LEARNING TOGETHER: USING PROGRAM EVALUATION TO IMPROVE COMMUNITY IMPACT

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FOREWARD

About this Study
The purpose of this study is to explore how nonprofit organizations and funders can use program evaluation to improve the effectiveness of their work and increase their community impact. Research was conducted to identify how program evaluation is currently being used within Minnesota’s nonprofit sector. The study was developed by Susan Y. Voigt to complete her Master of Public Affairs degree at the Humphrey School of Public Affairs, University of Minnesota.

Note on Survey Data
The statistics and findings in this report are drawn from a mixed methods research study that included electronic surveys from nonprofits and funders, a literature review of professional and academic sources and interviews with local and national program evaluation thought leaders. The findings in this study are based on data reported between January and April 2015.

Electronic surveys were distributed to 365 Minnesota-based nonprofits who submitted health-related grant proposals to the Medica Foundation in the past three years. Surveys were returned by 172 organizations, a response rate of 47%. Electronic surveys were also sent to 100 Minnesota foundations. Thirty-two foundations returned the survey, a response rate of 32%.

I’d like to thank the many people who took their time to thoughtfully provide input on this important subject. If you would like to see the detailed survey responses, please contact me at voigt134@umn.edu.

Susan Voigt
EXECUTIVE OVERVIEW

Demonstrating Impact – A Mutual Goal

The effectiveness of nonprofit organizations matter to those who believe in the power of the social sector. For foundations, nonprofit effectiveness is particularly important. The extent to which foundations make a difference in their communities depends on the effectiveness of the nonprofits they fund. It makes sense then, that how well nonprofits understand the impact they are making strongly affects a foundation’s ability to understand its own impact. Seventy percent of foundation CEO’s said the information they collect from their grantees is extremely important to their ability to understand the impact of their foundation’s program work (Buchanan, 2011).

Nonprofits are committed to making a difference in their communities by providing needed community services. They evaluate programs for their own purposes: to learn how they can improve their programs to better serve clients. A Michigan study found that 67% of executive directors use evaluation information to alter their programming (Brock, Buteau & Herring, 2012). To nonprofits, program evaluation serves as both an internal tool and as an external tool. They must balance the “external pull” of evaluation as a means of satisfying external stakeholders with the organization’s own “internal push,” its desire to evaluate for the sake of program effectiveness.

Increasing Attention

Today, there is increasing social, business and political pressure on both nonprofits and foundations to demonstrate the value or social impact of their work. This has helped put questions of effectiveness and evaluation on the agendas of both foundations and nonprofits (Reich, 2015). Historically, program evaluation has often been used as an accountability tool for funders to monitor grant performance. Today, both nonprofits and funders are being asked to demonstrate how individuals or communities have improved as a result of their work and investments.

Challenging Work

Nonprofits work to address some of our communities’ most difficult problems. Sometimes, it can be challenging to demonstrate the impact of their work in the social sector. Some measures are difficult to define and others are expensive to research. Nonprofits should be prepared to explain why work that can’t be measured is nonetheless valuable, and should engage in meaningful evaluation of work that can be assessed (Rooney, 2011).

Field Research

Research was conducted to explore how Minnesota nonprofits and funders are using program evaluation. Surveys were completed by 172 Minnesota nonprofits and 32 foundations. Interviews were also conducted with local and national thought leaders. This study focuses on how Minnesota funders and nonprofits can work together to advance nonprofits’ use of program evaluation to improve the effectiveness and impact of their community work.
Key Findings
This study finds there is widespread use of program evaluation by Minnesota nonprofits and their funders. Evaluations are completed for a variety of reasons including strengthening nonprofit programs, demonstrating outcomes and informing grant decision-making. Minnesota nonprofits also face significant evaluation barriers which include insufficient resources and a multitude of data requests from funders.

Several findings emerge that identify opportunities for nonprofits and funders to use program evaluation to inform and improve the effectiveness and impact of their work. These include:

1. Develop a common evaluation approach to simplify and improve the quality of data collected.
2. Build the capacity of nonprofits to conduct effective program evaluations.
3. Expand the use of evaluation as a learning tool, not just an accountability tool.
4. Foster closer working relationships between funders and nonprofits.
5. Focus on the client in all evaluation efforts.

Promising Models
Research was also conducted to identify promising models that could help address the top priorities of both Minnesota nonprofits and funders: build nonprofits’ evaluation capacity and develop a common evaluation approach. The identified models include the Bruner Foundation which focuses its work on building and sharing practices to advance the evaluative capacity of nonprofits and funders. Hearth Connection, a Minnesota nonprofit, demonstrates how a common evaluation approach is being used to demonstrate outcomes for homelessness initiatives. And, an innovative, low-cost shared impact measurement system developed by Algorhythm to advance learning within nonprofit fields of practice.

