



Reflections

On TCWF's Responsive Grantmaking Program

The California Wellness Foundation's philanthropic approach is a responsive grantmaking strategy that was approved by the Foundation's Board of Directors in December 2000. In 2005, Harder+Company Community Research was commissioned to conduct an external evaluation of the Responsive Grantmaking Program. Using a confidential survey and phone interviews, the evaluators made contact with grantees whose grants had been made after July 1, 2001 and closed by December 31, 2004. The main findings and conclusions of the evaluation are presented in this issue of *Reflections*.



Grantmaking for a Healthier California

Reflections

On the cover: The California Wellness Foundation's mission is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention. Pictured here, a woman gets her blood pressure checked at a neighborhood clinic.

The photographs in this publication document the diverse populations served by the grantees of The California Wellness Foundation. The images were pulled from the Foundation's archives and not taken as part of the Harder+Company evaluation. The grantee organizations represented may or may not have participated in the Harder+Company survey.

Reflections is a series produced by The California Wellness Foundation to share lessons learned and information gleaned from its grantmaking practices and strategies. This document and others in the series are available on the Internet at www.tcwf.org.

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preface



In 2001 TCWF shifted its grantmaking approach from funding strategic initiatives to making grants primarily through its Responsive Grantmaking Program. This change marked a departure for the Foundation away from playing an active role in shaping the nature of the requests that come to us to encouraging health-focused nonprofit organizations to identify their most pressing needs and base their requests on those issues most critical to them.

This issue of Reflections, authored by Paul Harder and Andres Garcia, summarizes the first assessment that TCWF has commissioned of its Responsive Grantmaking Program and tells the story of how these grants address the Foundation's mission of improving the health of the people of California through its four goals: to address the particular health needs of traditionally underserved populations; to support and strengthen nonprofit organizations that seek to improve the health of underserved populations; to recognize and encourage leaders who are working to increase health and wellness within their communities; and to inform the development of public policies that promote wellness and enhance access to preventive health care.

Through a survey administered by Harder+Company, the Foundation gained important information from responses to questions such as: Do grantees perceive their TCWF grants as having an impact on health? Which of TCWF's goals do grantees perceive the grants have impacted? Does the Foundation add value to grantees' work above and beyond the grant dollars? Do the structure of grants, their amount and timing, facilitate achieving impact?

Grantees were also asked a series of questions about nonprofit functioning. Their responses paint a picture of the stresses and strains that they experienced as they implemented their grants in the immediate post 9/11 years and in the wake of the high tech bust that brought the California economy — at least temporarily — to its knees. The report also compares TCWF grantees to other California nonprofits that did not receive Foundation funding.

Overall, this report provides substantial affirmation that a responsive grantmaking strategy is indeed effective at advancing The California Wellness Foundation's mission. It also offers information that we will use to inform and improve our grantmaking. We welcome your feedback and hope to engage in dialogues with others who are similarly interested in learning about what makes foundations effective.

Sincerely,

Ruth Tebbets Brousseau

Director of Evaluation and Organizational Learning

Reflections On TCWF's Responsive Grantmaking Program

INTRODUCTION

The California Wellness Foundation's mission is to improve the health of the people of California by making grants for health promotion, wellness education and disease prevention. Guided by this mission, the Foundation implements grantmaking programs to achieve the following four goals:

- to address the particular health needs of traditionally underserved populations, including low-income individuals, people of color, youth and residents of rural areas (“underserved”);
- to support and strengthen nonprofit organizations that seek to improve the health of underserved populations (“sustainability”);
- to recognize and encourage leaders who are working to increase health and wellness within their communities (“leadership”); and
- to inform the development of public policies that promote wellness and enhance access to preventive health care (“public policy”).

The Foundation's Responsive Grantmaking Program, initiated in 2001, signaled a shift in how it would pursue its goals. This issue of *Reflections* presents the findings from an external evaluation that assesses the achievements of the first 2 1/2 years of grantmaking through the program.



Addressing the health needs of underserved populations is a goal of The California Wellness Foundation's RGP. A significant cluster of grants prioritized youth as an underserved population. Here, an adolescent receives health services at a clinic in Alameda County.

BACKGROUND

During its first decade, The California Wellness Foundation (TCWF)¹ sought to accomplish its mission by awarding sizable grants through large-scale, Foundation-designed initiatives. TCWF found this approach to be effective in many ways; however, through evaluations and informal conversations with applicants and grantees, the Foundation learned of the increasing difficulties nonprofits faced in sustaining core activities. The Foundation became concerned that by dedicating most of its funding to project-based initiatives, rather than offering core operating support that nonprofits could devote to fundamental activities and infrastructure, it was inadvertently contributing to this problem.

