



Recognizing and Advancing Nonprofit Excellence

An evaluation of the MacArthur Award for Creative and Effective Institutions
FULL REPORT

March 2016

Sarah Lee & Kiley Arroyo
Slover Linett Audience Research

For the John D. and Catherine T. MacArthur Foundation

Cover photos: The John D. and Catherine T. MacArthur Foundation
[from top left: Girls' Power Initiative, Conservation Strategy Fund, The Southwest
Organizing Project, International Rivers]

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Executive summary

Overview

Between 2006 and 2013, the MacArthur Foundation awarded nearly \$54 million to 79 social sector organizations around the world through the MacArthur Award for Creative and Effective Institutions. Designed to recognize a subset of the Foundation’s grantees for their extraordinary contributions to their fields and to help foster their long-term financial stability and operational strength, the award is a one-time infusion of capital, typically between \$350,000 and \$1 million. Organizations are expected to allocate at least 80% of the award toward strategies that will increase financial stability, such as building an endowment, creating a cash or operating reserve, establishing a venture fund, or purchasing real estate. The remaining 20% can be directed to other institutional strengthening purposes such as strategic planning or capacity building in areas such as fundraising, communications, or technology. In the Foundation’s parlance, the former strategies (80%) are called the award’s *primary* uses, while the latter (20%) are called *secondary* uses. In addition to these funds, the Foundation provides awardees complementary resources in the form of public relations support and a gathering of selected organizations to announce and celebrate the award.

The Foundation commissioned this evaluation of the MacArthur Award to take stock of the program as it approaches its tenth anniversary, to learn more about its influence on awardee organizations, and to inform future decision-making about it and related grantmaking strategies. As with most evaluation at the MacArthur Foundation, the priority was to learn about the program and the range of experiences that awardees have with it, rather than to conduct an “impact evaluation” in the traditional sense. Slover Linett designed a two-phase study: an initial discovery phase, which included a review of key program documents and interviews with 19 Foundation staff and stakeholders, followed by a primary investigation phase, which included in-person and telephone interviews with 30 past awardees and an online survey of the awardee pool. We then synthesized the findings from all of these sources of data to paint an overarching picture of how the MacArthur Award works and its influence on recipient organizations.

The 79 organizations that received the MacArthur Award represent the rich diversity of the Foundation’s overall funding portfolio, from human rights to housing, conservation to journalism and media, juvenile justice to international peace and security. At the time of the award, the median annual budget size of the recipients was nearly \$1.4 million, with the smallest organization at \$100,000 and the largest at \$66 million. Awardees ranged from 4 to 78 years old, with the average at 19. Slightly more than half (54%) are located in the United States and the remaining 46% are located in countries such as Mexico, Nigeria, India, and Russia. About a third (30%) were supported through the Foundation’s US program, about half (54%) through the International program, and 10% through the Media, Culture, and Special Initiatives program—which also administers the award. (Despite the diversity of the awardee pool, we found little evidence that there are differences in organizations’ experiences with the MacArthur Award based on their age or budget size at the time of receipt, or even based on their geographic location. We did, of course, see a variety of experiences with the award, but the different experiences we observed weren’t systematically connected to these characteristics.)

Key findings

To understand the influence of the MacArthur Award on these organizations, it's essential to understand the broader funding climate in which they operate. All of the awardees we spoke with mentioned the scarcity of flexible, institutional support—support that is intentionally aimed toward strengthening an organization's operating foundation, as oppose to project- or program-specific grants which are directed to specific activities—from the funding community. As a result, many organizations have vulnerabilities at the core of their operating models: despite considerable programmatic strength and vision, they are undercapitalized and under-supported in areas such as infrastructure, technology, communications, and fundraising.

So the MacArthur Award is a vital, all too unique source of institution-level support for the recipient organizations. It gives organizations recognition and validation for work that is often challenging, but profoundly important, and gives the leaders and staff of those organizations the kind of morale boost that is needed to keep going: it “helps us stand a little taller,” said one organizational leader. It allows them to breathe easier, financially speaking, and changes the decision calculus about where to invest resources in subtle, but important, ways. For instance, it enabled organizations to expand programming in areas that would otherwise be difficult to fund, to invest in the human capital that is the backbone of many nonprofit organizations, and to respond quickly and creatively to new opportunities or challenges in their operating context. It has helped organizations to invest in necessary, but unglamorous, areas of nonprofit administration: replacing outdated software, accounting systems, or customer relationship management systems; supporting ongoing maintenance of key intellectual or technological assets; building key communications infrastructure. And for a subset of organizations, it has helped to make major organizational transformations a reality: making it possible for one to capitalize a separation from a parent organization and to grow into innovative new programmatic areas, for instance, or providing another with the means to engage in the kind of deliberate leadership succession planning that only sometimes happens in the nonprofit world.

But we also learned that the award's structure—particularly its prescribed use categories—may not fully support the organizational strengthening goals which many of the Foundation's program officers have in mind when they nominate strategically important and successful grantees for the award. Those use categories favor applying the funds as “protected” resources, often in the form of a cash reserve, which must be replenished if drawn on. In our view, and in a view that we heard expressed by many Foundation staff, this implies a relatively narrow notion of organizational sustainability, one which is centered on having resources to prevent a crisis. But sustainability can be defined more broadly: it can encompass, for example, having the critical organizational infrastructure and capacities necessary to act strategically and efficiently, and having the adaptive “muscles” necessary to maintain resilience in the face of changing operating conditions.

We found that some awardee organizations have been able to leverage the MacArthur Award in service of this broader definition of sustainability, often by applying their cash reserve as a form of change capital, or by focusing on the secondary uses of the award and strategically investing in key areas of need. Interestingly, among the organizations that did use the cash reserve as change capital, only 32% still have the full initial allocation in the bank (which includes a mix of those who have never drawn down on their

reserve and those who have drawn down but replenished). We believe that such use of the cash reserve may be associated with important strides toward genuine sustainability.

We also found that the organizations that were, often coincidentally, in the midst of a strategic planning process when they were nominated for the award seemed best positioned to leverage the award for broad organizational change. These organizations seemed to have “shovel-ready” organizational development plans that they were able to implement through the MacArthur Award, whereas others may have defaulted to easier-to-imagine uses. Few are accustomed to thinking about their long-term institutional needs, and so developing a vision for the organization’s long-term success may require more support and prompting. A strategic planning process is one mechanism for offering this, but there may be other mechanisms that could be built into the proposal process or the beginning of the award period to enable such forecasting.

The complementary supports that come with the MacArthur award are moderately valuable, but show clear opportunities to become even more valuable. The perceived value of the awardee ceremony and convening has varied over the years, but has generally been appreciated for bringing organizations with other nonprofits that are facing similar challenges. The public relations supports are successful at drawing local and national attention, particularly the video and the press release; and some of the less frequently used supports, such as interview preparation, hold the potential to enhance organizations’ communications capacity over the long run.



Introduction

Like most 21st century grantmakers, the MacArthur Foundation makes use of a number of different grantmaking tools in its commitment to building a more just, verdant, and peaceful world. The Foundation supports creative individuals and organizations in a variety of ways, from project-specific grants to program-related investments to general operating grants to the MacArthur Fellows Program. Nearly two decades ago, the Foundation added another tool to its arsenal: institutional support designed to foster the long-term sustainability of organizations doing critical and innovative work in fields that are core to the Foundation’s mission. Since 2006, the MacArthur Award for Creative and Effective Institutions has been an important part of the Foundation’s institutional grantmaking strategy, recognizing outstanding grantees for their extraordinary contributions to their fields and helping to foster their long-term financial stability and operational strength. The Foundation commissioned this evaluation of the MacArthur Award as an opportunity to take stock of the program as it approaches its tenth anniversary, in order to learn more about its impact and to inform future decision-making about it and related grantmaking strategies.

About the MacArthur Award for Creative and Effective Institutions

The MacArthur Award for Creative and Effective Institutions, or the MacArthur Award for short, was created in 2006. The award was intended to build on the Foundation’s decade-long history of making institutional grants¹—as opposed to project-specific grants or general operating support—to large organizations, and expanded such grantmaking to smaller and mid-sized organizations as well. Each year, the award is given to roughly 8–15 organizations that have a track record of success and innovation in areas that are crucial to the Foundation’s overall strategy. Awards typically range from \$350,000 to \$1 million, with the amount connected to an organization’s current budget size. The total grant budget shifts from year to year, with the Foundation President determining the total amount to be awarded, and hence the total number of awards to be given, each year. The Foundation’s Media, Culture, and Special Initiatives team manages the MacArthur Award.

The Foundation does not solicit external nominations or applications for the MacArthur Award; all recipients are selected from among the Foundation’s current grantees. Program officers from each of the Foundation’s primary program areas (as of the writing of this report: US Programs, International Programs, and Media, Culture, and Special Initiatives) develop a “long list” of extraordinary organizations from their respective portfolios (until the 2015-16 class of awardees, however, the Foundation’s arts grantees were excluded from consideration). The Foundation’s senior program leadership typically winnows that list down to a “short list” of nominees who are invited to submit a proposal for how they would use the award. (For more detail, see “the nomination, selection, and proposal process” section.)

¹ The Foundation defines institutional grants as being “different from two other types of grants commonly awarded by the Foundation: general operating support grants, which support all of the program activities of an organization during a specific period of time, and project grants, which support specific programmatic activities. Unlike these types of grants, institutional grants are one-time infusions of capital (typically one-year grants) intended to strengthen an organization’s operating and programmatic foundation so that it can continue its work well into the future.”

The MacArthur Award is a one-time infusion of capital and there are guidelines in place for how the funds can be used. Organizations are expected to allocate at least 80% of the award towards financial stability purposes such as an endowment, a cash or operating reserve, a venture fund, or a real estate purchase (often called the “primary” use of the award); it is expected that awardees will have a plan in place for replenishing these funds if they are drawn down. The remaining 20% can be directed toward other institutional strengthening purposes such as strategic planning or capacity building in areas such as fundraising, communications, or technology (often called the “secondary” uses of the award); these funds can be completely spent down. In addition to the funds, the Foundation provides awardees with complementary resources in the form of public relations support and a convening/award ceremony. (For more detail, see the “complementary award supports” section.)

About this evaluation

The MacArthur Foundation commissioned this evaluation in the summer of 2014 in order to learn more about the efficacy of the program, its influence on awardee organizations, and to inform future decision-making. As with most evaluation at the MacArthur Foundation, the priority of this investigation was to learn about the program and the range of experiences that awardees have with it, rather than to attribute measures of impact strictly to the program; that is, it was not intended to be an “impact evaluation” in the traditional sense. The specific objectives guiding this work were:

1. To gauge how effective the MacArthur Award program has been in achieving the goals the Foundation set for it, to the extent those goals were made explicit during the design and operation of the program, and explore the various factors that contribute to the program’s success;
2. To learn how effective the awards have been in helping the recipients achieve what they hoped they would achieve with the support, and explore the various factors that contribute to awardees’ success;
3. To understand what other effects may have occurred as a result of the awards that may not have been predicted by either the Foundation or the awardees; and,
4. To generate insights and ideas to improve the design, implementation, and/or impact of the MacArthur Award, potentially including strategic changes that would help the Foundation contribute in new ways to strengthening organizations in the social sector.

To address these objectives, Slover Linett designed a two-phase study: an initial **discovery** phase, which included a review of key program documents and interviews with 19 Foundation staff and stakeholders, followed by a **primary investigation** phase, which included in-person and telephone interviews with 30 past awardees² and an online survey of the awardee pool³ (see Figure 1). For the purposes of this evaluation, we focused on the 79 awards made between the years of 2006 and 2013. Because of the Foundation’s decision in August 2015 to cease its program work in Russia⁴ (mid-way through our primary investigation for this study), we excluded 6 Russia-based awardees from being invited to complete the online survey. (Lists of all participants can be found in the appendix.)

MacArthur Award evaluation structure

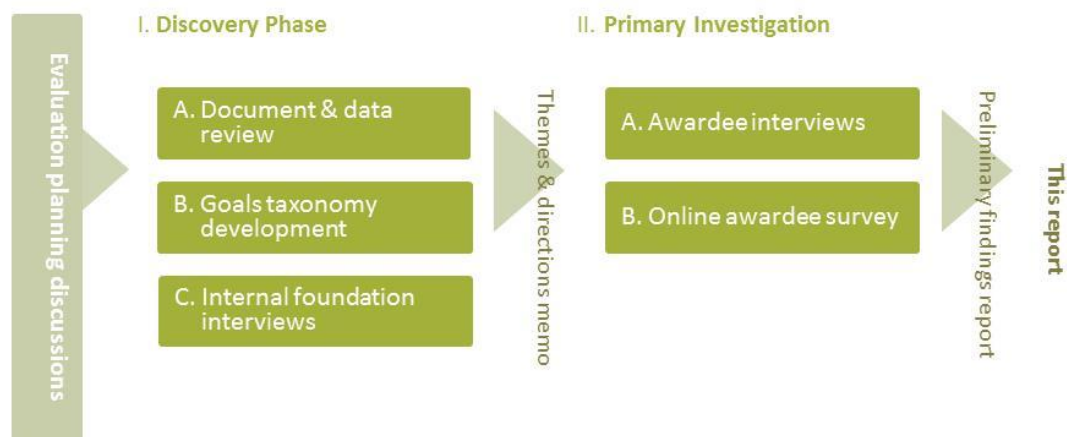


Figure 1

In this report, we’ve synthesized the findings from all of these sources of data to paint an overarching picture of how the MacArthur Award works and its influence on recipient organizations. We believe that this report offers an accurate overview of the program and awardees’ experiences with it; nevertheless we encourage the reader to keep the following limitations in mind:

- For the most part, we’re relying on stakeholders’ and awardees’ *self-reported* attitudes about and experiences with the MacArthur Award, which may reflect their subjective interpretation of its influence. Where possible, we’ve combined these self-reported experiences with objective measures of change (such as budget growth), but the balance of data comes from self-reported sources.
- When possible, we’ve attempted to draw on both qualitative and quantitative sources of data collection to support our key findings. However there are many critical insights that are drawn exclusively from our qualitative site visits and interviews and, since we used naturalistic inquiry

² We conducted in-person site visits with 17 organizations, during which we typically met with 2–6 staff members over half a day. We conducted an additional 13 telephone interviews, each with a single representative of the organization, which lasted roughly 45–60 minutes. Some interviews were conducted using simultaneous translation.