Call to Action
The report concludes by encouraging funders to take a leadership role in convening a working group of stakeholders to create a common evaluation approach. This approach could define outcomes at the organizational level, program level or within a field of practice. A common framework could reduce the amount of overlapping data collected by nonprofits allowing them to focus on evaluative learnings instead of data collection. The working group should consider testing a new shared impact measurement system created by Algorhythm, a company that builds online peer networks to share data and best practices. Finally, funders should invest more funds and provide additional technical assistance and training to improve the evaluative capacity of their nonprofit partners. Working together and using program evaluation as a learning tool, both nonprofits and funders can improve the effectiveness of their programs and increase their community impact.
INPUT FROM FIELD

Quantitative Research

Minnesota nonprofits and funders completed an electronic survey that included both quantitative and qualitative questions (Appendix I). Surveys were completed by 172 nonprofit organizations (47% response rate) and 32 funders (32% response rate).

Engagement in Evaluation

Program evaluation is a commonly used practice for both nonprofits and funders. This is especially true for nonprofits (98%).

Primary Audience

Nonprofits indicated that their primary audience for program evaluation was funders, an external audience (42%), followed closely by an internal audience of management and staff (37%). Funders had one primary audience – their internal management and staff (71%).

<table>
<thead>
<tr>
<th>PRIMARY AUDIENCE</th>
<th>NONPROFITS</th>
<th>FUNDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funders</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Internal Management and Staff</td>
<td>37%</td>
<td>71%</td>
</tr>
<tr>
<td>Clients</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Policy Makers</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Grant Review Committee</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Community Stakeholders</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Policy Makers</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>
Why and How Program Evaluation is Used

WHY – Nonprofits rated demonstrating outcomes and strengthening their programs as the most important reasons why they conducted program evaluations (98%). Funders rated demonstrating outcomes and learning whether their grant objectives were achieved as their top uses of program evaluation (89%). Nonprofits also felt it was important to contribute to knowledge in the field (70%) and to influence public policy (52%). Funders did not rate these areas as highly.

HOW – Nonprofits reported that they used program evaluation to report to funders and to plan or revise programs (93%). Funders used the information most often to inform grant making decisions (89%) and to report to their board of directors (74%). Many nonprofits used program evaluation results to support advocacy efforts while funders did so less often.

<table>
<thead>
<tr>
<th>NONPROFITS</th>
<th>FUNDERSD</th>
<th>WHY WE USE PROGRAM EVALUATION</th>
<th>HOW PROGRAM EVALUATION IS USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate outcomes and impact</td>
<td>98%</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td>Strengthen our programs</td>
<td>98%</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>Learn whether grant objectives were achieved</td>
<td>90%</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td>Contribute to knowledge in the field</td>
<td>70%</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>Influence public policy</td>
<td>52%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Report to funders</td>
<td>93%</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>To plan or revise programs</td>
<td>93%</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Report to Board of Directors</td>
<td>80%</td>
<td>74%</td>
<td></td>
</tr>
<tr>
<td>Share best practices/lessons learned</td>
<td>72%</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Make resource allocation decisions</td>
<td>58%</td>
<td>89%</td>
<td></td>
</tr>
<tr>
<td>Inform grant making decisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In support of advocacy</td>
<td>42%</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>
Evaluation Approaches

Outcomes evaluation was the most commonly used evaluation approach by both nonprofits (90%) and funders (96%). Nonprofits also frequently used client satisfaction studies (88%).

Outcomes Evaluation (tracking program results) 90% NONPROFITS 96% FUNDERS

Implementation Evaluation (tracking program delivery) 58% NONPROFITS 64% FUNDERS

Formative Evaluation (identifying what’s working or not and making changes) 67% NONPROFITS 54% FUNDERS

Satisfaction Studies (assessing client satisfaction) 88% NONPROFITS 39% FUNDERS

Cost Benefit Analysis (assessing financial impact) 42% NONPROFITS 29% FUNDERS

Note: There are additional program evaluation approaches used in the nonprofit sector but a pilot survey of a group of Minnesota nonprofits indicated that these were the most commonly used methods.
**Nonprofit Evaluation Barriers**

Both groups indicated that nonprofits face a number of barriers when conducting program evaluations. Nonprofits felt that limited staff time (51%) and insufficient financial resources (47%) were their top barriers. Funders also identified these as top barriers, but at a significantly higher rate. Overall, funders rated the barriers nonprofits face at a much higher level than did the nonprofits.