In July 2001, the Foundation launched its Responsive Grantmaking Program (RGP). The RGP represented a major shift in TCWF's



emphasis, from proactive to responsive grant-making. The Foundation would now award funding in response to needs that applicants themselves identified. Requests by nonprofits to fund new programs became eligible for consideration, as well as those for core operating support to help maintain existing services and strengthen organizational infrastructure.

By the end of 2004, there was a sufficiently large number of completed grants funded through the RGP to begin to assess how these grants had contributed to addressing the Foundation's mission and four goals. At that time, the Foundation conducted its first internal assessment of closed grants from the RGP. This assessment analyzed RGP grant characteristics and synthesized TCWF staff perceptions of the grantees' accomplishments in addressing the Foundation's goals.

After this initial effort, the Foundation sought to broaden its understanding of the impact of the RGP by adding to the analysis the perspectives of grantees. Anonymous feedback from the grantees about the impact of the grants in addressing the Foundation's goals would deepen the Foundation's understanding of its progress. An external evaluation would also make it possible for the Foundation to tailor specific questions related to the strategies employed by grantees, the value of TCWF technical assistance and other supplemental programs, and the context in which grantees are working.

In 2005, TCWF engaged Harder+Company Community Research to conduct the external evaluation of the RGP. Using a mixed methods approach, including a confidential survey and phone interviews (with a smaller sample), the evaluators made contact with 112 of 149 grantees whose grants had been made after July 1, 2001 and closed by December 31, 2004. The main findings and conclusions of the evaluation are presented in this issue of *Reflections*.

TCWF GOALS AND GRANTEE ACCOMPLISHMENTS

Harder+Company conducted analyses of respondents receiving grants in the areas of addressing the health needs of the underserved, promoting the sustainability of organizations that seek to improve the health of underserved populations, recognizing and encouraging leadership, and informing the development of public policies. High proportions of the organizations TCWF funded to address these goals reported that their grant had "a great impact" in doing so. Of those that received funding in these areas, the percentages of grantees reporting high levels of impact are presented in "Figure 1."

RGP Evaluation Questions

What progress has been made in addressing TCWF's goals?

What level of impact do grantees perceive they have made with TCWF funding?

What methods are TCWF grantees using to achieve that impact?

Is there a value to TCWF grantmaking that transcends the actual monetary award?

How do grantees perceive the structure and process of TCWF's grantmaking?

What has been the organizational experience of TCWF grantees and what external factors have influenced their need for and capacity to use the funding awarded?

Figure 1.
*Percentage of Grantees Reporting a
 “Great Impact” on Goal Area*

Goal Area	Percentage
Underserved	84%
Sustainability	54%
Leadership	91%
Public Policy	60%

In this section we look at each goal, sharing grantee profiles and direct quotes to illustrate how impact was achieved and to describe some of the strategies they employed.



TCWF tries to ensure that its funding extends to all areas of the state. Here, a Central Valley man receives culturally and linguistically competent care at Su Salud clinic.

ADDRESSING THE HEALTH NEEDS OF THE UNDERSERVED

Two-thirds (n=78 or 70 percent) of the grants awarded to survey respondents addressed the Foundation’s goal of meeting the particular health needs of traditionally underserved populations. Eighty-four percent (n=64) of

respondents assigned to this goal reported that TCWF funding helped them meet the needs of the underserved “to a great extent.” Only eight percent reported limited or no impact.

Serving Diverse Populations

Nearly all of the grants coded in the underserved category involved the provision of direct services. These respondents reached a large number of Californians with support from TCWF, providing primary health services to over 1.4 million individuals, preventive health education to over 88,000, and community outreach services to over 130,000. Over three-quarters (79 percent) of these respondent organizations provide direct health services to clients who are predominantly people of color. Latinos comprised the highest proportion of clients for 49 percent of the direct service providers, African Americans for 13 percent, Asians and Pacific Islanders for 11 percent, and Native Americans for four percent.

Reaching Underserved Areas

TCWF seeks to ensure that its funding extends to all areas of the state and has proactively reached out to areas that lack access to sufficient health services. This is illustrated by a grant to a start-up dental services program for underserved children in a southern California region that has one of the highest rates of poverty in the state and few health services. In 2000, 33 percent of the area’s school children screened required immediate dental attention, yet many of their families lacked access to affordable dental care. It was this need that had prompted community leaders to create a dental services program that enlists local dentists to provide free services at their clinics



and transports clinical services to children in schools via a mobile dental van. TCWF's funding enabled this start-up organization to build important alliances in the region, leverage additional funding, and expand its services. "A lot of this, these new relationships and conversations, is due to the operating money we got from TCWF that enabled us to grow, meet people and evolve," explained the executive director. "Because TCWF came on board we got through periods we might not have."

