has emerged. House (1993) recently noted this trend and findings herein support the view that that these three community foundations use a variety of evaluative methods to decide which investments to make in a highly competitive local environment. They rely on research, surveys, questionnaires, case studies, key informants, and public opinion to determine areas of work. They report negotiations and discussions with donors about which community issues are supportable financially. They discuss with other stakeholder groups their willingness to take action on identified needs.

Agard and Breitenacher (1994) and Prince and File (1994) attest that donors, who have made their wealth in business settings, prefer community foundations as charitable settings. The donors also are demanding results from their investments. This research study supports the need to measure and evaluate the effectiveness of donors' gifts.

In summary, the mixing or blending of various evaluation methods seems to have served these three foundations well. Given the various audiences, stakeholders, and even the individual style of each foundation, this mixed method approach is likely more effective than a single-minded doctrinaire practice historically used heretofore. Moreover, informants' report that using blended evaluation approaches tends to be perceived as more valid because of the sense of triangulation.

Organizational Evaluation

Community foundations are complex—grantseekers and grantmakers, fundraisers and fund managers, community leaders and community servants. Staff and volunteers assume the multiple roles. Therefore, community foundations need an organizational evaluation focus to achieve mission and vision. Gray (1993) stated, "Evaluation equates with organizational learning, which requires data on both results and the processes that brought them about. This understanding of evaluation connects it to all of the strategies and tactical functions and processes of the organization" (p. 3).

Organizational evaluation was more prevalent at The Greater Kansas City Community Foundation and The Saint Paul Foundation, as demonstrated by their strategic plans, measurable benchmarks, and internal evaluation capacity. In both of these cases, interviews document review and observation by the researcher tend to

support that organizational evaluation is used for a variety of purposes. Purposes noted include formative project improvement, internal strategic planning, community visioning, community mobilization actions, and to enhance the capacity of local nonprofit partners. Findings also support that the use of systematic and systemic evaluation has been a factor in leveraging resources from external partners and in sustaining new community-based projects due to impact findings.

The findings for this study suggest that although The Community Foundation for Southeastern Michigan may not be at the same level with respect to organization evaluation as the other two foundations studied, it is evolving along the same path. Evidence of this evolution is that evaluation of special projects/initiatives is included in the recent strategic plan. More evidence includes the presence of measurable benchmarks for the major activities. Clearly, the pieces are in place for this evolution and growth to continue. The Community Foundation for Southeastern Michigan needs an overall evaluation plan to connect the pieces and include specific staff roles.

Partnerships With National Foundations

These three community foundations developed partnerships with national foundations to improve the community foundation's grantmaking overall and impact the quality of life in their region. As a result, they built their capacity to develop, implement, and evaluate programs that donors, nonprofit organizations and community residents can support. Work with national foundations is important for six reasons:

1. Selection for national grants is part of a competitive process with multiple applicants from community foundations across the country.

2. Community foundations receive dollars, additional technical assistance, research and evaluation to build capacity of the community foundation.
3. National partnerships help to seed new ideas in the region.
4. Partnerships leverage local resources to extend the impact of external resources.
5. There is national dissemination of the results.
6. There is learning from community foundation peers and the national sponsoring organization.

Seita (1993) found “the lack of staff in general prohibits much evaluation effort” (p. 94). Working with a national foundation’s evaluation department and/or external evaluators are ways to augment the capacities of current staff, learn evaluation skills while implementing programs, receive low-cost technical assistance and mentoring, and allow the community foundation to try on new evaluation roles in a supportive role. Patrizi and McMullan’s (1998) study included many of the national foundations partnering with these three community foundations. Their expertise can be useful in developing additional capacity.

Building the Capacity of the Nonprofit Sector

Gray (1993) said:

Nonprofit organizations are energized around “doing good works”; activities like evaluation are viewed as peripheral and conjure thoughts of bottom-line or cost-benefit calculus that is antithetical to the spirit and culture of the sector. The new vision, however, is exactly about doing good works. It is about organizational learning that leads to serving people more effectively. (p. 4)

The three community foundations provide training and technical assistance to improve the capacity of nonprofit organizations seeking their financial support. A key

relationship for getting the work done at the community level is through nonprofit partners. Training is offered to staff and board leadership of nonprofit agencies, using expertise from local, regional and national trainers to seed new ideas, build skills and encourage dialogue among grantees. The community foundations also developed or modified training curriculums, created connections among nonprofit agencies that went beyond evaluation. They also focused on other skills so that evaluation became a part of the context and a tool for achieving mission and goals.