<table>
<thead>
<tr>
<th>TYPES OF BARRIERS</th>
<th>NONPROFITS</th>
<th>FUNDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited staff time</td>
<td>51%</td>
<td>83%</td>
</tr>
<tr>
<td>Insufficient financial resources</td>
<td>47%</td>
<td>69%</td>
</tr>
<tr>
<td>Limited staff expertise in evaluation</td>
<td>27%</td>
<td>72%</td>
</tr>
<tr>
<td>Insufficient support from management</td>
<td>2%</td>
<td>21%</td>
</tr>
<tr>
<td>Funders asking for too many different types of data</td>
<td>25%</td>
<td>59%</td>
</tr>
<tr>
<td>Difficulty identifying and measuring outcomes</td>
<td>15%</td>
<td>66%</td>
</tr>
<tr>
<td>Lack of a standardized evaluation approach across funders</td>
<td>37%</td>
<td>69%</td>
</tr>
</tbody>
</table>

**Usefulness of Program Evaluations**

The majority of funders were satisfied with the program evaluation information they received from nonprofits (58%) although only a small number were very satisfied with the information (3%).

![58% Satisfied](image)
Support from Funders

Nonprofits indicated that they received no financial support (40%) and no technical assistance (56%) from funders to evaluate their programs. Funders also specified that they provided no financial support (27%) and no technical assistance (42%) to support nonprofits’ program evaluation. Funders also felt that they provided full financial and technical support at a much higher level than the nonprofits.
Qualitative Research

Both nonprofits and funders were asked a series of open-ended questions related to how funders could better support nonprofits in their use of program evaluation. Their responses were categorized into major themes which are identified below.

**Question 1**

“What else could funders do to support nonprofit program evaluation efforts?”

Nonprofits’ top request was to have funders provide more financial resources to support their work (57%), while funders emphasized the need to build the evaluative capacity of their nonprofit partners (55%). The second highest priority for both groups was to standardize evaluation measures across funders.

**Major Themes:**

<table>
<thead>
<tr>
<th>Nonprofit (n=112)</th>
<th>%</th>
<th>Funder (n=20)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funders provide more resources</td>
<td>57%</td>
<td>Help increase nonprofits’ capacity</td>
<td>55%</td>
</tr>
<tr>
<td>Standardize evaluation measures across funders</td>
<td>15%</td>
<td>Standardize evaluation measures across funders</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Resources and Capacity**

The responses related to resources were broken down further and showed that increased funding was the top request of nonprofits (58%); technical assistance followed at 34%. Funders’ primary interest in increasing nonprofits’ capacity was to provide training (45%) and technical assistance (36%).

<table>
<thead>
<tr>
<th>Types of Resources</th>
<th>Nonprofits</th>
<th>Funders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>58%</td>
<td>18%</td>
</tr>
<tr>
<td>Technical assistance</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td>Training</td>
<td>8%</td>
<td>45%</td>
</tr>
<tr>
<td>Sharing information with similar/like nonprofits</td>
<td>0%</td>
<td>9%</td>
</tr>
</tbody>
</table>

_Funder – “We have, from time to time, gathered a group of like grantees to discuss their projects, struggles, results and what they learned. We would like to do more of this. We also want to build in more opportunities for workshops run by our staff with groups of grantees.”_
Nonprofit - “Provide adequate funding to enable solid evaluation. Offer consultation specific to our work/sector from individuals who can help us ask the right questions and compile our findings.”

Nonprofit - “Provide grants for program evaluation in addition to grants that support programming. If we have to choose, we are in a position of raising money for basic needs, and not for program evaluation. Perhaps funders could allocate resources so that every three-five years or so they would give their grantees evaluation funds and technical assistance. Another option could be that project grant awards include adequate funding to evaluate and report outcomes.”

**Standard Evaluation Measures**

The responses related to standardizing evaluation measures were analyzed further. Most nonprofits wanted funders to collaborate and use a common evaluation report with at least some common questions (81%). A lower priority request was to have funders align their measurement requests with data already being tracked by the nonprofit (19%). Funders also wanted to develop a common evaluation approach across funders (60%) and align with existing nonprofit measurements (40%).

<table>
<thead>
<tr>
<th></th>
<th>Nonprofits</th>
<th>Funders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligning our measurements with what nonprofits are already tracking and measuring</td>
<td>19%</td>
<td>40%</td>
</tr>
<tr>
<td>Collaborate with other funders to use one evaluation form or common questions</td>
<td>81%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Nonprofit - “I think there are some exciting conversations around industry standards in certain areas (i.e. Youth Development and Employment) happening but that nonprofits would benefits from skilled evaluators, program staff and funders working together to set what means success in certain areas and come up with definitions of best practices around collecting this information (rather than mandating the use of one database across organizations).”