Supporting Culturally and Linguistically Appropriate Health Services

Many TCWF grants are intended to address health disparities, oftentimes by providing support for preventive health care services that are respectful of and responsive to cultural and linguistic needs. One of these grants enabled a community-based organization to develop and air a weekly half-hour Hmong-language health promotion and disease prevention television show accessible to the approximately 36,000 Hmong in the three Central Valley counties it serves. This population is particularly susceptible to hypertension, stroke, and diabetes due to nutritional deficiencies, and nearly two-thirds are illiterate in English and Hmong. "This is all about building a stronger community, fostering leadership in an ethnic community where there has been a trend of disadvantages over time," the project director reported. "Our community is now more aware, and more responsive to tackle the critical health issues we are facing."

Prioritizing Youth

In addition, TCWF prioritizes funding for vulnerable youth, such as incarcerated youth or foster children. One youth-focused grant in the underserved funding area enabled a public-interest law firm that works to protect abused and at-risk children to continue to document the increasing numbers of youth with mental health problems detained indefinitely in youth shelters and juvenile detention facilities and to then disseminate the findings to policymakers. The Foundation also seeks to create opportunities for young people of color interested in pursuing careers in health. One of these grants prompted a university to place greater emphasis on diversity in the health professions and resulted in more minorities applying and enrolling in health administration graduate programs.

PROMOTING ORGANIZATIONAL SUSTAINABILITY

Two-thirds (n=75 or 67 percent) of the respondents received grants that TCWF classified as meeting its goal of promoting organizational sustainability. All of these grants were for core operating support, which TCWF believes strengthens and sustains organizations. The evaluation results validate this belief.

Grantees that received core operating support were significantly more likely to report that their funding had a "great" impact on building the sustainability of their organizations than were project support grantees. Fifty-four

"The grant enabled us to build critical infrastructure systems within the organization that have been vital to our ongoing sustenance and growth. This type of support for minority community based organizations is rare and necessary for all communities of color."

— TCWF grantee

percent of core operating support grantees reported that funding from TCWF helped build organizational sustainability “to a great extent,” compared to 27 percent of project support grantees.

Building Organizational Capacity

Close to half of the respondents (n=40 or 53 percent) with grants that addressed the TCWF goal of sustainability included at least one

objective tied to increasing organizational capacity. Among these 40 grantees, nearly a quarter (n=9 or 23 percent) sought to develop capacity to raise or generate funds. One-fifth (n=8 or 20 percent) included the development of a strategic plan as an objective, and nearly as many (n=7 or 18 percent) added an important new staff position. Other capacity-building strategies included strengthening the skills of existing staff members, board development, and upgrading technology.



Supporting and strengthening health-focused nonprofit organizations is a goal of the RGP. A cluster of grants were made to sustain the system of public hospitals, community clinics and health centers that make up the “safety net.” Pictured here are patients waiting for care at The Los Angeles Free Clinic.

Sixty percent of grantees with a capacity-building objective “strongly agreed” that the grant helped build organizational capacity. This success is illustrated by a grant to a start-up organization that seeks to prevent falls and injuries among low-income seniors by offering a no-cost fitness program. The funding enabled the organization to hire an executive director. At the time of application, the organization had few resources and was insufficiently staffed, and so the grant involved a certain degree of risk. In fact, the executive director noted, “This was the first foundation grant the organization received. ... It enabled us to learn how to apply to a large foundation and what to expect.”

Since the grant was awarded, the senior fitness program has grown exponentially, from classes in four sites to more than 20 sites, and now includes a cable television program that is broadcast five days a week. “It’s what gave us the big push,” the executive director noted, continuing that, “[We] would not be in business today if it were not for the grant from TCWF... When you’re on the outside looking in you think, ‘It could work, but they are so small – do they have the capacity to pull this off?’ They looked at it and knew the agency had vision, and by supporting it, it is what it is today, because there is no way it would have happened without The [California] Wellness Foundation.”



Maintaining Existing Services and Programs

The remaining grants (n=35 or 47 percent) that addressed the TCWF goal of sustainability did not have an explicit capacity-building objective and simply helped organizations cover operating expenses and maintain existing services, programs or projects. Fifty percent of these grantees reported that the grant helped build organizational sustainability “to a great extent.”

In the survey and interviews, many grantees emphasized the importance of TCWF’s unrestricted, multiyear support in helping them pay for vital services and essential operating expenses that would have been difficult to fund otherwise. As one of them explained,

“Most foundations want you to do something new and exciting, and there are not a lot of new and exciting things to do. People need basic care and that’s what we provide. And it’s hard to pay for the things that are necessary—the lights, the overhead, the things that aren’t fun and sexy and exciting, but you need them to sustain an organization, and that’s where the money from a place like California Wellness is so important.”

Unrestricted funding from TCWF also enabled many organizations to invest in infrastructure and lay the groundwork necessary for growth. In the words of one grantee, “The funding support has given us the ability to put into place

systems that are not reliant on personalities, and that has been critical for our growth. . . . It really has given us the ability to be looking at the organization as a structure, implementing policies, developing a process for decision making—really growing from a grassroots activist organization into an agency.”