³ We received a total of 54 completed responses, for a response rate of 76%. In addition to the 6 Russia-based organizations who were excluded, we also excluded 2 organizations whose email addresses were undeliverable.

⁴ More information is at <https://www.macfound.org/press/press-releases/statement-macarthur-president-julia-stasch-foundations-russia-office/>.

principles in administering the interviews, we decided not to code the interview responses for statistical analysis. We believe that this approach yielded greater thematic insight and depth, but the tradeoff is that it is difficult to quantify the prevalence of some attitudes, experiences, and results across the entire portfolio. When appropriate, we've tried to provide a rough gauge as to how widespread particular responses seemed to be across the organizations included in the site visits and interviews.

- Though the overall response rate was quite high for the awardee survey, the actual sample size is relatively small, due to the small number of awardees. We have statistical confidence in the overall survey findings given the response rate and representativeness of the respondent pool. Nevertheless, we have limited ability to detect differences between sub-groups with statistical precision.
- The majority of awardee interviews were conducted as in-person site visits and limited to US-based organizations. Though we included a number of internationally based awardees in the telephone interview pool, our qualitative insights are biased toward the US context.



Key evaluation findings

In this section, we share key findings synthesized from across all evaluation components, organized around six key areas:

- An overview of the MacArthur Awardee pool and the broader philanthropic context in which they operate (*“About the awardees”*)
- A discussion of the various goals and aspirations, both explicit and implied, driving the MacArthur Award nominations and proposals (*“The strategic intent of the MacArthur Award”*)
- A description of the nomination, proposal, and selection processes for the MacArthur Award and how those processes may inform its use and impact (*“The nomination, proposal, and selection process”*)
- An overview of the specific ways that the MacArthur Award funds are used (*“Uses of the award”*)
- A description and assessment of the complementary award supports currently provided by the Foundation (*“Complementary award supports”*)
- An analysis of the influence of the MacArthur Award on awardees (*“The outcomes of the MacArthur Award”*)

About the awardees

Awardees represent the rich diversity of the MacArthur Foundation’s overall grantee portfolio.

Between 2006 and 2013, the MacArthur Foundation made 79 awards to organizations across the globe, totaling nearly \$54 million in institutional support. These organizations represent great diversity in terms of their size (at the time of the award, the median budget size was nearly \$1.4 million with the smallest organization at \$100,000 and the largest at \$66 million); age (at the time of the award, the average awardee was 19 years old and the awardee pool ranges from a 4-year old organization to a 78-year old organization); location (54% are located in the United States and 46% are located internationally in countries including Mexico, Nigeria, India, and Russia); and the MacArthur program through which they received funding beyond the award (30% were supported through the US program, 54% were supported through the International program, and 10% were supported through Media, Culture, and Special Initiatives)⁵ (see Figure 2).

In our early conversations with the MacArthur Award team, they hypothesized that organizations may have different experiences with the award based on their size, location (e.g., whether they were based

⁵ Note that these figures are derived from an analysis of information provided by the MacArthur Foundation about the full awardee pool. All subsequent figures are based on organizations’ responses to the online survey.

abroad or in the US), and their age at the time of receiving the award. To explore this possibility, we analyzed survey responses across each of these dimensions. We found little evidence of systematic differences in use, experience, or outcomes according to these characteristics, identifying few statistically significant differences across sub-groups. When we did detect statistically significant and meaningful differences, we note them throughout the report. Again, however, we remind the reader that because of the small total number of awardees, we have limited ability to detect differences between sub-groups with great statistical precision.

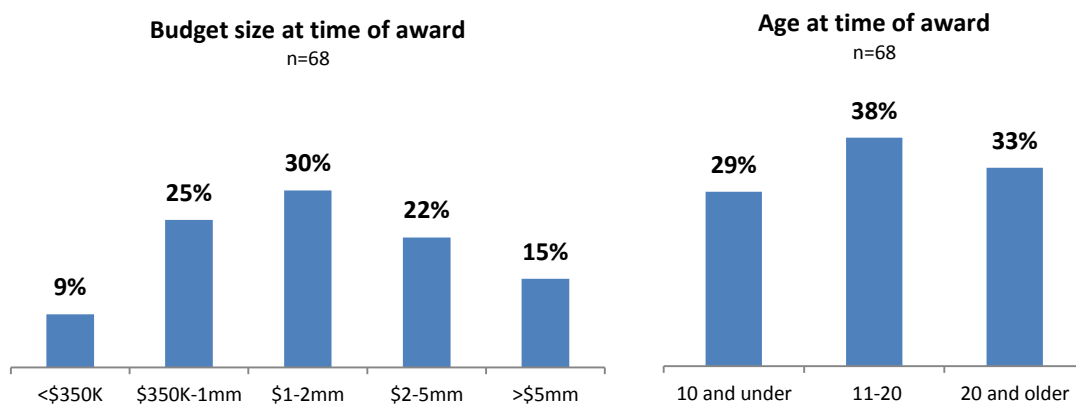


Figure 2

Throughout this report, we provide brief snapshots of a few MacArthur Awardees to illustrate the kind of work that they’re doing, the challenges that they face, and the opportunities that the award has afforded them. The first of these snapshots can be found toward the end of this section.

Despite that diversity, the philanthropic context in which all organizations operate offers scarce opportunities for flexible, institutional support for their work. In turn, this means that many organizations have vulnerabilities in their operating foundations, despite considerable programmatic strength and vision.

In our site visits and interviews with MacArthur Awardees, nearly every organization characterized their philanthropic environment as offering few opportunities for flexible funding that they could allocate toward organizational development. Instead, much of the funding that organizations receive is earmarked toward specific programmatic activities. And the survey data bears that out: most organizations rely on contributed revenue for the bulk of their operating budget, but little of that revenue comes in unrestricted forms. As shown in figure 3⁶, about two thirds (65%) of awardees relied on contributed revenue for at least 75% of their total budget in the year prior to receiving the award. More than half of all organizations received a small fraction of that contributed revenue in unrestricted forms; for only 4% was their contributed revenue completely unrestricted. The scarcity of flexible, unrestricted sources of revenue may indicate that many of these organizations lack the kind of everyday, working capital needed

⁶ On the survey, we referred to the award as “MACEI,” the acronym for “MacArthur Award for Creative and Effective Institutions.” We replicated the survey language in all figures throughout this report.

to cover the basic costs of doing business. Many organizations seem to have a perpetual need for greater access to working capital in order to strengthen their operating base and secure their sustainability—a need which the MacArthur Award only partially addresses.

Despite the fact that the MacArthur Award is not truly “unrestricted,” awardees tend to see it as being much more flexible in nature than the restricted project-specific support that is more prevalent. In fact, many organizations singled MacArthur out as the rare funder that, even before the Award, often provided more flexible general operating support for which they were extremely grateful. (According to survey data, 28% of organizations had received general operating support from the Foundation prior to receiving the Award.)

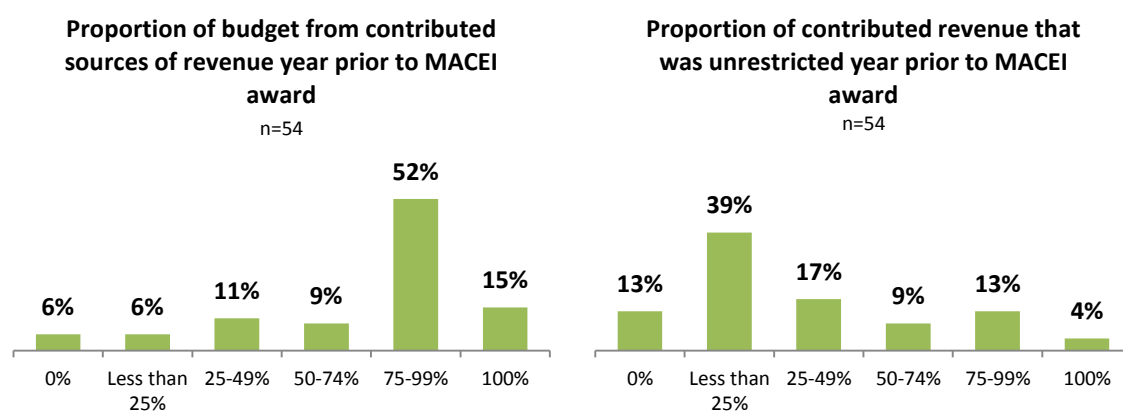


Figure 3

Because organizations are often so much better funded for their programmatic work than they are for building capacity in non-programmatic areas, the organizational “muscles” associated with areas like communications, development/fundraising, and membership cultivation are often much weaker than those associated with core programs. The leaders with whom we spoke referred to organizational development and the tasks associated with building an organization’s infrastructure as a luxury that they rarely have time for. During our site visits, we explicitly heard from one organization that most staff members have project-related responsibilities, even if they also have other functional responsibilities, which means that when program or project demands are urgent, the non-project responsibilities often fall to the wayside. In subsequent site visits and interviews, we heard of or observed similar experiences. The executive director, in particular, may spend more hands-on time with programs—or on fundraising—at the expense of developing a big-picture vision and strategy for the organization. This perpetuates the underinvestment in organizational infrastructure, as leadership has limited time (and resources) to identify and take action on opportunities to strengthen the operating foundation.

As evidenced by their selection, MacArthur Awardees are doing exemplary project work despite these relatively weak spots in their operating foundations; but our conversations with leaders and staff suggested a pervasive longing for more time and resources to invest in building these institutional capabilities in order to make them even more effective and, especially, to make their core programmatic work—their contributions to their fields—more efficient and effective. One said, “We knew we wanted a

new website and needed to strengthen our development exercises, but we had no staff to do it.” As we’ll discuss in the section on the uses of the award, these dynamics make the secondary uses of the award very valuable to awardees, and the award may hold the potential for even greater impact if more of it could be used in these ways.

In most of the organizations we spoke with, the nearly singular focus on project or program work also appeared to minimize their capacity to proactively engage new opportunities. At times, organizations are limited, quite literally, in their ability to respond to potential opportunities because resource allocation is almost completely determined by *existing* programs and they have little working capital to support investment in *new* areas. And not only does this limited capacity to shift directions hinder organizations from taking advantage of new opportunities, it also makes them more vulnerable to changes in their external operating context. A number of organizations had been in a period of instability before receiving the MacArthur Award, with a few facing a genuine risk of contracting substantially; often that instability had been brought about by abrupt shifts in the external environment, which they had either been not fully prepared for or not able to respond to easily. For instance, there are a number of legal service organizations in the MacArthur Award portfolio that were severely tested when the US Congress cut funding for legal aid in the mid-1990s and whose leaders felt that they were still in a period of recovery from that shift when they received the Award a decade or more later. (As we’ll discuss in the “uses of the award” section, there aren’t clear patterns with respect to how such periods of instability influenced the ways that organizations used the MacArthur Award.)

The relative lack of flexible, unrestricted support also makes organizations financially vulnerable in other ways. Many organizations experience temporary gaps in their funding, for instance when launching a new project or program before anticipated funding for it has cleared. When other sources of funding are connected to specific projects, organizations can find themselves strapped to pay necessary overhead

International Rivers (*Berkeley, CA*)

Established in 1985, International Rivers works to protect waterways and defend the rights of neighboring communities in Asia, Africa, and Latin America. As part of the MacArthur Foundation’s Conservation and Sustainable Development portfolio, International Rivers provides technical assistance and advocacy through a regional network of international offices. In 2012, they received a MacArthur award for \$750,000.

Over its lifespan, International Rivers has witnessed the field of conservation change dramatically and realized that regional interventions could address new environmental threats more effectively. In 2005, International Rivers established its first regional office in India. In 2011, they adopted a five-year strategic plan that articulated a roadmap for growing a comprehensive network of regional offices.

Before receiving the MacArthur Award, International Rivers’ funding was predominantly restricted. Few resources were available to invest in the organization’s infrastructure, staff, and general efficiency. Individual donations covered some gaps but were hard to attract. A chronic lack of resources limited staff’s appetite for risk, at the same time they hoped to implement a bold new programmatic model. It was within this context that International Rivers received a MacArthur Award, which was used to accelerate the implementation of their strategic plan and make overdue investments in their core infrastructure. While the MacArthur Award hasn’t solved all of their challenges, it has relieved some important pressures and helped them find their place in a shifting landscape.

expenses in those windows. These gaps, and the general lack of unrestricted funding, can put downward pressure on staff salaries too; during our site visits in particular, many leaders acknowledged that their staff are chronically underpaid, which can lead to hiring and retention challenges—which further stress the operational foundation. In particularly cash-strapped times, staff (particularly at the leadership level) may be expected to take pay cuts or positions may be eliminated entirely, taking a toll on morale and the culture of the organization—which can weaken organizations in important ways. For instance, when an organization becomes accustomed to chronic scarcity, it can also develop a heightened aversion to risk which may, in turn, constrain its impulse toward innovation and adaptation.