Funder – “Collaborate with other funders to use one evaluation form so they aren’t recreating the wheel every time.”

“Work with other funders to identify some, maybe not all, common questions.”
Question 2

“Indicate how nonprofits and funders can work together to better demonstrate and improve the effectiveness of their community work.”

Using standardized evaluation measures across funders was a top priority for funders (40%) and an important priority for nonprofits (21%). In addition, developing closer partnerships with one another was recommended by both funders (33%) and nonprofits (26%). Nonprofits also felt it was important to share promising practices and learnings, but funders didn’t focus on this area.

<table>
<thead>
<tr>
<th>Nonprofits (n=95)</th>
<th>%</th>
<th>Funder (n=15)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standardize evaluation measures across funders</td>
<td>21%</td>
<td>Standardize evaluation measures across funders</td>
<td>40%</td>
</tr>
<tr>
<td>Develop partnerships with funders</td>
<td>26%</td>
<td>Develop partnerships with nonprofits</td>
<td>33%</td>
</tr>
<tr>
<td>Provide more resources</td>
<td>13%</td>
<td>Increase nonprofit capacity</td>
<td>13%</td>
</tr>
<tr>
<td>Share practices/results</td>
<td>12%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nonprofit – “Meet regularly with us and other grantees with similar programs so we can find common metrics to show broader effectiveness.”

“Work with others who fund similar programs and have similar evaluation requirements and/or allow programs to show what is currently being done to see if it meets their needs (more flexibility). For example, one program uses 3 different surveys to meet 3 different funder requirements. We survey the same group of people 6 different times (pre/post surveys).”

“In another program, a nonprofit had to keep track of 150 race categories for clients to address different funders’ requests for information.”

Funder – “Proactively discuss ways to develop mutual goals and objectives that align between the nonprofits and funders. Continue the discussions to make evaluation more standard across funders.”

“Look towards a collective approach. The Minnesota common grant application and report form attempted to address this issue.”
**Question 3**

“What else would you like to share with us?”

Responses included themes mentioned in the previous two open-ended questions. Several nonprofits did point out that not everything they do can be easily measured and that it varies by field of practice. Albert Einstein was quoted “Not everything that counts can be counted; and not everything that can be counted counts.”

**Survey Demographics:**

**Job Type**

<table>
<thead>
<tr>
<th>Job Title</th>
<th>Nonprofit (n=172)</th>
<th>Funder (n=32)</th>
</tr>
</thead>
<tbody>
<tr>
<td>President/Executive Director</td>
<td>52%</td>
<td>14%</td>
</tr>
<tr>
<td>Program Manager/Officer</td>
<td>23%</td>
<td>62%</td>
</tr>
<tr>
<td>Evaluation Manager</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Development Director</td>
<td>18%</td>
<td>0%</td>
</tr>
<tr>
<td>Grants Manager</td>
<td>0%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Organization Size – Nonprofit Budget and Funders’ Giving Budget**

<table>
<thead>
<tr>
<th>Size</th>
<th>Nonprofit (n=172)</th>
<th>Funder (n=32)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $500K</td>
<td>14%</td>
<td>9%</td>
</tr>
<tr>
<td>$500K-$1M</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>$1M-$5M</td>
<td>34%</td>
<td>50%</td>
</tr>
<tr>
<td>$5M-$10M</td>
<td>19%</td>
<td>3%</td>
</tr>
<tr>
<td>Over 10M</td>
<td>26%</td>
<td>38%</td>
</tr>
</tbody>
</table>
KEY FINDINGS

This study finds there is increasing pressure on nonprofits and funders to demonstrate the impact of their work. Accordingly, there is widespread use of program evaluation by Minnesota nonprofits and funders. Evaluations are completed for a variety of good reasons, including strengthening nonprofit programs, demonstrating outcomes and informing grant decision-making. Despite this high level of use, nonprofits face significant challenges conducting evaluations because they have limited internal capacity and face a multitude of data requests from funders.

Survey data was supplemented with interviews with local and national program evaluation thought leaders (Appendix II) and a review of professional and academic literature. Several important findings emerge from this research that identifies opportunities to advance the practice of program evaluation which can improve the effectiveness of nonprofits’ work and increase their community impact.

Develop a Common Evaluation Approach

A Myriad of Data Requests

Nonprofit organizations are likely to have multiple funders, with 75% having more than four and 50% having more than eight. Almost half report a lack of consistency in information requirements from one foundation to another, as well as different definitions of terms and different metrics (Brock, Buteau & Herring, 2012). In such a situation, nonprofits are faced with the need to collect different types of data, to use different methods for collecting the data and to have different structures for reporting data. They often end up “drowning in data” that is difficult to manage and use effectively (Behrens & Kelly, 2008). This is a costly, time consuming and frustrating process for nonprofits.