Equally important was the multiyear nature of the grants, which afforded stability and allowed several grantees to focus on longer-range objectives and goals. As another grantee explained, “The fact that it was a multiyear grant really enabled us to do some longer-term planning, knowing we had the funding to commit to building certain relationships—that is invaluable—I want to commend them for that.”

The core operating support over a multiyear period was especially significant in the context of growing demand, rising costs, and dwindling resources, many grantees observed. As one of them explained, “[Our department] has been long established. However, there has been an increased demand for more services and the funding is not available to sustain what we have, let alone add new services and programs.”

The flexible funding was very helpful in addressing funding gaps for several grantees. In some cases, it helped sustain core services after a sudden and substantial decline in funding. In other cases, the gaps were created when other funders did not shoulder the full costs of the projects they funded. As a grantee

“We are usually given grants to provide direct service to clients, but very few times have we been allowed to address the core issues of the agency — it’s like we have a house but no foundation, and with the money from TCWF we have gotten into building the foundation.”

— TCWF grantee

STRENGTHENING THE HEALTH CARE SAFETY NET

TCWF has had great success in its efforts to strengthen and support community clinics and their consortia – a primary source of care for the uninsured. As the executive director of one clinic consortium reported, “[The grant was] absolutely essential to the progress made over the last three years. This includes services to underserved patients and capacity building and furthering the health policy agenda that ensures the safety net.” The comments of the community clinic directors who responded to the confidential survey and interviews echoed this assertion. In the words of three such directors,

“The impact was greater than expected. It helped move our program further than we ever anticipated - our diabetes management and education program grew tremendously and became more comprehensive.”

“The grant has helped the agency maintain vital support services for our medical programs including mental health and pharmacy. This support allows the clinic to maintain a comprehensive approach to women’s health care on a variety of different levels. The agency has discovered over the years that the more comprehensive the services provided on-site, the more follow-through patients have which leads to better health outcomes.”

“It has been essential in supporting the core operations of this clinic. We are a free clinic and therefore have limited payor sources and a unique infrastructure. Core support grantmaking is critical to our sustainability. Keep it up!”

explained, “Without core operating support, [our agency] would not have had the flexibility to expend resources in areas restricted funding doesn’t allow but requires in order to manage those restricted funds.”

One of the arguments many foundations use to explain their reluctance to offer core operating support is that they prefer to seed promising new ideas. However, several TCWF grantees reported that the flexibility of core operating support enabled them to respond creatively to a rapidly changing environment and that it fostered innovation. They explained that because the TCWF grant was dedicated to core programming they could spend less time fundraising and more time experimenting with new approaches.



Recognizing and encouraging leaders focused on the health and wellness of their communities is a goal of the RGP. Here, the Foundation’s 2004 California Peace Prize honorees (from right to left), Rev. Anthony Ortiz, Patricia Giggans and Zelene Cardenas are pictured with Los Angeles County Sheriff Lee Baca (far left).



RECOGNIZING AND ENCOURAGING LEADERSHIP

TCWF makes grants to organizations that seek to build leadership at the community level on issues related to health and wellness. Twelve percent (n=13) of the organizations surveyed received grants coded to the leadership goal area. Nearly all of the leadership grantees (91 percent) reported that TCWF funds contributed to the development of leadership in the community “to a great extent.”

Identifying, Honoring, and Supporting Existing Leaders

Some leadership grants were used to recognize and support the leadership skills of individuals already active in the field. This sub-category comprised one-quarter of the grantees and provided support to programs that identify, honor, and support existing leaders. One such grantee organization focused on senior leaders who promote healthy aging in predominantly low-income and minority communities. Over two grant cycles, 60 senior leaders (who were nominated by their peers working in areas related to health and aging) participated in trainings that included techniques for promoting healthy aging, working with the media, obtaining funding, and impacting policy.

Supporting the Development of New Leaders

Other grants supported the development of new health leaders, many times through the training of local residents as community health

advocates. This is exemplified by a leadership grant from TCWF to a resource center for community groups working on environmental justice issues in two California counties. This region is one of the fastest growing in the nation and has one of the worst small particulate air pollution problems in the world. The grant enabled the center to provide environmental health education to over 1,000 people, and leadership development training to over 90 individuals, primarily Latino immigrants. “It has led to the creation of a new group of leaders organizing around environmental justice at the local level,” the executive director reported. She further explained, “We’ve got a number of people who are advancing and now going to an organizing academy, not to just learn the issues but to understand the organizing, how to form community action teams – becoming the authentic voice for that neighborhood.”