In our site visits and interviews, multiple organizations told us that, as a result of these conditions, they hope to build a more stable base of individual donors, whose contributions are often more flexible than those of institutional supporters like foundations. (Some intended to use their MacArthur Award funds toward this end, which we'll discuss in "the outcomes of the MacArthur Award" section.) While this strategy may be a path to strengthening the financial stability of some organizations, it's less realistic for others to pursue. During one site visit, we were told that it's inherently difficult for some types of organizations to attract individual donors given the behind-the-scenes nature of their work. One said, "We're mitigating the harm, not making radical change. You can't sell that in direct mail." This perspective resonated across a sub-set of awardees whose programming is not primarily intended for public audiences. The vulnerabilities associated with the relative lack of unrestricted support in the philanthropic environment seem especially acute for them.

At times, this dynamic can also limit organizations' programmatic effectiveness, leading them to invest in work that is fundable even if it's not the work that would have the greatest impact on the field.

The relative lack of unrestricted funding can also distort how organizations allocate their project or program efforts, encouraging them to invest in areas for which there is already a funding base rather than the areas in which they feel they can have the greatest impact. One organization told us, "We can feel that our hands are tied to *not* act in a way that's most impactful at that moment." This perspective was expressed by several of the awardee leaders we spoke with.

Though this dynamic was not limited to one kind of organization, we saw it play out particularly clearly in conservation organizations that do work in multiple regions across the globe. These awardees noted that the philanthropic community has increasingly moved toward funding work in specific, geographically defined regions and away from providing funding for specific issues in a non-geographically defined way. By their own report, leaders in these conservation organizations have felt that this shift prevents them from doing work in regions that are high-priority from an environmental standpoint but which aren't high-priority to the funding community.

Moreover, for organizations whose mission or strategy emphasizes trying to identify and anticipate challenges that will be, but are not yet considered urgent by the relevant funding communities, there can be a natural misalignment between where they hope to invest funds and the current priorities of their funders. The MacArthur Award seems to be profoundly meaningful for these kinds of organizations, which we'll explore more fully in the "outcomes of the MacArthur Award" section.

The strategic intent of the MacArthur Award

Within the context of limited resources for non-programmatic investments, the MacArthur Award is a vital tool for program staff to provide much-needed institutional support for organizations that are critical to the Foundation’s strategic priorities; but some raised questions about whether the award’s structure—particularly the prescribed use categories—adequately supports its organizational strengthening and long-term sustainability purposes.

During the discovery phase of this evaluation, we spoke to a diverse cross-section of MacArthur program staff. They expressed strong support for the award, looking at it as a rare and important resource, both within the Foundation and in the broader philanthropic world, precisely because it is designed to bolster the overall institutional health of their grantees. They believe that fostering strong, effective organizations is a critical strategy in advancing the Foundation’s broader aims in the fields in which it works, and they appreciate that the MacArthur Award can serve as another arrow in their quiver to support the work of exceptional organizations.

The stated purpose of the award—to recognize the work of exceptional organizations and to ensure their sustainability into the future—is notably broad and there is latitude for different program officers to interpret its intent differently. For instance, some program officers emphasized the “recognition” side of the equation much more strongly in their conversations with us, casting the program as a great way to celebrate the “awesome work” of organizations within their portfolios. Others emphasized the “long-term sustainability” side, expressing their ambitions for the MacArthur Award to serve as an opportunity for nonprofit leaders to think beyond day-to-day programmatic work and consider long-term strategies for sustainability.

But while the state purpose of the award is broad, the Foundation’s approved use categories for the award are much more specific, and some program officers pointed to a subtle tension between the use categories and the purpose of the award (or, at least, their interpretation of it). At least 80% of the award funds must be primarily used for a “long-term sustainability” purpose such as an endowment, a cash or operating reserve, a venture or innovation fund, or a capital expansion. In our view, this suggests, whether intentional or not, that the Foundation believes that having protected resources will enable organizations to survive—and even views protected resources as not just a necessary condition, but a *sufficient* condition for sustainability. For organizations that are already strong and have access to enough working capital to cover the full costs of their work, having additional protected resources may indeed be sufficient to ensure that they can survive into the future. But for others, these approved use categories may not help them build the infrastructure and adaptive “muscles” they need to become more sustainable. In other words, it’s not clear to us, based on our conversations with both awardees and Foundation staff, whether the MacArthur Award’s structure and policies are well aligned with its goal of organizational sustainability. One program officer at the Foundation told us explicitly that, in selecting organizations for consideration, he focuses more on those that show considerable *past* strength precisely because it isn’t clear to him how the approved use categories could enhance the long-term health of his grantees.

All of this means that the MacArthur Award is operationalized differently for different organizations, depending on how the program officers negotiate the relationship between the approved use categories and the notion of building institutional strength for long-term sustainability. At a minimum, this presents an evaluation challenge: it is difficult to assess a program's success when the definition of "success" is itself open to interpretation. It also carries the risk that the program is not always being implemented in ways that will most effectively bring about the vision that underlies it—and the nature of that vision needs to be clarified before recommendations to strengthen the MacArthur Award can be made. As we'll discuss in the final section on the outcomes of the MacArthur Award, it does appear that the program has been more effective toward certain interpretations of that vision than with others.

Among program officers, there seems to be considerable enthusiasm for the MacArthur Award to serve a genuine institutional strengthening purpose. During our staff interviews, virtually every program officer told us they were most excited about the MacArthur Award as a tool to help organizations shore up operational weaknesses, build holistic institutional strength, and find bold, new ways to animate their missions. Many staff spoke about nominating organizations that were at some key "moment" in their organizational development (the nomination criteria, outlined below, include being at a key strategic moment) and wanting to help grantees that "showed incredible promise" or showed "a palpable sense of freshness but which may have been experiencing some growing pains"; they hoped the award would catalyze the potential of these organizations to attain a new level of success or impact. But, again, some of these program officers questioned whether the approved uses truly enable that kind of comprehensive institutional strength and maximize the potential inherent in those pivotal "moments." One internal Foundation stakeholder asked, "Why establish a cash reserve if you don't have any working capital?" and added that the use categories are "rooted in a narrow and outdated conception of being a nonprofit, as opposed to being a social enterprise that has a business model, whether it's implied or formalized." Another program officer told us, "We say we want to support institutional growth, but we have a narrow vision for that when we say that 80% has to sit in reserves. We need to think more about whether we really know what works for institutional strengthening. We're taking a safe, not a creative, approach to growth. Do we understand the range of things it takes to contribute to an institution's growth?"

Connected to this is the fact that the MacArthur Award's leadership often refers to their intention for the MacArthur Award funds to "stay with the organization." In one respect, this can be interpreted literally: whether organizations maintain (or, ideally, build on) their initial allocation of funds in an endowment or reserve fund. (We'll explore the extent to which reserve funds are maintained in the section on uses of the award.) However, we could also interpret this to mean that funds are meant to "stay with" an organization in a more indirect way: helping to build lasting skills and capacities that make an organization more resilient and sustainable (whether or not protected capital is the mechanism for doing so). Again, there remains some question, in our view, about whether the MacArthur Award is structured in a way that encourages organizations to build those new sustainability-oriented capacities—and whether it is meant to—or whether it simply gives them resources to continue doing the great programmatic work that is being recognized by the award.

The MacArthur Award recipients’ own hopes for the award are concentrated around financial security, but also include strengthening their operating foundation and the impact of their programming.

In the awardee survey, we asked organizations to rank the value of four possible aims of the MacArthur Award, and the majority ranked “to provide organizations with the means to secure their long-term financial stability” as being one of the top two most valuable purposes. Fewer felt that “to recognize outstanding institutions” was most valuable to them (see Figure 4).

Based on your experience with MACEI, please rank the following purposes of the award in order of their value to your organization.

Please give a 1 to the purpose that was most valuable to your organization, a 2 to the purpose that was the next most valuable and so on.

n=52



Figure 4

Interestingly, international organizations were significantly more likely to cite “to strengthen the reach and impact of an organization’s programming.” As we’ll discuss in the “uses of the award” section, international organizations were also more likely to use award funds to buy real estate, or undertake other capital improvements, suggesting perhaps that they view such a purpose as being as much about their programmatic impact as it is about their financial stability. However, many international awardee organizations are required to go through an “expenditure responsibility” process with the Foundation in order to receive funding, which carries restrictions in how they are able to use the award—such that a real estate purchase was the only approved use available to them. (US-based organizations, none of which were required to go through the expenditure responsibility process, were permitted to purchase real estate only on a case-by-case basis.) As a result, we recommend caution in attributing differences in how international organizations used the award to broad differences in strategic intent. Beyond location, neither size of the organization nor their age at the time of the award influenced how they ranked these four potential aims.

The nomination, proposal, and selection process

The nomination process supports program officer autonomy, giving them considerable latitude for determining which grantees should be considered.

The MacArthur Award nomination process begins many months before potential awardees are notified of their candidacy. Individual program officers throughout the Foundation are asked to suggest grantees in their portfolio that meet four criteria, and each program within the Foundation puts forth a list of potential nominees that:

- carry out creative and effective work that is central to the Foundation’s strategic priorities and has a positive impact on its field;
- are at a critical or strategic moment in their development;
- demonstrate strong leadership and stable financial management; and
- are equipped to deploy resources at the scale of these grants.

The breadth of these criteria and absence of objective measures for each allows staff to apply them in ways that make sense within their program and for their portfolio. To at least some degree, this autonomy appears to have been an intentional part of the program design, with one former Foundation president describing the process as being “more about judgment than metrics.” We learned while speaking with Foundation staff that program officers draw on their relationships with grantees in different ways. Most often, program officers lean on their existing knowledge of grantees in their portfolio and identify candidates instinctively. One program officer told us “I know it when I see it” when selecting candidates, which seemed consistent with the approaches that others described.

As discussed previously in relation to the strategic intent of the MacArthur Award, the flipside of this latitude is that the award can sometimes be operationalized differently by different program officers. For instance, amid the busy stresses of day-to-day work, some program officers think about the award only when prompted; one told us, “We have limited bandwidth to think about the award as a resource option.” Others, however, are monitoring organizations on an ongoing basis, thinking about how to prepare organizations for the award; these program officers seemed particularly inclined to think of the MacArthur Award as a tool for contributing to the overall strength of an organization. Few talked about the award within the broader set of grants they’ve made to the organizations they nominate. This may suggest a missed opportunity for the Foundation to think about where organizational strengthening support fits within the context of other grantmaking strategies—which staff from the Foundation’s impact investments team, who are accustomed to thinking of organizational strength within the larger context of their investments, also noted.

One program officer raised the concern that this approach can put newer staff at a disadvantage since it relies heavily on experience and expertise with the program and its grantees. This perspective resonated among longstanding staff in our internal interviews. The MacArthur Award also relies on individual program officers to put in effort above and beyond their usual responsibilities, which means that some

take advantage of it more readily than others. (It also seems to have limited the MacArthur Award administrative team’s appetite for imposing more structure on the program, out of concern for the program officers’ time.)

The final selection of nominees is perceived as a “black box” by many program officers in the Foundation, giving rise to a shadow set of rules that some abide by when deciding which organizations to put forth.

Few program staff feel that they understand how the ultimate nomination decisions are made, describing the process as mysterious and opaque. They reported getting little feedback or information about why some of the organizations they put forth were selected over others, and they fill this information gap with their own assumptions about the criteria that the senior program leadership uses to select nominees. A number of program officers told us that the assumptions they make about what the senior group values have informed their own decisions about which organizations to put forth the following year, orienting them toward those they imagine will be competitive instead of those that they think would benefit the most. One described the MacArthur Award as having “unspoken rules [that] are enforced through *ad hoc* practices” that encourage interdepartmental gamesmanship. We learned that individual programs in the Foundation have developed their own strategies for identifying organizations for consideration, for instance rotating the nomination “privilege” among program areas within a particular country office so that they won’t compete with their colleagues.

For the awardees, the moment when they learn that they’ve been nominated for the MacArthur Award stands out as a professional and personal high water mark.

In our site visits and interviews, leaders of awardee organizations spoke of the moment when they’d learned that they’d been nominated with great enthusiasm. As we discuss in “The outcomes of the MacArthur Award” section, organizational leaders feel a tremendous sense of validation from being recognized in this way, and that validation begins the moment that they receive the call from their program officer letting them know they’ve been nominated. Nearly all were not just delighted, but surprised; only one interviewee mentioned to us that they had previously sought out information about the award. Many were excited to share the news with their staff, whose efforts they saw as crucial to doing the work that resulted in the nomination.