History

Several groups in the nonprofit sector have already been discussing the need to create a common evaluation approach. The Urban Institute and The Center for What Works collaborated from June 2004 through May 2006 to produce a research report entitled “Building a Common Outcome Framework to Measure Nonprofit Performance.” Their work included the development of outcomes and performance indicators for 14 specific program areas which were made available on the Urban Institute’s website. Research for this study did not identify if and how these frameworks were being used.

Strong Interest from Minnesota’s Nonprofit Community

Survey data indicated that 69% of Minnesota funders felt that the lack of standardized evaluation measures across funders was a significant barrier for nonprofits. Thirty-seven percent of nonprofits also felt that this was a significant issue. In the open-ended survey responses, standardizing evaluation measures was once again mentioned as a top priority for both funders and nonprofits.

Responses indicated that a common evaluation approach should include collecting consistent types of data, using more standard methods for collecting data and having a consistent approach for reporting data. Some expressed interest in having a Common Evaluation Application similar to the Common Grant Application once frequently used in Minnesota. Respondents did recognize that not all evaluation questions could be standardized and that project specific evaluation variables would need to be incorporated into a common approach.
**Fields of Practice**

Research indicated that there is a growing interest in using a common evaluation approach across fields of practice. This is especially true for fields where evidence-based practices are already available and have driven the creation of common measurements and tools. Interviews identified several areas where Minnesota funders and nonprofits were using a common evaluation framework to evaluate best practices and outcomes across fields of practice, such as homeless programs, youth development and teacher training programs.

**New Technology Capabilities**

A technology platform is an important component of an evaluation system. MicroEdge produces GIFTS, a grant management system that is commonly used by Minnesota foundations. MicroEdge is working on an outcome-based application that will allow foundations to define and share best practices and solutions to common problems that nonprofits and funders face. Their strategic direction is to combine their grant management system with interactive and on-going data sharing with grantees. This development could facilitate a new opportunity for nonprofits and their funders to share information about outcomes and impact.

**Build the Capacity of Nonprofits**

**More Resources Needed**

Nonprofits understand the growing need to demonstrate the impact of their work but they often lack the capacity in terms of staff time, expertise and funds to conduct high-quality program evaluations. Innovation Network’s report “State of Evaluation 2012” found that more than 70% of nonprofits are spending less than 5% of their annual budgets on evaluation. Their data shows that few nonprofits are investing resources at a level sufficient to provide the desired breadth and depth of evaluative findings. In addition, few organizations are receiving sufficient support for their evaluation work from funders. Thirty-eight percent reported that none of their funders supported their evaluation work. This aligns with data from Minnesota’s survey which shows that 40% of nonprofits get no support from funders to conduct program evaluations.

It is not surprising then that the top priority for Minnesota nonprofits (57%) was to have foundations provide more funds to conduct required evaluations. Several nonprofits called this an “unfunded mandate” and encouraged funders to support evaluation costs if they felt it was important to demonstrate impact. One report on impact measurement in the United Kingdom encouraged nonprofits to seek funding for program evaluation proactively from foundations and government, and even challenge those that do not explicitly fund it.

**Building Evaluation Skills**

Funders were most interested in supporting capacity building efforts that focused on developing the evaluation skills of nonprofits. Funders wanted to provide training (45%) and technical assistance (36%) for nonprofits. In addition to financial support, 34% of Minnesota nonprofits were interested in receiving technical assistance from funders.

**Cultural Competency**

Several nonprofits and funders recognized the importance of having culturally competent evaluators engaged in evaluations of programs that serve people of color. President Obama’s ‘My Brother’s Keeper’ initiative is identifying local evaluators who are people of color to work on programs for boys of color. Information will be collected locally and linked to a national database.
Both funders and nonprofits recognize the importance of publishing disaggregated data and research on the ground using a culturally competent lens.

**Advance Evaluation as a Learning Tool**

*Focus on Accountability*

The majority of Minnesota funders require evaluations for at least some of the programs they fund. Their primary reason is to determine whether their grant objectives have been met (89%). Funders use this information to report to internal audiences: their board, management and staff. Nonprofits recognize that they must respond to accountability requests but find this data may do little to help them learn and improve the effectiveness of their programs.

*Different Use of Information*

Funders who focus on accountability use evaluation to look retrospectively at the work of grant partners to determine whether they did what they said they would do. In contrast, nonprofits tend to be more interested in formative evaluations where the information can be accessed more quickly to inform and strengthen their programs. A learning-focused approach to evaluation focuses on data that grantees need to inform their work and that funders can also use to strengthen their grantmaking.