INFORMING PUBLIC POLICIES

To advance its mission and leverage its limited resources, the Foundation also seeks to inform the development of public policies that promote wellness and enhance access to preventive health care. Almost one fourth of the survey respondents (24 percent) received grants that addressed TCWF’s public policy goal. The Foundation supported a range of health-focused policy work, including policy advocacy, policy analysis and research, and public education.

“It really has given us the ability to be looking at the organization as a structure, implementing policies, developing a process for decision making — really growing from a grassroots activist organization into an agency.”

— TCWF grantee

Policy Advocacy

Nearly all of the public policy grants (n=25 or 93 percent) had a policy advocacy objective. Grants for policy advocacy focused primarily on organizing groups and individuals to educate policymakers about a specific health issue. Three-fifths of these grantees (n=15 or

60 percent) reported that the TCWF grant did so “to a great extent.” In many cases, policy advocacy grantees engaged in grassroots organizing with TCWF support. An example of this is a grant that enabled a community organization to address the issue of workplace health and safety needs by organizing and providing advocacy training to eight immigrant worker associations with approximately 100 members each.

Other policy advocacy grants supported the convening of health leaders to discuss and develop a policy agenda. At one such convening, participants discussed the stigma of mental illness in the African-American community and agreed that an effective way to

increase the number of culturally competent mental health care providers would be to establish a loan forgiveness program to encourage people of color to enter the profession. “As a partial result of our advocacy they did sponsor legislation and it became law,” the grantee reported. In 2003, the law established the Licensed Mental Health Provider Education Program and the Mental Health Practitioner Education Fund to offer incentives to mental health practitioners working in medically underserved communities.

Policy Analysis and Research

Because informed policy relies on sound research, TCWF also supports the systematic collection, analysis, and dissemination of data on important preventive health issues. TCWF grants to 12 public policy grantees (44 percent) included a policy analysis and research objective. Grants for policy analysis and research are those that focus primarily upon the analytical work to best understand and articulate an issue of policy relevance, as well as for analysis affecting the implementation of public policies. Ten of these 12 grantees (83 percent) reported that the grant did so “to a great extent.”

With support from TCWF, many of these grantees produced and disseminated research reports and policy briefs, followed up with advocacy groups and policymakers to facilitate the development of appropriate policy changes, and attracted media coverage for their



Informing the development of public policies that improve the health of Californians is a goal of TCWF’s RGP. Here, a mother and her child attend a town hall organized by PICO California in Sacramento. PICO organizes people through faith communities around such issues as improving health care access.



findings and recommendations. Data and analyses produced by one long-time grantee are referenced in the majority of bills in the California Legislature related to health insurance coverage and access to care and have been similarly used at the county level by approximately two dozen ‘Healthy Kids’ coalitions to develop a specific outreach and coverage expansion strategy at the local level.

A grant to support research to shape public policy and reduce gun death and injury is another example of how research can impact policy. With funding from TCWF, a national policy center that focuses on firearm violence prevention completed 20 studies and analyses focused on restricting .50-caliber rifles and other firearms and partnered with local advocates to educate local and state policymakers. As a result of this work, California became the first state in the nation to ban .50-caliber rifles, and although the federal assault weapons ban expired, in California the ban is still in place.

Public Education

Some public policy grantees (n=6 or 22 percent) included a public education objective. These grantees sought to increase public understanding not only around important health issues and effective policies to address them, but also to ensure that policies are implemented as intended. Five of these six grantees (83 percent) reported that their TCWF grant helped educate the public “to a

great extent.” With TCWF support, one of these grantees educated the public and policymakers about the harmful health effects of toxic flame retardants (polybrominated diphenyl ethers, or PBDEs) found in many household products. The grantee mobilized dozens of community organizations around the issue, which played an important role in the California Legislature’s decision to ban two types of PDBEs. This inspired several other states to take action against the toxic substances, and one manufacturer vowed to cease their production nationwide.

THE NONMONETARY VALUE OF FOUNDATION GRANTS

In addition to making grants, the Foundation sponsors some activities aimed at helping grantees in their work, such as a technical assistance program for grantees receiving core operating support; a sabbatical program for leaders of nonprofit organizations; annual conferences and retreats; and a communications program.

The evaluation gauged grantee awareness of and participation in such activities and found that overall, survey respondents’ awareness of foundation-sponsored activities was somewhat low, with awareness ranging from 34 percent to 65 percent of grantees, depending on the activity. These low rates of awareness can be explained in part by the timing of the grants in this sample as well as the invitational nature of some TCWF activities.

Notably, 79 percent of respondents reported that they were able to leverage their TCWF grant to attract additional funding.

Those who had indicated that they had participated in Foundation-sponsored activities were invited to comment on their value. Overwhelmingly, the responses affirmed that these activities have been very worthwhile and useful to participants, for reasons such as networking, education about issues and trends, policy analysis, and the basic affirmation they

received through sharing common experiences and challenges.