Community foundation staff report that as nonprofit grantees get more adept at evaluation, program planning, and development, the expectation is that there will be improvements in program design and implementation, attention to documenting lessons learned, attention to funder's need for outcomes and impact. These new skills and abilities help the agencies market themselves. Rodriguez (1992) called for additional evaluation capacity in nonprofit organizations.

Evaluation Tools Needed

Gray (1993) said, "The new vision relies on methods and tools that are accessible—simple, cost effective and user friendly. Evaluation is a strategic investment" (p. 3). The three community foundations lack readily available tools to design evaluations either for themselves or their grantees. Because of the dearth of evaluation materials available to them, and the lack of a method for accessing designs of other community foundations, they start from scratch with each program evaluation design. While there has been a proliferation of evaluation materials, books, and consultants, they are often geared to "professional evaluators." The language can be confusing to the novice evaluator. The new evaluation tools need to be consistent with the focus areas within community foundations. None of the evaluation designs

reviewed were extremely costly or difficult to conduct. The questions posed were reflective enough to elicit responses from multiple voices. The designs relied on multiple sources of data. Some relied on volunteers to assist in upfront work of generating questions, benchmarks and outcomes. Other designs relied on external expertise to refine the designs. Some designs used local evaluators where possible, therefore, building local capacity.

Staff Development and Training

As staff members who design, conduct, or manage evaluation do not necessarily have to consist of formally trained evaluators. A combination of subject matter expertise, organizational development, understanding of evaluation basics, and willingness to learn are the necessary prerequisites. They also report sensitivity to grantees, donors, board members, and the political context of the community foundations as part of evaluation training needs. Staff reports a need for orientation indicating the commitment of the community foundation CEO and board to ongoing evaluation, sharing of findings and use of the information generated from evaluation. They want assistance in developing systems for evaluation management that are not add-ons, but integrated into the work. Community foundation staffs are excellent documenters, using Management Information Systems, record keeping, information on trends, organizations, and current events. They ask good stewardship questions. This spirit of inquiry is the basis of good evaluation.

Implications for Community Foundations

At the dawn of a new century, community foundations are asked to address not only the pressing issues of poverty, poor health, racism and urban deterioration

not resolved during the 20th century; they are tackling emerging issues and positioning themselves for yet unknown challenges. Community foundations will continue seeking funds from a variety of sources. These donors will invest in them only if they believe them capable of getting results and creating long-lasting change in the quality of life in the community.

Based on the findings of this study, these three community foundations, their donors, and nonprofit organizations are moving from grantmaking to emphasizing changemaking. They are paying attention to outcomes and communications.

Move From Grantmaking to Changemaking

At one time, grantmaking was the central function of these community foundations. As their resources grew and their impact became evident, they took on increased leadership and convening roles. Now these community foundations are directing some projects, creating alliances, and taking on controversial or unusual projects in their respective communities. These three community foundations recognize that change objectives require a significant investment of time, financial resources and dedicated staff to achieve the outcomes desired by the donors, the nonprofit organizations and the communities. The changes sought take longer periods of time than two to three year project cycles can achieve. Some of the changes can take five, ten or twenty years to occur. In order for a community foundation to make a decision to stick with a project long-term (7 years, 10 years), increased board and staff capacity and a significant investment in evaluation as a tool to assist in mission achievement and organizational learning are essential ingredients. They need to invest the time upfront to plan for the entire initiative, including mission impact, a clear set of expectations and disengagement strategies. The evaluation designs can be part of

planning so that it focuses on organizational strategies as well as community change objectives across multiple stakeholders.

This assumption requires community foundations willing to model the behavior to stick with an agenda until evaluation results report either that change is occurring or that the problem has been ameliorated. The current behavior in community foundations (and most foundations) is to seed new ideas. Long-term work will mean that community foundations can not look just at initial outcomes—look at impact. One function of the evaluation could be to report out what is happening along the way so that the community foundation will learn, adapt, and strengthen efforts with added donor support and not be diluted by the motivation to respond to every emerging issue in the community.