*Make All Data Count*

Funders were encouraged to make sure that everything they ask for is information that will be actively used. It takes nonprofits time to conduct evaluations and write reports, which takes time away from the delivery of programs. Minnesota nonprofits expressed a strong interest in focusing on data that can be used as a learning tool to strengthen the delivery of their programs.

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_Funder - “Foundations should consider whether they do anything different as a result of evaluation reports. Are we just collecting this information, reading it or using it as a learning tool? Are we willing to share these learnings with others in the community?”_

_We do not place barriers to grantees—they give us what they have. Funders need to ask themselves why they care—what is that funder's specific reason for needing information (e.g., community-linked outcomes, story telling). Ask for only what is needed—do not ask grantees to submit more than will ever get used.”_

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*A Minnesota Foundation Advances Learning*

The Bush Foundation in St. Paul, Minnesota, is taking a proactive approach to advance learning in the nonprofit sector. Their new funding area, Community Innovations, seeks to inspire and support communities to create innovative solutions to their challenges. The foundation wants to learn how communities problem solve and engage stakeholders in community improvement; and they want others to learn from these efforts. Community Innovation grant reports focus on what was learned and this information will be made available for public access on the Bush Foundation website so others can learn from these initiatives. In other strategic grant areas, such as teacher preparedness, the Bush Foundation has published white papers to share their learnings with others in the nonprofit sector.
Sharing Results – Positive and Negative

Sharing program results – either positive or negative – with funders is a critical part of assessing impact. Nonprofits were encouraged to tell their funders where they have succeeded, where they didn’t and what they learned. They were urged to be transparent about shortcomings, seek funders’ counsel and share their plans for turning learning opportunities into program successes.

Nonprofits pointed out that they face an ever present “balance of power” challenge because funders control the dollars. They expressed concern that funders might penalize them for sharing information on programs that didn’t go well, or as expected. Funders need to encourage exchanging information on both successes and failures so both organizations have an opportunity to learn about what works and why.

Foster Closer Relationships

Growing Interest

Both Minnesota funders and nonprofits expressed an interest in building closer relationships. The qualitative data showed that 33% of funders and 26% of nonprofits wanted to develop closer partnerships that would lead to improved program evaluation efforts. Nonprofits expressed an interest in establishing shared measurable goals and objectives at the start of the grant period. They felt that by working together they could develop a realistic evaluation strategy that would help both organizations demonstrate the impact of their work.

Discussions

In a 2011 report published by the Center for Effective Philanthropy, a key finding was that strong relationships between grantees and their funders were central to a helpful reporting and evaluation process. In particular, grantees who discussed their evaluation with their funders perceived the evaluation process to be more helpful, yet nearly half of the grantees in this survey said no discussion occurred with their funders.

Funders’ Capacity Issues

While many Minnesota funders expressed an interest in building closer relationships with grant partners, they also recognized that their current work assignments provided little time to do so. In many cases, the grantmaking process absorbs the majority of program officers’ time and relationship building and learning is a secondary priority.

Funder - “Grantees report on the activities, outputs and outcomes proposed for their projects at the end of the grant period. Staff does not have sufficient time to reflect on the information in the report and implications for our grant making or the community. We spend more time on the application process than on learning from the outcomes of our individual grants.”

Some funders, like the Medica Foundation, have dedicated program staff to help build relationships and the evaluative capacity of their grant partners. They assign a primary liaison to each grant partner to better understand their work and to provide support during the grant period. The liaison looks for opportunities to leverage expertise within the Medica organization to support grant partners, where appropriate.
Focus on the Client

Consider Potential for Negative Impact

Most funders do not standardize their evaluation requests and seek unique information to learn whether their program priorities are being met. As a result, nonprofits that have multiple funders supporting a program end up collecting many types of evaluation data. The unintended consequence is that an “over testing or over surveying” mentality can develop, which may have a negative impact on the people they are serving.

Nonprofit - “Our agency provides counseling for homeless youth who often have huge trust issues with adults. Counselors must first establish a trusting relationship so they can address the youths’ needs. This takes time. If the first thing we do is pull out a formal assessment or measurement tool – many of our homeless youth leave - and don’t come back.”

“We end up responding to so many different requirements from funders that it takes time away from service delivery. For example, when a person presents for services, there are so many assessments that need to be completed or information that needs to be gathered… that the person can feel that no one listened to/cared about the issue at hand.”