Interestingly, we heard varied experiences—and some confusion—with respect to how the nomination was positioned by the MacArthur representative who called with the news. Roughly half of the awardee staff we spoke with understood it as a nomination, for which they would subsequently need to put in a proposal; others came away from the conversation believing that it was a sure thing and that the proposal was a formality. One interviewee expressed elements of both perspectives: “It simultaneously sounds like you’ve won and you need to come up with a proposal to win it.” This may simply suggest that some organizations are reading more into the conversation with their program officers than they should be, interpreting it to mean that the proposal is a formality even if the program officer doesn’t actually say that it is. However, it may also indicate that some program officers offer slightly different perspectives on the proposal process than others.

The proposal process is, itself, an opportunity to take a moment to reflect on organizational strengths, vulnerabilities, and long-term needs, which has the potential to stimulate the development of important organizational capacities.

Because so few awardee organizations had previously had the opportunity to think with a funder about their long-term needs, most of the awardees we spoke with talked about the proposal as a difficult but welcome opportunity to think rigorously about what their needs were, usually through conversations with their board and staff. One organization told us, “Learning of our nomination coalesced a conversation about our organizational development needs.” For some, the most intense deliberation took place with respect to the 20% of the MacArthur Award that can be allocated toward purposes other than long-term sustainability. One organization described the rest of the proposal process as “formulaic,” given the tight guidelines, and believed (incorrectly) that fully 80-90% of the award had to be put into a cash reserve (as opposed to other use categories, like an innovation fund).

The survey findings highlight that consulting with staff and the board are the most common activities that organizations participate in during the proposal process, with at least 80% consulting with each (see Figure 5). And the proportion who engaged in these activities was consistent across age, budget, and location. Fewer take advantage of external resources in thinking about how to make the best use of the award. Yet those who did take advantage of external resources, such as connecting with expert advisors, using an organizational assessment or planning tool, or getting external fundraising advice, found those resources to be quite helpful.

Please indicate whether your organization engaged in any of the following activities while you were developing your MACEI proposal.

n=54

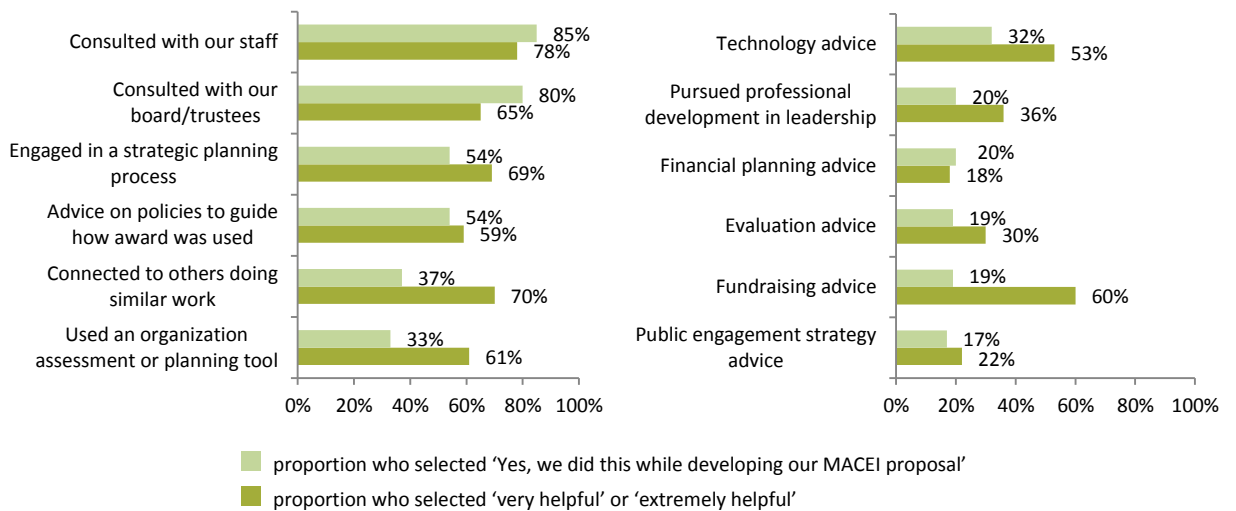


Figure 5

In discussing their approach to the proposal process with us, program officers exhibited different engagement strategies with nominees. Some play an “incredibly hands-on” role in advising their nominated grantees in how to use the award; others defer to the grantees’ judgment, feeling that “they know what’s in their best interest, which is why they were nominated to begin with.” For their part, the

vast majority of organizations felt positively about their interactions with their program officers during the proposal process—even if fewer felt those interactions influenced how they decided to use the award. This may simply be because the set of uses is relatively constrained so there’s less freedom for program officers to influence the decision. However, it may also be, as a small number of internal stakeholders speculated, that the program officers are well equipped to *describe* the set of approved uses, but not fully prepared to *advise* nominees on the relative merits of specific uses (for instance, the merits of a cash reserve versus an innovation fund). As one stakeholder said, “If you’re going to invest in an organization’s future, you need strong financial due diligence at the outset. Our program officers have strong content expertise, not financial [training].” It should be noted, however, that awardees which received the MacArthur Award since 2010 were more likely to say that their program officers influenced how they decided to use the award, compared to those who received it between 2006 and 2009. (The survey responses don’t indicate that those who felt their program officers influenced how they used the award had a substantially different MacArthur Award experience on the whole—but they were somewhat more likely to use the award to establish a venture fund. This is broadly consistent with insights from our awardee interviews, which suggested that organizations may need a little more prompting to see the value of a venture fund and more guidance to structure the award around such a fund.)

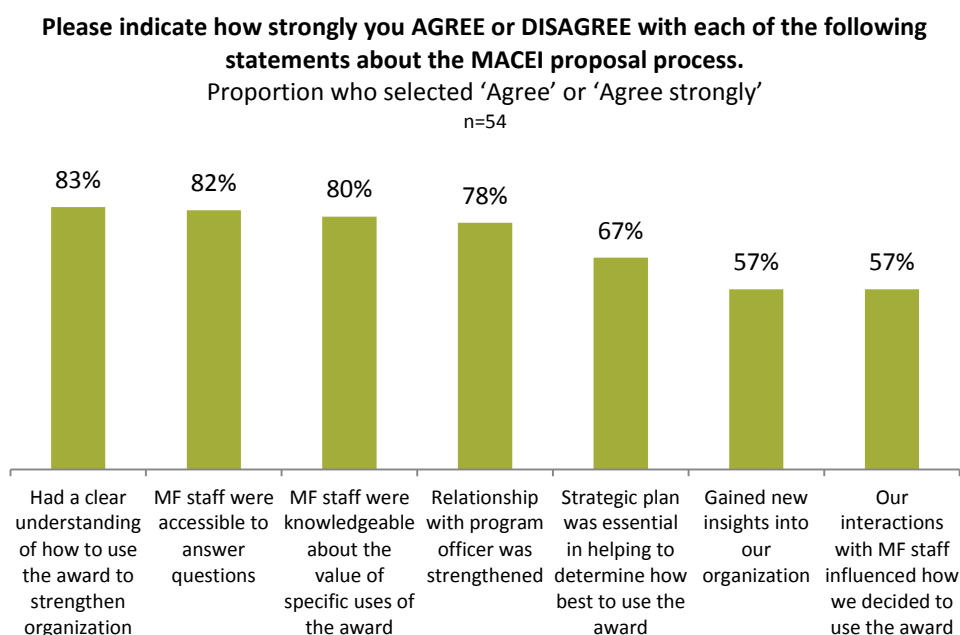


Figure 6

Ultimately, however, the proposal period may be too short to enable organizations to engage in truly fresh, “outside the box” thinking about their future sustainability. Those that had recently engaged in a strategic planning process seemed best positioned to leverage the MacArthur Award for broad organizational change.

Despite the value that they found in the proposal process, the majority of organizations we spoke with said that the turnaround time on the proposal felt fast and that the proposal process itself was rushed.

One awardee said, “In retrospect, we needed more time to figure out what to do with the money and support in figuring that out.” Implicit in this is a sense that organizations may have defaulted to easy-to-imagine uses—for instance, opting for a cash reserve rather than an innovation fund, or directing their secondary uses to needs that were immediately obvious but which may not have been the investments that would best set them up for long-term success. Again, because so few are accustomed to thinking about their long-term institutional needs, this kind of forecasting may require more support and prompting in order to foster a vision for the organization’s long-term success. Or as one organization’s leader put it, “It’s like asking a first grader to write their college application.”

In our conversations with MacArthur’s own staff, several program officers hypothesized that strategic planning can be a critical resource for organizations during the proposal process. Indeed, just over half of the organizations indicated that they engaged in a strategic planning process during the proposal period; 69% of those found it to be helpful. (In our site visits and interviews, we got the impression that most of those who engaged in a strategic planning process during the proposal were already engaged in that process before being nominated; that is, the strategic planning process was not motivated by the MacArthur Award nomination, which seems natural given that the typical strategic planning process lasts longer than the MacArthur Award proposal process.) And though larger organizations (those with budgets over \$1 million) were no more likely than smaller ones to engage in strategic planning during the proposal process, larger ones that did were more likely than smaller ones to find it valuable. Another 67% said that their strategic plan—which may have been completed before they’d been nominated—was helpful in figuring out how to use the award (see Figure 6). From our interviews, we got the distinct impression that those organizations that had recently gone through a strategic planning process had, in effect, “shovel-ready” organizational development plans that they were able to implement through the

National Housing Law Project *(San Francisco, CA)*

Established in 1968, the National Housing Law Project (NHLP) is a national leader in legal advocacy for low-income people who live in federally subsidized housing. As part of the MacArthur Foundation’s Affordable Housing portfolio, NHLP provides technical assistance for tenants, specialized training for legal services attorneys, monitoring of and involvement in housing-related cases, and analysis of federal policies and pending legislation. In 2007, they received a MacArthur Award for \$500,000.

In 1995, the Gingrich Congress cut funding to many legal aid organizations including the NHLP, which resulted in a loss of 80% of its operating budget. It adjusted activities accordingly but was unable to invest in its core infrastructure or long-term stability in the interest of meeting immediate operating needs. This recovery combined with the impending retirement of several senior staff created a significant need for unrestricted

resources. However, housing is an area in which it’s difficult to attract long-term support because outcomes are often hard to define, particularly for intermediary organizations like NHLP.

In 2007, NHLP was selected to receive a MacArthur Award. Although deeply grateful, the severity of their organizational development issues made developing their proposal surprising difficult. That’s not to say staff lacked a clear idea of what they wanted to do; it’s simply hard for an organization struggling for survival, to imagine quickly, what’s needed to secure their long-term future. Ultimately, NHLP used their MacArthur Award to build an operating reserve, which has enabled it to invest in staff. This boost in capacity has improved NHLP’s ability to meet new demands while updating their technical capacities, which has created new operational efficiencies.

MacArthur Award: “We were already in the midst of a plan to invest in infrastructure and reserves. We had a five-year strategic plan and were thinking about raising the money to implement it.” The survey data also points to the *tangible* value of strategic planning (though it cannot show a causal relationship between it and long-term outcomes): those organizations that had grown either in staff size or budget (one indicator of impact, as we’ll discuss in the section on the outcomes of the MacArthur Award) since receiving the MacArthur Award were more likely to have done strategic planning during the proposal process. And those who feel that they used the award to invest in new ideas (as opposed to using it as a safeguard) were also more likely to have done strategic planning.

Uses of the award

Awardees’ primary uses of the MacArthur Award correspond to the guidelines established by the Foundation: most allocate the award to a cash reserve. Yet many organizations see the so-called secondary uses—the purposes toward which no more than 20% can be allocated (strategic planning, technology infrastructure, etc.)—as being equally, if not more, important than the so-called primary uses.

Of the primary use categories, establishing or building a cash or operating reserve is far and away the most common way awardees use the MacArthur Award funds, with 44% of survey respondents considering it their primary use and another 15% considering it their secondary use. By comparison, only 13% of survey respondents considered each of the other approved primary uses—an innovation fund, real estate, or an endowment—as their primary use of the award (see Figure 7). Purchasing real estate was the one use where there was a strong geographical association: 50% of the organizations located outside the US considered a real estate purchase to be a primary or secondary use (which was unsurprising given the limitations applied to most international grantees), while none of the US-based organizations who responded to the survey did. (However, grant history records indicate that four US organizations in the awardee portfolio—all of which didn’t respond to the survey—did apply at least part

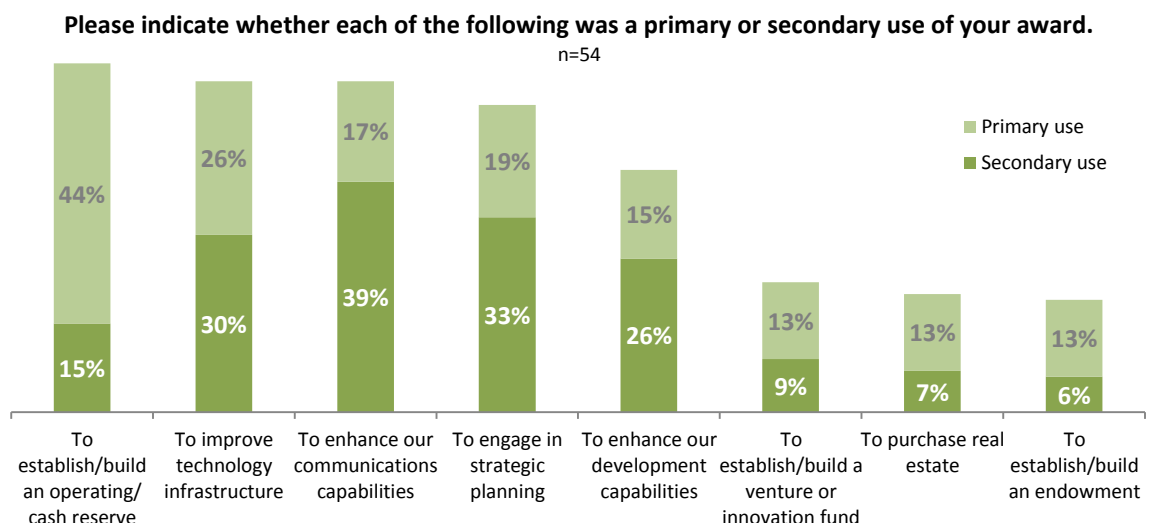


Figure 7

of the award toward the purchase of real estate). Consequently, fewer international organizations used the MacArthur Award to establish a cash reserve. (We also found the smaller organizations (those with an operating budget of less than \$1 million) were less likely than larger organizations to establish a cash reserve. However, because international organizations tend to be smaller than those based in the US, this finding is largely due to geography.