Since community foundations are inundated with information, the tendency may be to look at today's concerns instead of thinking about the long-term impact. Adoption of long-term strategies will require an institutional memory reinforced by evaluation and learning. Community foundations can make contributions to change efforts along a continuum of leadership, financial resources, program design, program operation, and organizational evaluation. Since the actual work is done through other groups, community foundations can't "claim credit for it or responsibility for it if it doesn't go well." They can, however, create the infrastructure that supports movement on ameliorating tough conditions.

Community foundations will have to ask the question, "Who will maintain the institutional memory for community foundations?" Staff come and go. Even effective leaders transition to different roles. Trustees serve limited terms. In this new environment, community foundations will find it advantageous to empower volunteers, recipients, and donors with the key attitudes and skills to conduct

evaluation—asking the right questions, collecting, and analyzing data and communicating those findings broadly to the community served.

Outcomes Orientation

Donors and recipients of services are asking for outcomes. The outcomes focus offers opportunities forcing different partnerships between community foundations and nonprofit agencies. The new partnership relationship elevates the nonprofits from supplicants to real partners in achieving outcomes. Real partnerships imply equity, consensus building, and agreement on outcomes. Therefore, funding availability, technical assistance, monitoring, formative and summative evaluation, joint communications, and dissemination are the parts of the ongoing dialogue. Communities are seeking solutions to pressing issues.

Community foundations and nonprofit organizations will have to do different things in the future, including having the ability to modify programs quickly in response to both evaluation findings and changes in the external community environment. Community foundations can use evaluation and lessons learned to promote what works and discards what does not. This orientation requires that all partners value evaluation information, receive information in a timely manner and are willing to act on it. It means making tough evaluative judgments of merit and worth. Scarce resources have to be targeted not only to areas of need but also to areas where impact can be made.

Communications

Sanders (1993) said, “Formal evaluation is a public process where we report the information we use and defend the conclusions we reach. We share the results of

our formal evaluations with others who need to know” (p. 13). The information age has reached community foundations and nonprofit organizations. The availability of technology, including the Internet, makes information instantaneous. The three community foundations have active, attractive web pages in a section devoted to community foundations nationally. These web sites serve as a source to update donors, prospective grantees and others interested in community foundations. Basic information is readily available for new audiences. Paradoxically, the more successful the community foundation the more need to reach out to new stakeholders—both donors and grantees—to meet the public support test.

Communications is a means of telling your own stories instead of relying on other media to interpret what the community foundation is doing. Communication that is comprehensive and multi-layered can be a way to share lessons learned. New ways of communications can move community foundations away from typical evaluation reports to incorporated different communications vehicles (i.e., print, billboards, community relations, etc.). Use everyday language. Community foundations need less reliance on annual reports, which go to shareholders and nonprofit grantees. These were snapshots, which highlight asset development, new funds, and significant program activities.

Recommendations for Future Research

This study pointed out again the dearth of research available on community foundations. What is available comes primarily from publications commissioned by The Council on Foundations and the Community Foundation Annual Survey, by the Columbus Foundation. Rainbow Research and several unpublished dissertations, along with the reader, *An Agile Servant* (Magat, 1989), remain the principal sources

of information about community foundations. There are still many unanswered questions about community foundations, use of evaluations, and how they use the lessons learned to address changing community needs. Some questions for further study include:

1. These three community foundations have chosen to use evaluation for multiple organizational purposes. Further research is needed regarding evaluation use in community foundations, to determine the factors that influence evaluation use especially for small and medium sized foundations.

2. There was a plethora of community foundation programs within these three community foundations where program evaluations have been conducted, with appropriate methodology and generation of instruments. Yet, each community foundation sees itself as individualized and unique. Further research needs to include a compilation of existing tools that can be adapted for smaller non-staffed community foundations such as *Prevention Plus III* designed by Linney and Wandersman (1991) to assist community groups implementing alcohol, tobacco, and drug programs (ATOD). The workbook distills evaluation to four essential components: "(1) question formation, (2) implementation/process evaluation, (3) assessment of proximal effects, and (4) assessment of broader impact" (Linney & Wandersman, 1996, p. 261) and a similar compilation would be an excellent starting resource for community foundations.