Hear the Clients Voice

To get a complete picture of how a program delivers community impact, nonprofits must hear what their clients have to say. Involving clients in the design and implementation of a nonprofit’s assessment and the interpretation of the results helps ensure that a nonprofit is measuring what’s valuable for its clients. In addition, nonprofit management should consider input from program staff because they will also identify information that is important to clients.
MODELS TO LEARN FROM

Bruner Foundation - Building Evaluative Capacity

Since 1996, the Bruner Foundation, a family foundation based in Cambridge, Massachusetts, has focused its funding on initiatives and partnerships that seek to increase nonprofit effectiveness by strengthening the evaluative capacity of nonprofits. The Bruner Foundation does this by working directly with grantees to help them build their evaluative capacity, while contributing to the field of evaluation and effectiveness by providing resources and tools for both grantmakers and nonprofits to use.

The Bruner Foundation provides a broad array of resources and training manuals that are available to download at the foundation’s website www.evaluativethinking.org. The manuals are frequently updated and new resources are continuously added. Their website includes Project Clearinghouse, an interactive online resource that consolidates and integrates all the evaluation capacity building project data and reports they have gathered over more than 15 years in one resource.

Their evaluation capacity building efforts include:

- Basic and advanced evaluation training.
- Applied learning which is the application of basic and advanced evaluation skills to specific real-time program evaluation needs with the guidance of an experienced evaluator.
- Coaching and technical assistance from an evaluation professional.
- Networking and learning opportunities including alumni study groups which provide regular opportunities for nonprofits to work together.

The Bruner Foundation’s studies offer the following recommendations for consideration by other funders:

- Review and align foundation evaluation requirements so grantees are asked only for information that will be used. Make sure there is agreement in advance regarding expected outcomes, indicators, and strategies to collect the data.
- Commit to building and sustaining the evaluation capacity of grantees.
- Provide support for leaders who are committed to evaluation and change in organizational culture.
- Provide financial resources for staff training, coaching/consultation and technology to support evaluation work.
- Provide support for evaluation projects and initiatives.
- Share evaluation results and contribute to the community dialogue on why building evaluation capacity is important, what operational models have impact and how capacity can be sustained.
Hearth Connection - Using a Common Evaluation Framework

Hearth Connection is a data-driven nonprofit dedicated to ending long-term homelessness in Minnesota. They are a national leader in evaluation, having implemented a comprehensive evaluation on the impact of supportive housing on housing stability and health and well-being for people with long histories of homelessness, as well as the impact on the use of government resources. Their research has led to the implementation of best practices among nonprofits serving households experiencing long-term homelessness.

Hearth Connection conducts their work in partnership with multiple organizations:

**Federal Government/HUD** – a federal program that provides rental assistance subsidies.

**Long Term Homeless Supportive Services Fund** – a state funding source for supportive services.

**Hearth Connection** - serves as a nonprofit intermediary that contracts with nonprofit social service agencies to maintain a regional network of supportive housing. Hearth Connection develops best practices and analyzes data to drive better outcomes.

**Service Providers** – nonprofit agencies that provide intensive case management and housing services to participants. Services are based on evidence-based practices that maximize participant choice and deliver individualized services.

HUD created the Self-Sufficiency Matrix, an outcome measurement tool (see bar on right) that is utilized by Minnesota’s Long Term Homelessness programs. Hearth Connection integrated this tool within a database (known as Co-Pilot) to track and identify trends in service utilization, housing stability, and participant progress in 18 areas of self-sufficiency. Service providers remotely enter data into Co-Pilot, the central database which plays an important role as a data hub to track and disseminate outcome data for review at the state level and the local provider level. Co-Pilot allows Hearth Connection to track information and outcomes on all participants in a standardized way, for all of their programs across the state. It’s an invaluable tool for identifying, sharing and tracking best practices in Hearth Connection’s work to end homelessness.

**COMMON EVALUATION FRAMEWORK**

The self-sufficiency matrix is an assessment and outcome measurement tool developed by HUD to measure observable change in clients’ self-sufficiency.

The matrix serves as a:
- Case management tool to document client progress towards self-sufficiency.
- Program management tool for agencies to assess the effectiveness of the services being offered.
- Measurement tool for grantmakers to clearly articulate their funding priorities.
- Communication tool for demonstrating the success of local programs (Attachment III).
Algorhythm - A Promising New Learning Model

Peter York developed and led social impact evaluations using evaluative learning tools for 20 years. He found that grantmakers and nonprofits often conducted evaluations independently and the value to the organizations was limited. To improve the value and impact of program evaluation, Peter founded Algorhythm in 2013 to introduce powerful evaluation tools more cost effectively to a wide range of nonprofits and funders.