Interestingly, the survey data suggest that the uses that the Foundation considers *secondary*—the purposes toward which no more than 20% of the MacArthur Award can be allocated—are actually considered *primary* by many awardee organizations. A quarter of respondents considered technology infrastructure to be their primary use and 19% considered strategic planning to be primary. Younger organizations (those that were 10 or under at the time of the award) were more likely than more established organizations to engage in strategic planning (78% compared to 45% of those between 11 and 20 and 40% of those more than 20 years old).

This is consistent with the conversations we had with awardees, many of whom spoke first and foremost about the ways they used award funds to replace outdated software, accounting systems, or customer relationship management systems; to support ongoing maintenance of key intellectual or technological assets; or to build key communications infrastructure, including websites. In fact, in our interviews, one organization said that they had greater needs for infrastructure than the 20% allocation would support; this was echoed by several others and is consistent with the broader finding about organizations feeling that their institutional capacities were often under-supported by the philanthropic community. Interestingly, those organizations that considered one of the officially secondary uses to be a primary use were more likely to engage in an organizational assessment during the proposal process, raising a chicken-and-the-egg question: does engaging in an organizational assessment reveal operational needs that elevate those “secondary” uses from the organization’s perspective, or do those that know they have infrastructure needs engage in an organizational assessment in order to hone and prioritize their plans for the 20% of the MacArthur Award they can spend on infrastructure?

This dual emphasis on cash reserves and investments in key areas of infrastructure is echoed in survey respondents’ answers to a question about whether they used the MacArthur Award to invest in new ideas or as a safeguard: the vast majority felt that they used the award to do both (see Figure 8). International organizations were a little less likely to say “both,” with more using it to expand activities; otherwise, this did not correspond to budget size or the age of the organization at the time of receipt.

Which of the following statements best describes the way your organization used the MACEI?

n=54

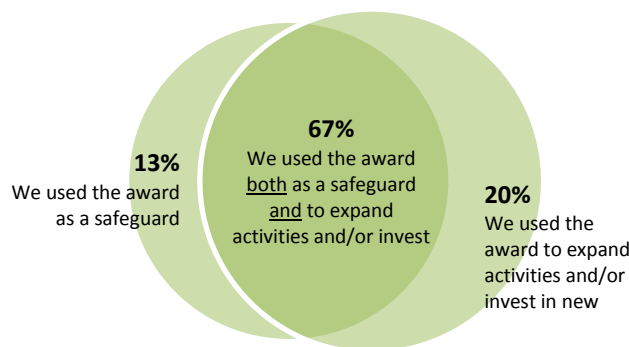


Figure 8

This again raises a question about whether the requirement to allocate 80% of the funds as protected resources is fully aligned with awardees' hopes to both shore up financial stability and invest in their future growth.

Organizations have different ways of looking at a cash reserve: some see it as a kind of insurance policy or resource of last resort, others as a more active “income smoothing” strategy.

In our conversations with awardees, we heard very different perspectives about the ways that cash reserves (and to a lesser extent, venture funds) are used on an ongoing basis. A number of organizations told us that they've never tapped the reserve, even in times of financial hardship, and that they think about it as something to be used only in a moment of organizational life or death. (One interviewee told us that the Foundation had indicated to them that the reserve needed to be strictly fenced in and used only in an emergency.) Others took a much more dynamic approach to the reserve, tapping into it frequently to smooth out short-term gaps in funding or to invest in growth. In fact, some of these organizations seemed to use the cash reserve in much the same way others used their venture funds, thinking of it as a form of change or growth capital that they could leverage at strategic moments to advance their development. Those that had invested the award in a venture or innovation fund, on the other hand, seemed to have used it even more frequently and actively.

The survey data show similar patterns: while 32% of the organizations still have all of their initial allocation left in their operating reserve (64% of whom have *never* drawn down on it), another 29% have less than one-quarter of the initial funds left—and those awardees were more likely to see the reserve as a secondary, rather than primary way they used the award. In other words, they perceived the award's value to reside more in the approved secondary uses. Perhaps not surprisingly, none of the organizations with a venture fund still have that fund at its initial level; only 25% have at least half of the fund left, and 42% have depleted it completely (see Figure 9). Interestingly, we found no statistical relationship between when an organization received the MacArthur Award and how much remains in reserve, suggesting that whether or not an organization taps into the reserve may be mostly a matter of strategy; it does not

Center for Investigative Reporting (Emeryville, CA)

Established in 1977, the Center for Investigative Reporting (CIR) is the nation's oldest nonprofit journalism organization dedicated to a more informed public. As part of the MacArthur Foundation's Media portfolio, CIR reports on issues that range from government accountability to civil rights. In 2011, they received a MacArthur Award for \$1,000,000.

After several years of contraction and leadership change, coupled with the technology-driven transformation of the field of journalism, CIR reached a new level of stability. Multi-modal production capabilities were brought in-house, which decreased costs and diversified potential revenue

streams. However, despite these developments, CIR faced important challenges often related to restrictive funding.

The MacArthur Award represented a different kind of grant, which was primarily used to create a venture fund and build staff capacities. Staff hoped the venture fund would capitalize on recent entrepreneurial investments, strengthen CIR's ability to test new programming strategies, and derive new income from an expanded suite of skills. Taken together, staff believed these outcomes could improve CIR's capacity to respond to an evolving landscape of opportunity.

appear that an organization is more likely to draw down on their reserve the longer they have it. Real estate purchases were more likely to have remained with the organization; 90% of those who purchased real estate still owned it at the time of the survey.

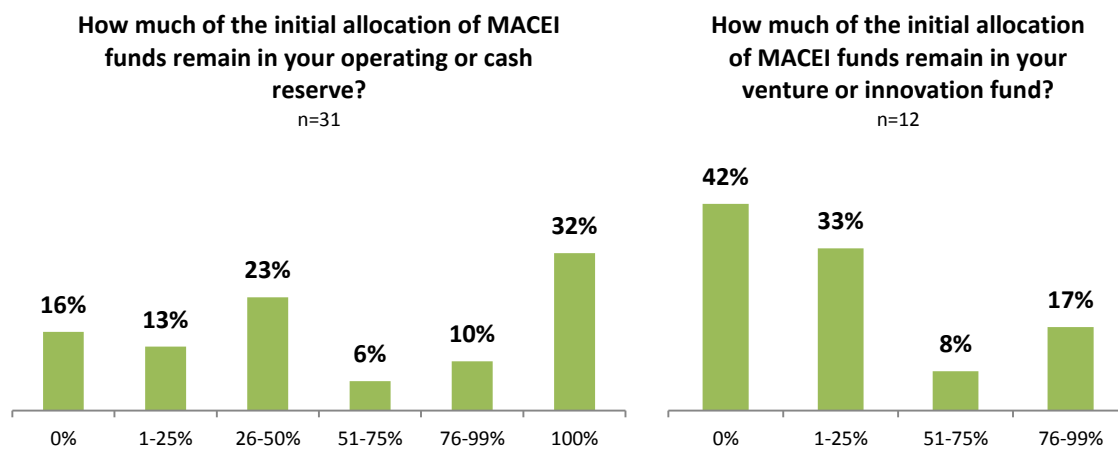


Figure 9

In our site visits, a small number of organizations volunteered that they were curious to hear more from their peers about how they are using their reserve or venture funds, and the survey findings show that over half sought advice from individuals outside their staff during the proposal process on what policies to put in place to guide use of the award. (Across the board, 67% of organizations have specific policies in place, and recent awardees were more likely to have such policies, which may be a result of a shift in the kind of guidance the Foundation has provided around such policies.)

What is less clear, however, is the extent to which awardees fully understand that they are meant to replenish award funds that have been dedicated to cash reserves or venture funds. We were surprised by the fact that only a couple of organizations voluntarily commented on this requirement. It's conceivable that, if this expectation were made more explicit from the outset, a greater number of organizations would seek assistance in determining how best to structure their award to fulfill this requirement.

There's only a tenuous relationship between recipients' goals for the MacArthur Award and their actual uses, suggesting an opportunity to better target the award's use in response to awardees' specific needs and aspirations for it.

We did not find clear, strong relationships between an organization's hoped-for outcomes of the MacArthur Award and the way or ways they decided to use it. For example, those who reported that they valued it as a means to secure long-term financial stability were actually less likely to use the award for a cash reserve. (They were a little more likely to use it for strategic planning or to establish a venture fund.) Conversely, those who valued it as recognition of their outstanding work were actually more likely to use it for a cash reserve. To some extent, this seems to support the questions raised by internal stakeholders

about whether reserves are indeed the best mechanisms to support active growth and financial sustainability.

Similarly, we did not detect any patterns between organizations' specific circumstances before being nominated and their use of the award. For instance, based on our site visits and interviews, we did not find that grantees that had faced a serious threat of contraction or collapse used the award in a distinct way.

Complementary award supports

In the years in which it was held, most awardees attended the awardee convening/award ceremony, but they found it to be only moderately valuable. They do get a psychic benefit from being recognized, but feel that the convenings haven't enabled the kinds of substantive discussions and connection-making (particularly across cohorts) that they value.

One of the key complementary supports that the Foundation provides is an award ceremony and/or convening for that year's awardees shortly after the awards are announced. The MacArthur Award ceremony hasn't been offered in every year but a majority of survey respondents who received it in 2006-09 and 2013 indicated that they'd attended. The value of the convening has varied across the years, however; those who attended in 2006-07 considered it to be of little value, with only 38% saying that they found it to be very or extremely valuable. Those who attended in 2008-09 and 2013 found it to be more beneficial (75% and 50%, respectively, rating it to be very or extremely valuable). Otherwise, satisfaction with the convening was not related to the characteristics of the organization (for instance, size, age, or location).

Did your organization participate in MACEI convening (e.g., a convening in Chicago)?

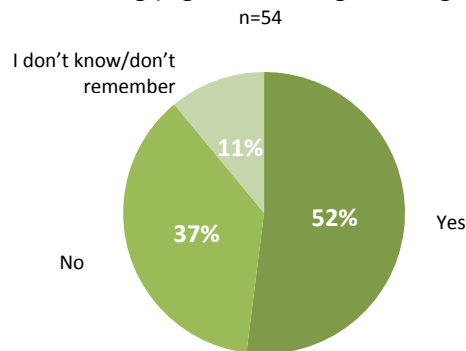


Figure 10

In our conversations with awardees, those who had attended a convening referred to it as a moment of great pride for themselves and for their organizations. Some described it as one of the most moving or one of the most festive ceremonies they'd ever participated in. For most, being in the company of other

organizations whose work they admire and respect is a critical part of what makes the convening inspiring.

But what organizations seemed to find most valuable about these convenings was the opportunity to come together with different kinds of organizations to see how they're handling common nonprofit challenges. In other words, it's the substance of these convenings, rather than the ceremony alone, that makes them valuable. One organization said, "It gave us a chance to talk with other non-profits about governance issues. We don't usually have those opportunities." Those who'd been to a convening with past MacArthur Awardees found it particularly helpful to hear how others had used the award. If anything, it's this kind of peer connection, especially the connection across different cohorts, that organizations want more of. One awardee told us that he felt that the MacArthur Awardee network hadn't been fully activated by the Foundation and wished for more opportunities to connect with their peers in the future. While this opinion resonated across some of the other awardees, others acknowledged this would require more work on behalf of the Foundation and wondered whether that was an appropriate expectation.

The public relations support that the Foundation offers has been taken advantage of more consistently since 2011, and the core supports (the video, the press release) are helpful in drawing national and local attention.

The Foundation has offered public relations support in every year since launching the MacArthur Award program, with the total amount of the investment shifting from year to year. These supports have typically included the production of a video about the organization and some support in reaching out to local and national press. In some years, it's also included broader communications strategy support. Since 2011, these supports have been used consistently, with a majority taking advantage of the video, support in developing a press release to announce receipt of the award (which organizations that were less than 20 years old at the time of the award were particularly likely to take advantage of), and help developing a strategy for communicating about the award (see Figure 11).

The video was the form of support that organizations most frequently and spontaneously mentioned in our conversations with them. Many are still using the video as a way to tell external stakeholders about their work, and they see it as a valuable communications tool that they simply wouldn't have produced without the Foundation's help. The survey findings indicate that the video was considered to be particularly effective in enhancing the overall visibility of the organization (87% agreeing that it was effective in this regard) and in attracting national attention to the organization (73% agreeing). The press release support was also seen as helpful—though less so than the video—in these same ways, with 61% agreeing that it enhanced their visibility and 53% agreeing that it attracted national attention.