3. These three community foundations were implementing new scopes of work that include moving from individual grants to clusters of grants and comprehensive initiatives that were implemented over a 5- to 10-year period or longer in some instances. The initiatives in particular include an external evaluation component. Future research studies should include a focus on several long-term

initiatives of 5 to 10 years to determine where and how evaluation learnings are resulting in changes within the community foundation.

4. The evaluation of comprehensive initiatives has focused solely on large-scale projects initiated by national foundations. Are there differences in design and implementation of comprehensive initiatives and their evaluations when such programs were sponsored by a community foundation? This research would add to the growing body of work by persons such as Weiss and Lopez (1999) who were investigating changemaking and grantmaking in foundations.

5. The program staff of the three community foundations and their nonprofit grantees comes from a variety of disciplines, including the social sciences, education, and the arts. The program staff, generally, does not have evaluation backgrounds or specific knowledge of evaluation practice, yet they use evaluation skills daily to conduct their multiple roles. Further research is needed at the pre-service level to determine how much evaluation training is available for persons entering the non-profit service fields and where it needs to be augmented for the greatest impact.

6. Donors are giving in unprecedented amounts. Community foundations are amassing large sums of restricted funds while giving away small, unrestricted grants to nonprofit grantees. There is tension between perceived asset size and ability of the community foundation to meet the increased funding expectations of nonprofit organizations. There can be a community needs gap when donors' passions do not coincide with areas of greatest community need. Further research across a wider range of community foundations is needed to determine what combination of approaches can best educate donors about community need. That further research can assess features such as size, assets, and staff.

Closing Summary

These three community foundations selected for this study may be considered pioneers in the area of community foundation evaluation. They were developing useful approaches to evaluation that meet their needs. Fortunately, they have allowed themselves to be studied so that future research and development in evaluation by other community foundations can be informed by their efforts.

Very little information is found in the literature about the use of evaluation in community foundations. Given the paucity of written information about the level of use in the community foundation setting, one might gather that valuable lessons learned are not being captured or disseminated to inform any of the uses in this study. On the other hand, multiple studies in the field of evaluation reflect two realities. The lack of evaluation use across a spectrum of nonprofit organizations is profound. Yet, in spite of that underutilization, it is clear that evaluation has been demonstrated to be an effective tool in informing a number of nonprofit purposes. The power of what these foundations are doing is integral going forward to improve intraorganizational practices, to build the capacity of nonprofit partners and to improve the quality of lives of the many citizens who live in an ever-changing, increasingly complex society.

The community foundations investigated are also managing changes to their internal and external environment. As the government passes responsibility for local decisions back to the community, these community foundations are seen as agents of change. Times of rapid change and chaos require leaders who can put their energy into motivating, mediating, and modeling the way. These community foundation leaders have demonstrated the ability to bring together the various stakeholders to determine what change can occur and marshal efforts to make a difference in their

spheres of influence. They are developing techniques and methodology, including evaluation to sustain the change-making efforts. The community foundations operate in a learning mode, using information and modifying existing structures, understanding the deeper implications of forward action, and working to bring everyone to his or her highest level of participation.

Appendix A
Human Subjects Institutional Review Board
Letter of Approval

WESTERN MICHIGAN UNIVERSITY

Date: 2 April 1999

To: Donald Thompson, Principal Investigator
Joyce Brown, Student Investigator for dissertation

From: Sylvia Culp, Chair *Sylvia Culp*

Re: HSIRB Project Number 99-02-11

This letter will serve as confirmation that your research project entitled "Case Studies of Organizational Evaluation Within Community Foundations" has been **approved** under the **expedited** category of review by the Human Subjects Institutional Review Board. The conditions and duration of this approval are specified in the Policies of Western Michigan University. You may now begin to implement the research as described in the application.

Please note that you may **only** conduct this research exactly in the form it was approved. You must seek specific board approval for any changes in this project. You must also seek reapproval if the project extends beyond the termination date noted below. In addition if there are any unanticipated adverse reactions or unanticipated events associated with the conduct of this research, you should immediately suspend the project and contact the Chair of the HSIRB for consultation.

The Board wishes you success in the pursuit of your research goals.

Approval Termination: 2 April 2000

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