The evaluation further inquired about the value for grantees of TCWF grantmaking beyond the activities and dollar amount awarded. The RGP grantees see TCWF as a leader among grantmakers, and so for many, TCWF funding has represented an authentic and important validation of their goals and objectives. To them, the recognition conferred upon them a level of credibility that has improved their chances of success with other funders. This was particularly true among

organizations with limited experience securing foundation support as well as for those engaged in advocacy

Notably, nearly four-fifths of all respondents (79 percent) reported that they were able to leverage their TCWF grant to attract additional funding.

Furthermore, grantees lauded TCWF program directors for their advice and support, and for their concern and dedication to the issues, demonstrated by their commitment to help build the sustainability of the programs they fund. Many grantees, particularly those that work on policy advocacy, repeatedly referred to TCWF as a partner (despite the fact that TCWF staff members do not refer to themselves as “partners” with grantees). Importantly, respondents emphasized that the Foundation has managed to strike a balance between offering supportive guidance without meddling or seeming intrusive. As one grantee explained, “There is a fine line between value-added activities and a foundation being burdensome, but ‘Wellness’ has walked it very well.”

GRANTEE PERCEPTIONS OF TCWF GRANTS

The written survey also included a series of statements designed to measure grantee perceptions of different aspects of TCWF grantmaking. Overall, grantees reported a very high degree of contentment related to grant duration, amount, and reporting requirements, and above all, their relationship with TCWF. What was conveyed was a strong sense that TCWF has been able to find the right balance with regard to the appropriateness of their interactions with grantees.



In addition to making grants, the Foundation sponsors conferences and retreats aimed at helping grantees in their work.



Level of Trust

Ninety-five percent of respondents (n=103) agreed that their grant reflected a trustful relationship with TCWF, with approximately three-quarters of grantees indicating that they “strongly agreed” (n=84 or 77 percent). “I really feel that our relationship with TCWF was based on trust and provided us with critical support, and has been a model for how organizations and foundations can build relationships,” a grantee explained.

Figure 2.

RGP Grantees That Reported “Moderate” or “Strong” Agreement

Survey Statements	n%
Grant reflected a trustful relationship (n=108)	103-95%
Grant amount was fair (n=108)	90-83%
Length of grant was appropriate to our needs (n=106)	74-70%
Reporting requirements were appropriate to the grant size and duration (n=110)	105-96%

Grant Amount

Well over four-fifths of the respondents (n=90 or 83 percent) agreed that their grant amount was fair. “I think the sums they give are perfect,” remarked one grantee. “TCWF was exceptionally generous when awarding us our grant,” noted another. “In this economy of declining

resources and increasing demand for our services only too much funding is enough. We remain very grateful for the support we received from TCWF”

Grant Duration

Although the intensity of agreement with this survey item was slightly lower than others, most grantees agreed that the length of their TCWF grant was appropriate to their needs. Over two-thirds of grantees (n=74 or 70 percent) indicated that the grant length was suitable, while the remaining third was neutral or disagreed. The average grant length, 23 months, was the same for respondents who disagreed with the statement as it was for those who agreed. Similarly, opinions about grant duration did not vary by whether a grantee was a first-time recipient or had received multiple TCWF grants. It should be noted that the average TCWF grant length has been increased and is now closer to 36 months.

Reporting Requirements

Grantees also felt that reporting requirements were appropriate to the grant size and duration. Nearly all (n=105 or 95 percent) agreed that TCWF’s reporting requirements were suitable. Remarkably, only one out of 110 grantees that responded to this question indicated that the reporting requirements were inappropriate. As a grantee related during an interview,

“One of the things that I really appreciate is the understanding and the sensitivity they have toward our agency. [Whereas] other grantors

TCWF has been able to find the right balance with regard to the appropriateness of their interactions with grantees.

seem to increase the level of stress due to their evaluation process, I think that TCWF has done an excellent job in minimizing that stress - not that they ask any less, but it's just the way in which they ask it is very clearly defined."

Sustainability of Grant Activities

While most grantees were satisfied with the TCWF grant amount and duration, and were able to leverage the grant to attract additional funding, 59 percent reported difficulty replacing TCWF's funding when the grant period ended.² However, only 17 percent (n=12) indicated strong agreement with the survey statement.

Figure 3.

RGP Grantees That Reported "Moderate" or "Strong" Agreement

Survey Statements	n%
We had difficulty replacing this funding when the grant period ended (n=76)	45-59%
We have been successful in continuing the activities funded by the grant after it ended (n=82)	65-79%

Despite the difficulty in finding replacement funding, four-fifths of the grantees (79 percent) reported success in continuing the activities

funded by the grant after it ended. Nonetheless, it will be important for TCWF to continue to assist its grantees in finding replacement funding.