Please indicate whether your organization received each of the following types of public relations support from the MacArthur Foundation as part of MACEI.

Proportion who selected 'Yes, we received this support'
n=54

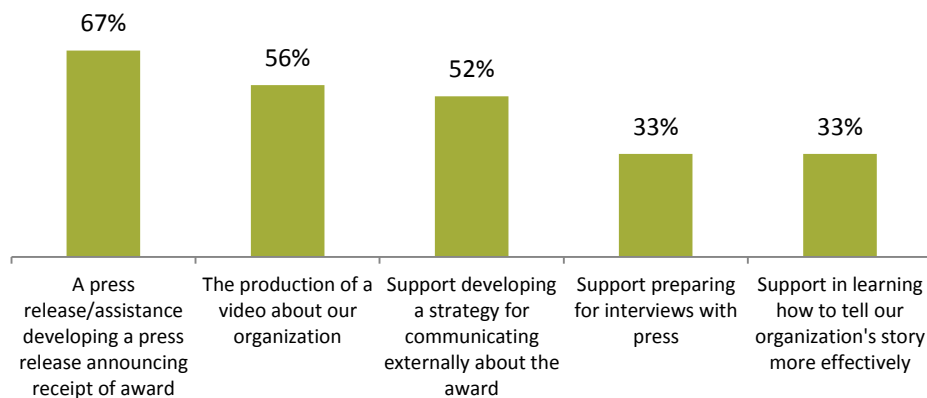


Figure 11

Public relations supports do not have a strong and lasting effect on an organization’s communications capacity—nor were they intended to. But some less frequently used supports seem primed for building communications know-how within the organization.

Many organizational leaders noted in our conversations with them that communications is one of the fundamental areas in which they’ve under-invested and an area in which they continue to see a need for additional skill building. The public relations supports offered by the Foundation weren’t designed with this kind of long-term skill building in mind, and so it’s not surprise that they were less helpful in this regard. For instance, only 39% of those who received the video and 20% of those who received press release support felt that each resource helped to strengthen their organization’s communications skills over time.

Some of the less frequently used supports seem primed to build lasting communications skills however. Though only 33% of organizations reported receiving support preparing for interviews with the press, 44% of those who did felt that it built lasting communications skills. And of the 33% of organizations who received help learning to tell their story, 39% reported a lasting effect of those supports. This suggests that these “teach a man to fish” kinds of supports could be particularly helpful in building lasting skills; the Foundation may want to consider offering more of this kind of support in addition to valued tangible communications assets like the video. And it’s worth noting that interviewees sounded a note of disappointment about the quality of the support provided in years when MacArthur didn’t provide it directly but, rather, engaged external consultants.

Conservation Strategy Fund (Sebastapol, CA)

Established in 1998, the Conservation Strategy Fund (CSF) sustains natural ecosystems and adjacent communities through strategies powered by conservation economics. As part of the Foundation's Conservation and Sustainable Development portfolio, CSF received a MacArthur Award in 2012 for \$750,000. CSF trainings build fluency in economic concepts and language within the global conservation community. As such, effective communications are central to their work.

In the five years preceding the MacArthur Award, CSF achieved several organizational milestones. Nevertheless, unrestricted funding was often limited, which weakened their ability to strengthen specific core capacities, particularly those around communications. The language of economics and environmental conversation can be quite difficult to understand without proper training, and is complicated further when

translated in multiple languages. Given CSF's goals around enhanced engagement, advocacy, and international programming leadership recognized the need to develop new communications skills. In response, a portion of the MacArthur Award was used to improve the CSF website and overall communications infrastructure.

Given CSF's capacity-building focus, the complementary resources provided in tandem with the MacArthur Award were particularly valuable. Specifically, leadership found the media training and interview preparation especially useful as they prepared to engage with reporters. While coverage of the award was ultimately short-lived and limited to local news outlets, the video created with support from the MacArthur Foundation continues to provide CSF with a powerful storytelling tool that enhances its website and global presence today.

The outcomes of the MacArthur Award

The MacArthur Award is a resounding success with respect to giving organizations recognition and validation for their work, with the MacArthur “brand” conferring a much-valued sense of credibility.

Recognizing that there remains some question as to whether the award has a clear and universally accepted definition of success, in this section, we consider the multitude of ways that success could be defined (including definitions suggested in our conversations with both staff and awardees) and explore the award's influence on organizations.

One of those definitions of success, suggested by the official description of the award, is simply that the MacArthur Award recognizes the exceptional and often under-appreciated work of outstanding social-sector organizations. By that definition, the award is a clear success; every organization we spoke with pointed to the tremendous sense of validation that receiving it provided, both personally and for the entire organization. They said that the MacArthur Award felt like a “second wind” and gave them the confidence to keep doing the important, but often difficult, work of the organization—and to sustain their energy and passion for that work. One said that it “helps us stand a little taller.”

The fact that the MacArthur Award is about the organization's long-term future is a critical ingredient here. The MacArthur Award is perceived as a vote of confidence on the part of the Foundation that the nonprofit organization is doing work that will continue to advance its field for many years to come. Said

one awardee, “Many funders instrumentalize their investment, but MacArthur is saying ‘we want you to exist for the long term.’” It’s also important that the award is international and that award recipients are drawn from multiple fields; for organizations that work in niche areas or that engage in work that is rarely publicized, it’s an added confidence boost to be in the company of organizations from across the globe. During one interview the executive director of an international group expressed profound gratitude for “being recognized and associated with such high caliber organizations” and felt this “improved our own reputation by proxy.” And finally, the fact that the award recognizes the entire organization amplifies the validation, making it a shared moment of recognition for the full staff and board. For instance, one of the media organizations we met with felt that it was even more important for the organization than awards like the Pulitzer or Peabody which, though prestigious, single out the work of an individual or small group of journalists, whereas the MacArthur Award represents the efforts of everyone at the organization.

For many organizational leaders, the MacArthur Award was cherished in part because it felt like they were being recognized for the very kind of work that is challenging to raise funds for otherwise. There are a number of category-defying or boundary-blurring organizations in the MacArthur Award portfolio and these organizations can often find it difficult to align their work with existing funder priorities or categories; these “oddball organizations,” as one awardee referred to them, find it especially validating to be recognized by MacArthur for being different.

The MacArthur brand certainly plays an important role in why this award feels so validating, and there seems to be a bit of a halo effect from the widely known and admired MacArthur Fellows Program, which gets transferred to this institutional award. One organization said, “The ‘Genius Award’ cachet gets translated to the organization—and we don’t disabuse people of that association.”

The validation associated with the MacArthur Award can also come from the way it’s used. The organizations that used their award to purchase a building spoke of the validation that having their own physical space can bring to the organization. Having a building creates a physical manifestation of the organization’s identity and signals to the rest of the community that “we’ve arrived” and that “we are committed to being here in the long run.”

Many award recipients hoped that the MacArthur Award would attract other funding or prepare them to be better at fundraising. But success has been mixed in this area.

Though the sense of validation that organizations get from the MacArthur Award is valuable in its own right, many grantees also expect or hope for that validation to contribute to more tangible outcomes, particularly around fundraising. One executive director told us that he expected the media attention related to the award to bolster his organization’s ability to attract new individual donors, but this didn’t come to pass. We subsequently heard other awardees express similar, and similarly unrealized, ambitions. In fact, program officers at the Foundation and staff members at the grantees included “attracting other funding” as one of the goals they had for the MacArthur Award. This may indicate that some program officers and grantees see improved fundraising acumen as a means to strengthen an organization’s long-term financial stability.

Many organizations indicated that the MacArthur Award did have an impact, though indirect, on their future fundraising efforts. By and large, this impact stems from the credibility boost that the award confers. The majority of organizations we spoke with spontaneously referred to it as a “Good Housekeeping Seal of Approval” for other funders, often saying that it signals a general sense of professionalism and quality. One said, “When approaching other funders, it settles any questions about the quality of the work.” A smaller number indicated that it served as a form of due diligence for other funders whom they subsequently approached (or who approached them), and some said that having reserves on their balance sheet, thanks to the MacArthur Award, helped them look like a better investment to other funders. And some did point to specific examples of how they were able to leverage the award in exactly this way: one leader felt that their organization was able to secure support from a major private foundation for the first time because of the MacArthur Award. This kind of credibility also helped to foster other forms of organizational development in a small number of cases; for instance, one organization drew a line from the award to their ability to recruit a higher level of talent for their board.

A few organizations, however, felt disappointed that the MacArthur Award hadn’t met their expectations with respect to attracting other funding or making fundraising easier. A couple of organizational leaders said that the award actually made them seem less in need of funding: “When you get a big award, some funders think you don’t need money anymore, so we had to have that conversation with other foundations.” While it may not be appropriate for organizations to assume that the award will enable them to attract new funders, it does seem fair and even commendable that they are thinking about how the award could be used to strengthen their long-term financial stability.

One way to assess the award’s success in contributing to organizational sustainability is to look at objective metrics like whether the organizations still exist or how much they’ve grown. By these measures, the MacArthur Award has been successful.

At the most fundamental level, the MacArthur Award is intended to support the survival of its recipients, so one basic metric of the program’s success is whether awardees are still in operation years after receiving it. To our knowledge, only one recipient has closed its doors since receiving the award, despite the fact that several others were in jeopardy prior to receiving the award. A brief scan of the literature suggests that this is a higher rate of survival than is typical for nonprofits; one estimate put the nonprofit mortality rate at 20%.⁷ (Given that MacArthur Awardees are a select group of nonprofits, however, we might expect that their survival rate would be higher than a typical nonprofit even without having received the award.)

While organizational growth is not necessarily a marker of financial stability, it is one way to gauge whether an organization has been thriving since receiving the award. We looked at the change in each organization’s operating budget between the time of the award and the most recent year for which budget information was available⁸, in terms of both the total percentage change and the average annual percentage change. Growth rates varied quite widely across the portfolio, ranging from a contraction of

⁷ See, for instance, Wolfgang Bielefeld, “What Affects Nonprofit Survival?” *Nonprofit Management & Leadership* 5 (1994): 19.

⁸ We used the National Center for Charitable Statistics database to obtain current budget information for US-based organizations. The MacArthur Foundation provided current budget information for international organizations, where available. In total, we were able to obtain current information for 68 organizations.

approximately 83% to a growth rate of nearly 400%. Overall, almost a third (31%) shrank since receiving the award, almost a quarter (23%) experienced modest growth of up to twenty percent, and almost half (46%) grew by more than twenty percent—and 16% more than doubled in size since receiving the MacArthur Award. Since the organizations received the award at different times and therefore have had more or less time to grow, we decided to look as well at the annual growth rate: about a quarter (24%) grew at a modest annual rate of up to 5%, and almost half (46%) grew more rapidly (see Figure 10). The smaller organizations in the portfolio (those under \$750,000 in annual operating budget) *all* grew since receiving the award, though none by more than 15% per year. The larger organizations were much more varied, with a greater likelihood of having grown by more than 15% per year *and* a greater likelihood of having contracted since receiving the award.

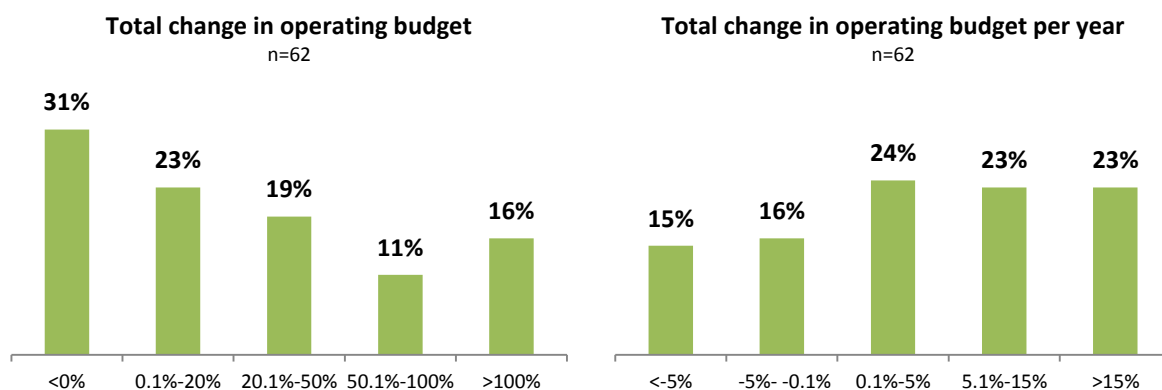


Figure 12

It appears that awardees that grew may have brought a heightened level of reflection and intentionality to the proposal process. Those that grew by at least 15% per year were much more likely to have engaged in strategic planning during the proposal process, and were also more likely to have sought advice about policies to put in place. Those that grew by at least 5% per year were much more likely to say that their interactions with MacArthur staff influenced their use of the award. In other words, they may have been particularly successful at using the proposal process to investigate their long-term needs and then to apply the MacArthur Award toward those purposes in order to thrive, not just survive. Awardees that grew were also a little more likely to use the award for a venture fund, suggesting that such investments may have paid off in terms of growth.

The MacArthur Award has provided most awardees with an enhanced sense of their financial security and capacity; it allows them to breathe easier.