Algorhythm developed the Grantmaking iLearning System, to allow grantmakers and grantees to be part of a peer network that shares data to improve a nonprofit’s effectiveness by:

- Assessing their programs against evidence-based practices.
- Estimating the likelihood of beneficiary outcomes, before a program begins.
- Using findings to improve a program’s design and delivery.
- Accessing on-demand reports, including benchmarks and individualized recommendations.

The Way it Works

Nonprofits subscribe to a field-specific iLearning System such as Youth Development. They join other similar organizations, all contributing to the growth of a shared dataset of participant data and stories. From this data, Algorhythm’s analytics allow all participants to learn about best practices and promising practices. Nonprofits and funders can use group or community level data and insights to dig deeper into what works across groups and systems, and help create or improve upon strategies to increase their community impact.

Algorhythm is interested in building additional iLearning Systems in other fields of practice. They partner with organizations to collect the research and build the data model and analytics. As more data and more programs are connected to the Algorhythm shared learning system, the learning and cost efficiencies improve for both nonprofits and funders.
A CALL TO ACTION

It is encouraging to find that a large majority of Minnesota nonprofits and funders use program evaluation as a means to strengthen and improve the effectiveness of their programs. Both groups recognize that limited evaluation resources and a myriad of funder data requests create a barrier that limits the value of their program evaluation efforts.

In this research, nonprofits and funders identified opportunities to improve the current situation. Creating a common evaluation approach and increasing evaluation resources were identified as top priorities.

Taking Action

This call to action recommends that a working group be created to develop a standardized evaluation approach. Strong leadership from the funder community would be needed to launch this effort. The Minnesota Council on Foundations could assume a leadership role and serve as a project champion to initiate this effort and nurture its progress. The working group should include representatives from funders, nonprofits, board members/trustees and evaluation professionals.

Creating a Common Evaluation Approach

The working group should develop a common evaluation approach prototype. The common approach could include any or all of the following elements:

- Develop a common evaluation form with standard outcome measures defined at the organizational level. This approach could define consistent types of data, identify standard methods for collecting data and a consistent format for reporting data. The form should include a section to report on unique program measurements because not all data can be standardized.

- Define outcomes at the program level and not for specific components of the program. Nonprofits would develop an evaluation plan to define outcomes for their major programs. Funders would be asked to accept these program level outcomes for evaluation purposes, even if their funding supported only a specific part of the program. For example, one nonprofit dedicated to serving people experiencing homelessness operates an Emergency Services program which includes men’s shelters and street outreach services. Outcomes would be defined at the Emergency Services program level and funders would accept these measures in their grant reports, even if their funds were dedicated to street outreach services.

- Focus on fields of practice where evidence-based practices are already available and may have driven the creation of common measurements and tools. A peer learning network could be created that would allow nonprofits to contribute to a shared dataset of best practices and promising practices.

The working group should explore promising new evaluation models, such as Algorhythm’s shared impact measurement system. Algorhythm has already conducted research, gathered data and built analytic models in several fields of practice. A pilot for one field of
practice in Minnesota could be conducted to introduce a powerful evaluation tool more cost effectively to both nonprofits and their funders.

- A limited amount of accountability data outlining implementation progress and grant expenditures would be collected.

These recommendations incorporate outcome measures since this is the evaluation method most commonly used by nonprofits and funders in this study. Nonprofits can continue to utilize other evaluation methods to address their organization’s unique evaluation needs.

There are multiple benefits to utilizing a common evaluation method which include:

- Lowering costs and saving staff time by decreasing the number of unique measures nonprofits must collect.
- Increasing evaluative learnings and improving program delivery by focusing limited evaluation resources on key programs.
- Improving the effectiveness of programs by promoting the use of best practices across fields of practice.
- Sustaining important community programs by improving funders and nonprofits’ ability to demonstrate and communicate their impact.

*Increase Investments in Evaluation*

There is a significant need to increase funding and improve the capacity of nonprofits to conduct program evaluations. Funders who believe that evaluation provides an opportunity to improve programs should consider the following:

- Encourage nonprofits to plan for and include expenses for evaluation in their budgets and grant proposals.
- Include dollars for evaluation in program grants, especially if funders require it as part of the grant agreement.
- Provide financial resources for staff training, coaching/consultation and technology to support evaluation work.
- Share program evaluation results with other funders and nonprofits to advance the nonprofit sector’s learning.

*Conclusion*

Minnesota benefits from a strong nonprofit sector with dedicated nonprofits and supportive community funders. Moving forward with this call to action provides an opportunity to decrease the complexity and improve the value of program evaluation. Working together, nonprofits and funders can learn how to improve the effectiveness of their programs and increase their community impact.
APPENDIX IV

References