EXTERNAL FACTORS

An evaluation of this scope necessitates an understanding of the environment in which health and human services nonprofits are operating. As a part of this sector, RGP grantees are not immune to external forces, such as changes in demand, availability of funding, and rising costs. To gain some insight into these matters, Harder+Company conducted an analysis of IRS Form 990 data and reviewed the existing studies of California's health and human services nonprofit sector, and then compared this portrait to what we have learned from grantees through the survey and interviews.

What was observed is that the sector as a whole is facing decreasing revenue sources and increasing operating costs against a backdrop of rising demand for services. At the same time, the number of nonprofit organizations in California has continued to grow. Generally speaking, the sector is trying to do more with less. In the process, it is overextending itself, as more organizations are ending the year with a deficit.

RGP grantees believe their organizations are in comparatively good fiscal shape and they are optimistic about their future fiscal condition. Many grantees appear to have been successful



in developing more sustainable revenue streams, such as earned income and individual donor support. Yet some agencies, particularly smaller organizations, have not fared as well and reported high levels of stress. Moreover, all types of organizations cited increasing demand, rising costs, and accessing funding as major challenges. Here, we present some of the most salient findings from the grantee survey:

Demand for Services

- Eighty-seven percent of RGP grantees reported that demand for their services or programs had increased during the past three years, and more than half (59 percent) indicated that the demand had “increased significantly.”
- While all organization types and sizes reported increased demand, those that provide direct services were more likely to report an increase in demand.
- In light of this demand, 77 percent of grantees indicated that their organizations had increased their levels of activity or services significantly or moderately.

Fiscal Condition

- Over half of the respondents (55 percent) indicated that their organizations are in better fiscal shape now than they were three years ago.

- The last three years were particularly difficult for organizations with budgets under \$500,000. Forty percent reported being in worse fiscal shape, compared to only 17 percent of organizations with budgets over \$500,000.
- Grantees expressed optimism about their financial outlook, with close to two-thirds (61 percent) reporting that they believe their organizations’ fiscal condition will improve in the next three years.

Changes in Revenues and Expenses

- Over half reported a moderate (38 percent) or significant (18 percent) increase in revenues. One in ten respondents (10 percent) reported no change, thus indicating that their revenues did not keep pace with rising costs. Close to one-third of the grantees reported a moderate (18 percent) or significant (16 percent) decrease in revenues.
- At the same time, 67 percent of the respondents reported that their expenses had increased during the past three years, exceeding the 56 percent that reported increased revenues. Nearly half indicated that expenses increased moderately (46 percent), and over one-fifth reported that expenses increased significantly (21 percent).

What was observed is that the sector as a whole is facing decreasing revenue sources and increasing operating costs against a backdrop of rising demand for services.

Financial Strain

- While only 13 percent (n=14) of TCWF grantees reported a simultaneous decrease in revenues and increase in expenses over the past three years, well over half of these respondents (57 percent) reported an increased level of services provided, and one-fifth reported maintaining the same level of activity.
- Of the grantees experiencing a decline in revenues during the last three years (n=36 or 33 percent), over half (56 percent) reported increased levels of service or activity.
- Of those organizations reporting increased activity amidst declining revenues, nearly two-thirds were service providers (65 percent).

Grantee Challenges

- Increasing demand for care was an issue faced by over half of all grantees (53 percent). The majority of these respondents (58 percent) reported it as a major challenge.
- Rising employee benefit costs was the most common challenge faced across all grantees, with over half reporting it as a major challenge (55 percent).

- Lack of funding to cover rising operating expenses was also cited as a major challenge by the majority of all respondents (53 percent).
- The increasing cost of care was an issue for nearly half of the grantees (49 percent). The majority of these organizations (51 percent) reported that the escalating cost of care is a major challenge.

Exacerbating the problem are government budget cuts and difficulty accessing foundation funding, which close to half of the grantees cited as major challenges (51 and 48 percent respectively). Faced with the inability to obtain the resources necessary to meet the growing demand in their communities, respondents rated internal challenges, such as staff and board recruitment, as comparatively minor concerns.

LESSONS FOR THE FIELD

Core operating support helps build the sustainability of nonprofit organizations.

Project grants or core operating support need not be an either/or proposition. Some funders, including TCWF, offer both. However, TCWF grantees that received core operating support were significantly more likely to report that their funding had a “great” impact on building the sustainability of their organization than grantees that received project support. Fifty-four percent of core operating support grantees reported that funding from TCWF



helped build organizational sustainability “to a great extent,” compared to 27 percent of project support grantees. Grantees emphasized the importance of TCWF’s unrestricted support in helping them pay for vital services and essential operating expenses that are difficult to fund otherwise, and noted that it enabled them to lay the foundation necessary for growth. Several grantees reported that the flexibility of the funding also helped them respond to external changes and created opportunities for innovation.

Multiyear Grants Achieve a Greater Return.