With respect to the MacArthur Award’s long-term sustainability goals, it seems clear that the associated funds give organizations more confidence in their own financial security and stability. “Having the reserve

has shifted the optics around our stability,” one leader told us. For those that used these funds to establish or build a cash or operating reserve, the very fact that the reserve existed was relieving to organizational leaders, alleviating fears about the continued viability of the organization. One leader told us, “Not worrying about every nickel and dime is liberating.” Others referred to the fact that, before the award, there were periods when individual staff members would frequently entertain calls from headhunters, and that they no longer felt it necessary to take those calls after receiving the Award. These psychic benefits may be most valuable for organizations that had experienced a threat of non-existence prior to receiving it. For these organizations, the MacArthur Award played a vital stabilizing role. One told us that it was “a tool to get traction after ten years of being ‘in recovery.’” And the survey findings echo this point, with “strengthening our long-term sustainability and financial stability” cited as the top benefit of the MacArthur Award (See Figure 13).

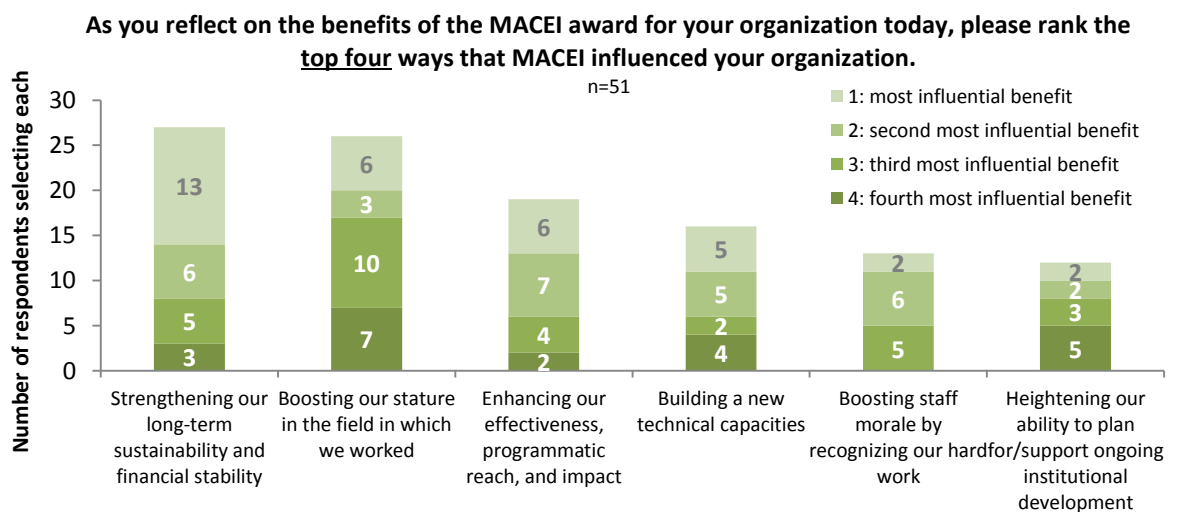


Figure 13

Having a reserve also allows organizations to make better decisions when they face temporary shortfalls. Some feel that the reserve prevents them from panicking or making rash decisions, for instance to cut staff, in periods when there are gaps in their cash flow. One said, “When you walk on a high wire, it’s nice to have a safety net.” At the same time, organizations are also making decisions about when *not* to draw down on the reserve that are consistent with a long-term vision for where they are headed. We heard multiple awardees talk about their decision not to use the reserve to “save” a program, office, or function because they recognized that it had underlying structural vulnerabilities. They knew that, while tapping into the reserve might serve as life support in the moment, it would be a temporary solution at best. To us, these instances suggested a healthy and strategic approach to the reserve: these organizations were willing to use it if necessary, but determined that these specific uses would not actually make them more sustainable or more resilient in the long-term.

As you reflect on the benefits of the MACEI award for your organization today, please rank the top four ways that MACEI influenced your organization. (cont.)

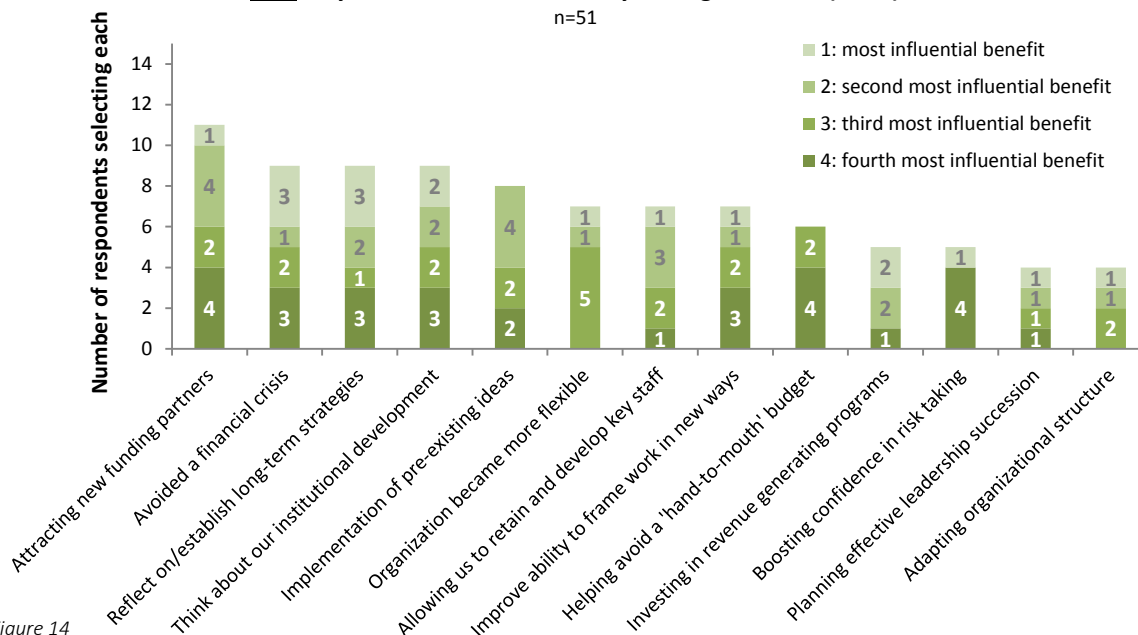


Figure 14

It is important to note, however, that the MacArthur Award funds haven't eliminated financial vulnerability for all organizations. We heard from awardees that were borrowing substantially from their reserve with only tentative plans to pay it back, as well as from organizations that had depleted their reserves in times of crisis without seeming to have addressed underlying weaknesses that would make them equally vulnerable to future crises. Again the survey findings substantiate this: though a majority feel that their general sense of financial stability has been strengthened, few find that the MacArthur Award has changed their financial outlook in specific ways, such as helping them to avoid a financial crisis or a "hand-to-mouth" approach to budgeting (see Figure 14).

For some organizations, the MacArthur Award has served as a springboard for transformations that were already percolating at the time of their nomination or helping them to resolve long-simmering challenges about how to fund growth, often by using primary funds as a form of "change capital."

One organization said that the MacArthur Award "helped contribute to our reinvention." We heard from organizations that used the MacArthur Award funds to:

- capitalize their planned separation from an umbrella organization by helping them to invest in capacities they hadn't previously needed;
- engage in a deliberate planning process for a leadership succession that was on the horizon;
- leverage their experience in national policy issues by investing in new expertise in state and local issues;
- launch a new platform for sharing their content, expertise, and perspective.

University of Chicago Crime Lab (Chicago, IL)

Established in 2008 in partnership with the City of Chicago, the University of Chicago Crime Lab (Crime Lab) generates scientific evidence about the effectiveness of strategies intended to minimize violence, school failure, and gang activity. As part of the MacArthur Foundation's Juvenile Justice portfolio, Crime Lab uses insights from behavior science to public safety, primarily in Chicago. In 2008, they received a MacArthur Award for \$1,000,000.

Crime Lab has experienced rapid growth in its short lifespan. Following a succession of successful interventions, demand for their research and policy expertise increased substantially, causing various growing pains. Specifically, leadership has been forced to

balance current commitments to long-term policy projects and limited, and often restricted resources.

When Crime Lab received a MacArthur Award in 2008, staff knew they needed unrestricted funding to help manage growth more effectively. An innovation fund and cash reserves were established to provide the organization with a combination of capital and flexibility to expand their scope of work to burgeoning fields. Today, these funds remain largely intact, although they have been tapped to provide bridge funding between payments. By becoming more financially stable, Crime Lab can focus its attention on generating new, creative solutions to today's complicated social issues.

In all of these cases, however, the vision and planning for these transformations had been underway prior to the MacArthur Award nomination. It's possible that the program officers nominating each recognized that receiving the award at these particular moments would enable these organizations to bring those visions to fruition. For organizations that had not been planning for bold change, the MacArthur Award didn't serve as a spur to consider whether there radical changes they could make to improve their operational or programmatic strength. As one interviewee said, "The recognition is a great thing, but a little challenge [to do something new] wouldn't be bad."

During our site visits in particular, we learned that in many cases, transformations were made possible by an active and liberal use of the MacArthur Award funds, rather than treating them as protected resources; in other words, a few organizations seemed to be effectively using the award as change capital. For instance, one awardee referred to the reserve as "the slack to be creative," enabling them to respond quickly when an opportunity for a new program arose, rather than waiting to fundraise for its development. For as many organizations that have leveraged the MacArthur Award toward broad change and ongoing responsiveness, however, there are also organizations who remain stuck in ways of doing business that they know are unsustainable. For instance, we spoke with one organization that was acutely aware that having a bigger unrestricted revenue stream would help them engage in a kind of long-term planning that would reduce financial uncertainty and maximize their impact in their field, and had even identified a potential "product line" to provide that revenue. But because creating that revenue stream would require time and resources that they didn't have, they felt that it remained out of reach: "It's not for lack of seeing the opportunity that we don't do it." This organization has also retained the full amount of its initial MacArthur Award-funded investment in a cash reserve and remains grateful to have those funds on hand to prevent a potential crisis. This raises a genuine question as to whether this organization, and others like it, is better off having access to a reserve so that it can survive a potential crisis or by using those funds as change capital to transition to a business model that may be inherently less prone to crisis.

The MacArthur Award often enables organizations to do important work in areas that would otherwise be difficult to fund and to take other kinds of risks.

Though the MacArthur Award is not intended to directly support programmatic or project work, it can play a critical role in expanding awardees’ capacity to have a programmatic impact in their fields. For instance, among those survey respondents who hoped that the award would increase their programmatic capacity, 93% felt that it was helpful in that regard. (And as figure 15 shows, most respondents felt that the award contributed to the outcomes they most hoped to achieve.)

The MacArthur Award can contribute to an organization’s programming via the “income smoothing” effect previously noted. Because organizations are less vulnerable to temporary or cyclical gaps in their cash flow, they can take on projects where the timing of the work is divorced from the timing of the payments. One organization said that it helped them to “be able to obtain contracts where we might need to front the money. We can have greater impact because we can take on those projects.”

Please indicate the extent to which each of the following was an outcome that you hoped your organization would achieve as a result of receiving a MACEI award.

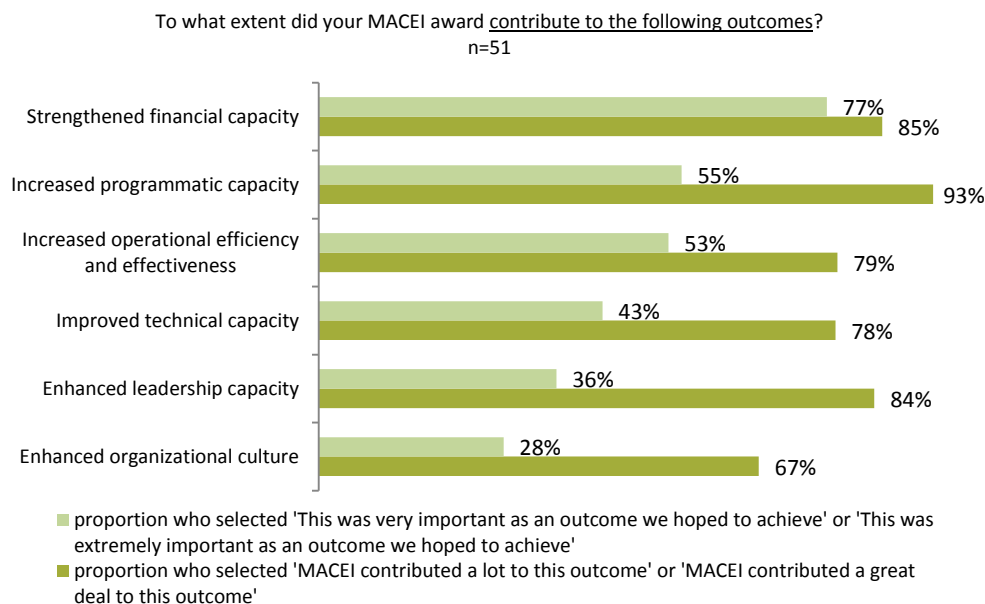


Figure 15

For some organizations, the funds are also used to subsidize work that is important to the organization’s mission but which may not be fully funded through external sources. One leader said, “We don’t have to work hard to find an extra \$5,000 to do something that’s worth doing.” Another described how it gave individual staff members the freedom and agility to pursue work that is important to the field, while alleviating the pressure to fundraise for it. In some cases, fundraising for this kind of work would be difficult because the content of the work is itself risky, provocative, or controversial. Those that used the MacArthur Award to establish venture funds often use the resources to seed new projects that would otherwise be difficult to fund because they’re new or untested. Of course, because these new projects are untested, there’s no guarantee that they’ll generate new revenue streams—which may be precisely why we see few venture funds being replenished after they’ve been tapped into. For instance, the staff of one organization described investing the full amount of their venture fund into experimental projects,

without preserving or identifying any funds to take successful experiments to scale. It's conceivable that, had they had access to expert advice when structuring the fund, they might have been advised to develop a strategy to provide the capacity to fold a successful venture back into their business model.