Equally important to grantees was the multiyear nature of the grants, which afforded stability and enabled several grantees to focus on longer-range objectives and goals. In contrast to short-term funding for new projects initiated by funders, many grantees reported that TCWF’s longer-term unrestricted funding enhanced their prospects for sustainability, particularly in the context of growing demand, rising costs, and dwindling resources. The average grant duration in this sample of early RGP grants was 23 months. Over two-thirds of grantees (n=74 or 70 percent) indicated that this grant length was suitable; however, the remaining third was neutral or disagreed. TCWF has found that an average grant length of three years is a better norm and has since extended the duration of its funding.

Grants in proportion to agency size promote sustainability.

Nearly four-fifths of the respondents (79 percent) reported success in continuing the activities funded by the TCWF grant after it ended. This impressive achievement can be attributed to the unrestricted and multi-year nature of TCWF grants, and also to the attention TCWF pays to making grants in proportion to the size of the organizations.

Investments in advocacy leverage limited dollars.

Justifiably, some fear that if foundations provide more unrestricted, multiyear funding it will entice policymakers to continue to dismantle the social safety net and rely more heavily on philanthropy to address public needs. This is one important reason why TCWF’s investments in advocacy are so essential.

Support for leadership helps sustain the nonprofit sector.

Studies conducted by CompassPoint Nonprofit Services in 2001 and 2006 found that most nonprofit executive directors plan to leave their jobs within five years, and most do not intend to lead an organization ever again. These findings highlight the need to support and retain leadership talent in the nonprofit sector. TCWF has been addressing the

Several grantees reported that the flexibility of the funding also helped them respond to external changes and created opportunities for innovation.

potential leadership deficit by fostering the development of new leaders and supporting existing leaders through its grantmaking and leadership recognition programs, including a sabbatical program for nonprofit health executives. TCWF has also supported nonprofit leaders by ensuring that its grantmaking practices do not contribute to executive burnout, and by encouraging other funders to follow suit.

Investments in small nonprofits develop leadership.

TCWF is also helping to build leadership by reaching out to small community-based organizations. Many of the grassroots organizations TCWF supports are located in underserved communities and play a vital role in nurturing future leaders from within those communities. However, in our survey, respondents from smaller organizations (those with budgets under \$500,000) reported significantly higher levels of stress and fiscal difficulties. It will be important for TCWF and other funders to pay special attention to the needs of small, emerging nonprofits.

CONCLUSIONS

Overall, the results of this evaluation indicate that the Foundation is meeting its goals through the work of its RGP grantees. The evaluation also found a high degree of grantee satisfaction with all aspects of their TCWF grants, including grant duration, amount, reporting requirements, and above all, their relationship with TCWF. Because the environment in which nonprofits operate affects their ability to achieve impact, the evaluation also considered external factors affecting RGP grantees. All of the grantees were faced with disheartening changes in public policy and financing, philanthropic resources, and levels of community need. In this context, it is remarkable that they were able to accomplish so much. Their commitment and skill, coupled with the financial support and encouragement of TCWF, helped to keep a bright light shining on the importance of the health status of all Californians at a time when shadows across the state were lengthening.

Footnotes

- 1 The Foundation and TCWF will be used interchangeably to refer to The California Wellness Foundation.
- 2 It should be noted that replacement of a TCWF grant implies obtaining funding to support the continuation of grant-funded activities, whereas leveraging a TCWF grant denotes enhancing or augmenting the grant by attracting supplementary resources.

about the authors

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Paul Harder, president of Harder+Company Community Research, is a nationally recognized expert in social research with over 25 years of experience in research and consulting for a broad range of funders and community organizations. He co-founded Harder+Company in 1986, after working with Polaris Research and Development, the Urban Institute, the Lewin Group and the Illinois Department of Mental Health. Harder has directed evaluation projects for most of the major foundations in California. His professional focus is to strengthen services through improved research, decision making and policy development. He is currently directing an evaluation of a statewide project to support rural health policy development, as well as assisting several California counties with their Child Welfare Improvement efforts. An experienced teacher and trainer, Harder holds an MA from the School of Social Service Administration, University of Chicago, and an MBA from the University of Chicago Graduate School of Business.



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As a senior research associate at Harder+Company, Andrés García has managed a variety of foundation evaluation projects, such as the Ford Foundation's Working Capital Fund, a capacity building program for culturally specific arts organizations, New Ventures in Philanthropy, a national initiative to promote philanthropy, and the Irvine Health Foundation's 20-year retrospective evaluation. García is currently directing an evaluation for Grantmakers for Effective Organizations. He is trained and experienced in developing evaluation designs, creating research instruments, and analyzing quantitative and qualitative data. Prior to joining Harder+Company, García worked as an analyst for the City of New York Office of Management and Budget, and as a program officer for the Toshiba America Foundation. García received an MPA from New York University and a BA from the University of Michigan.



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