In other cases, the MacArthur Award has enabled organizations to take a chance on programmatic growth—for instance, a physical expansion or hiring new staff—because it provides a resource safety net. One said, “We would have been much more conservative without the MacArthur Award.” And sometimes, the MacArthur Award enables organizations to respond more nimbly to changes in their operating context or to new needs in their fields, by giving them the agility and flexibility to make quick decisions about resource allocation that would not be possible without having a reserve to tap into. Said one, “We work with partners who need us to turn on a dime, and that requires a lot of financial elasticity.” Again, this seems most possible when organizations are using their reserves actively, rather than keeping them strictly fenced in for emergency situations.

All of the organizations we spoke with consider their staff as their number one asset, and the MacArthur Award gave them the means to make much-needed investments in human capital.

For all of the organizations we met or spoke with, the persistent financial vulnerabilities that they face have a direct impact on their investment in human capital, with many leaders recognizing that they and their staff were chronically underpaid. For a number of organizations, the award funds gave them the freedom, both directly and indirectly, to make bigger investments in staff, for instance, to implement an across-the-board increase in staff salaries to be more competitive with the industry standard. While the award is not intended to be used this way, in a few select cases, the MacArthur Award was used to directly support the funding of new positions—many times non-programmatic positions that were seen to be critical to building institutional capacity and strength (for instance, supporting the creation of a communications or development position). It is worth considering: if a new position or organizational function can plausibly strengthen an organization's long-term stability, then why not allow this particular use? For instance, one organization described the root cause of their chronic financial issues as being that they “didn't have a CFO with proper financial expertise and instead, we're making educated guesses about their fiscal future.”

In other cases, the MacArthur Award had an indirect effect on these investments, giving the organization a general sense of financial freedom that translated into greater capacity to invest in staff. For instance, when facing natural turnover, one organization was able to hire better candidates: “We have had some turnover and it meant we could hire the best, not the second best, because we can sustain a staff salary that's \$10,000 more than what we assumed [in the budget].” Another felt more flexibility to support professional development and training: “The default is ‘yes,’ rather than ‘no’ when staff have needs, especially for professional development.”

That said, in one surprising exception, the MacArthur Award provided the resources necessary for an organization to lay people off and “right size” the model: “In [our country], an organization's ability to do something as simple as fire someone changes from government to government and often makes it incredibly expensive to downsize.”

The secondary uses of the MacArthur Award help organizations anticipate and get ahead of other kinds of operational vulnerabilities.

The 20% of the award that can be used for broader capacity-building purposes is used to directly support the critical work of institution building. One organization told us, “The MacArthur Award enhanced our ability to do organizational development work that’s chronically difficult to fund.” Organizations use these resources for board development, technological infrastructure, coaching, communications, and rebuilding their website. Some recipients were still founder-led at the time of the award, and recognized that the organization’s survival would be vulnerable to a leadership succession; these organizations have used the award to begin succession planning in order to mitigate those vulnerabilities. For many organizations, the seemingly mundane investments that they make in physical or technological infrastructure—building a new CRM system for instance—make their programmatic work better and more efficient.

Many awardees mentioned their individual donor program (or lack thereof) as a particular, and many seemed hopeful that the MacArthur Award would help them jumpstart an individual giving program. But few seem to have successfully leveraged the award in this way. This may be one place where more complementary support from MacArthur, or peer support from the extended awardee network, might be helpful in making these efforts more effective.

Current MacArthur Award reporting requirements don’t appear to add much value to the program, for neither the Foundation nor the awardees.

The MacArthur Award only requires recipients to submit two grant reports, at one year and four years after receiving the award. However, stakeholders in both the MCI program (which administers the award) and the awardees’ program officers told us that they rarely use these reports to monitor use or impact of the award. And few awardees could recall any specific value that they’d derived from grant reporting, seeing it primarily as a “check the box” exercise.

On the awardee survey, we asked an open-ended question about how best to track and report the results of the MacArthur Award. The responses offer no clear consensus on how to adjust reporting for the future, but do suggest that awardees imagine measuring the impact of the award in both specific ways (for instance, growth in philanthropic support) and in more holistic, but hard-to-measure, ways (such as broad institutional strength). Many emphasized the importance of long-range results tracking with an investment like this, the impact of which can take time to accrue. And others amplified the importance of measuring success against the specific goals that each organization has identified for the award. In addition, if the Foundation were to employ more objective measures of organizational strength prior to the development of these goals, those insights could provide a valuable baseline or “accountability track” that could support the organization’s development process over time as well as the Foundation’s understanding of their evolving needs and accomplishments.

Conclusion

The MacArthur Award for Creative and Effective Institutions has provided a diverse, international group of Foundation grantees with critical institutional support. It gives organizations recognition and validation for work that is often challenging, but profoundly important, and gives the leaders and staff of those organizations the kind of morale boost that is needed to keep going: it “helps us stand a little taller,” said one organizational leader. It allows them to breathe easier, financially speaking, and changes the decision calculus about where to invest resources in subtle, but important, ways. For instance, it enabled organizations to expand programming in areas that would otherwise be difficult to fund, to invest in the human capital that is the backbone of many nonprofit organizations, and to respond quickly and creatively to new opportunities or challenges in their operating context. It has helped organizations to invest in the necessary, but unglamorous, areas of nonprofit administration: replacing outdated software, accounting systems, or customer relationship management systems; supporting ongoing maintenance of key intellectual or technological assets; building key communications infrastructure. And for a subset of organizations, it has helped to make major organizational transformations a reality: making it possible for one to capitalize a separation from a parent organization and to grow into innovative new programmatic areas, or providing another with the means to engage in the kind of deliberate leadership succession planning that only sometimes happens in the nonprofit world.

To some degree, these kinds of outcomes shouldn’t be surprising: the MacArthur Award is not just a substantial infusion of capital, but a *surprise* infusion of capital; it’s an unexpected and unplanned for award that, for many organizations, is on the same scale as their annual operating budget. It is not tied to specific programming or projects, which makes it a much more flexible form of support than the vast majority of organizations are used to receiving from funders. And it is conferred by a foundation that the awardees hold in great esteem.

Yet this evaluation suggests that the MacArthur Award may be leaving on the table the potential for deeper and more profound impact on the institutional strength and long-term sustainability of awardee organizations. There are two primary, and interconnected, dynamics at play: that the prescribed uses of the award suggest a vision of the path to organizational strength and sustainability that is perceived by many within the Foundation to be narrow, and that the proposal process isn’t designed to foster the kind of considered, strategic, fresh deliberation that many organizations need to identify what it would take for them to achieve sustainability.

The stated goals for the MacArthur Award are very general: the award is meant to recognize exceptional organizations for their work and to ensure their sustainability into the future. Yet while the goals are general, the architecture of the award is much more specific, strongly suggesting that holding protected resources in reserve is the key factor that contributes to sustainability and strength. While establishing and maintaining a reserve or endowment can be a critical ingredient of sustainability, in our view and in the view of many organizational development experts, organizations may also need to evolve their “business models” to changing circumstances—and this evolution often requires change capital. The organizations we observed getting the most out of the MacArthur Award were those that were using the

award as a form of change capital to transform their structure or programming mix in ways that set them up for greater sustainability.

And while the unexpected and unplanned for nature of the award makes it more psychically meaningful for many organizational leaders, it also means that nominees don't necessarily go into the proposal process with a clear vision for how they want to or could use the award. There are question marks as to whether organizations know how to deploy these resources so as to maximize their strength and sustainability and whether the proposal period gives them the time and space to figure out how best to do so. We observed that organizations that received the award when they were, coincidentally, in the midst of a strategic planning process seemed best-equipped to apply the resources in ways that helped them transition to a new structure or business model, or that meaningfully strengthened core organizational capabilities. Those that weren't still benefitted greatly from the infusion of capital, but it seems likely that they could have benefitted even more if they'd gone through a more deliberate process to identify how to use the award.

The MacArthur Award is already an important source of validation and financial stability to the organizations that receive it. With some subtle tweaks, it could have an even deeper and longer-lasting effect on the strength and long-term sustainability of organizations that are doing exceptional work throughout the global nonprofit world.

Appendix

Staff & stakeholder interviews

Sharon Bissell, *Director, Mexico*

Valerie Chang, *Interim Managing Director, US Programs*

Dipa N. Chowdhury, *Deputy Director, India*

Allison Clark, *Associate Director of Impact Investments*

Yvonne Darkwa-Poku, *Program Officer, Human Rights and International Justice*

Jonathan Fanton, *Former President*

Cate Fox, *Program Officer, Media, Culture, and Special Initiatives*

Patrick Griffin, *Program Officer, Juvenile Justice*

Sean Harder, *Communications Officer*

Craig Howard, *Director, Community and Economic Development*

Meredith Klein, *Communications Officer*

Mary Page, *Director, Human Rights and International Justice*

Eric Sears, *Program Officer, International Programs*

Debra Schwartz, *Managing Director, Impact Investments*

Moutushi Sengupta, *Director, India*

Erin Sines, *Acting Director, Population & Reproductive Health*

John Slocum, *Director, Migration*

Julia Stasch, *President*

Jeff Ubois, *Program Officer, Media, Culture, and Special Initiatives*

Igor Zevelev, *Director, Moscow*

Awardee site visits

San Francisco/Bay Area

The Center for Investigative Reporting

Joaquin Alvarado, Chief Executive Officer

Annie Chabel, Associate Director of Development

Robert Rosenthal, Executive Director

Christa Scharfenberg, Managing Director

The Conservation Strategy Fund

Holly Busse, Chief Financial Officer

John Reid, Executive Director

International Rivers Network

Peter Bosshard, Executive Director

Inanna Hazel, Director of Finance

Jason Rainey, Former Executive Director (by phone)

Berklee Sati, Community Engagement Manager

National Housing Law Project

Gideon Anders, former Executive Director

Marcia Rosen, Executive Director

Susan Stern, Deputy Director of Administration

W. Haywood Burns Institute

James Bell, Executive Director & Board President

Pamela Fong, Director of Finance & Operations

Washington D.C. / Philadelphia

Arms Control Association

Tim Farnsworth, Director of Communications

Daryl Kimball, Executive Director

Campaign Legal Center

J. Gerald Hebert, Executive Director and Director of Litigation

Tara Malloy, Senior Counsel

Lawrence M. Noble, Senior Counsel

Trevor Potter, President and General Counsel

Paul S. Ryan, Senior Counsel

David Vance, Director of Communications and Research

International Center for Not-For-Profit-Law

Nilda Bullaim, Vice President of Operations

Brittany Grabel, Program Officer

Douglas Rutzen, President

Juvenile Law Center

Marsha Levick, Deputy Director and Chief Counsel

Robert G. Schwartz, Executive Director

National Housing Conference

Chris Estes, President and CEO

The Urban Institute, Tax Policy Center

Leonard Burman, Director

Donald Marron, Director of Economic Policy Initiatives

Jeffrey Rohaly, Senior Research Methodologist

Joseph Rosenberg, Senior Research Associate

Sarah Rosen Wartell, President

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Chicago Rehab Network

Kevin F. Jackson, Executive Director

Community Investment Corporation

John Markowski, Executive Director

Angela Maurello, Vice President / CII

Kartemquin Educational Films

Justine Nagan, Executive Director

Gordon Quinn, Founder and Artistic Director

Sargent Shriver National Center on Poverty Law

John Bouman, President

Elizabeth Ring Zuckerberg, Chief Operating Officer

The Southwest Organizing Project

Jeff Bartow, Executive Director/Lead Organizer

David McDowell, Senior Organizer

Rafi Peterson, Street Outreach Director

The University of Chicago, Crime Lab

Abbie Castiglione, Director, Talents and Partnerships

Kelly Hallberg, Scientific Director

Amanda Norton, Communications Director

Aurélie Ouss, Postdoctoral Researcher

Susan Parker, Research Manager

Julia Quinn, Research Manager

Awardee interviews

Center for Independent Social Research: Viktor Voronkov, Director

Center for Responsible Lending: Martin Eakes, Chief Executive Officer

Centro de Derechos Humanos de la Montana, Tlachinollan A.C.: Abel Barrera Hernandez, Executive Director

Fundacion para la Sobrevivencia del Pueblo Cofan: Randall Borman, Executive Director

Furman Center for Real Estate and Urban Policy at New York University: Ingrid Gould Ellen, Director

Girls' Power Initiative: Ndodeye Bassey-Obongha, Deputy Coordinator

Housing Partnership Network: Thomas Bledsoe, President

National Juvenile Defender Center: Patricia Puritz, Executive Director

Public Radio Exchange: Jake Shapiro, Chief Executive Officer

Sangath: Vikram Patel, Foundation and Chairperson

Sin Fronteras: Nancy Perez Garcia, Executive Director

Tobin Project: David Moss, Founder and President

Ushahidi: Juliana Rotich, Executive Director