

Literature Review

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Research Question: *Assuming that foundations increasingly expect greater short term accountability from the nonprofits they fund, are nonprofits with more long term outcome expectations, such as mentoring organizations, having a harder time finding funding?*

Or

How are organizations that favor long term over short term goals, such as mentoring organizations, faring financially in an environment where funders are increasingly requesting short term outcome results from their grantees?

Introduction

The examination of funding trends on nonprofit organizations (NPOs) that focus on long-term results is a relatively new field. The assumption is that this issue came about because of the funding world's current emphasis on results. That is, foundations are looking to achieve quicker, more quantifiable results with the money they give to an organization.

Many experts agree that more and more foundations are changing the criteria they use to give money to grantees. My review of the literature found that although many articles provided a discussion of issues related to the subject matter, there were not many empirical studies. This literature review is a reflection of what is currently available on

subjects surrounding the research question: How are organizations that favor long term over short term goals, such as mentoring organizations, faring financially in an environment where funders are increasingly requesting short term outcome results from their grantees? This literature review is divided up into the following topic headings:

- Discussions of Foundation Funding Trends
- The Role of Foundations in Funding Nonprofit Organizations
- A Call for Greater Accountability in Nonprofit Organizations
- The Need to Focus on Long Term Outcome Results with Mentoring Organizations
- The Current Picture of Mentoring Funding

Discussions of Foundation Funding Trends

Grantstation.com, a website that tracks grant information, identified several Project-Funding Trends in their article “Fundraising Trends”. The author said that funders are now making more of an effort to work with NPOs to reach their goals, but that they are also asking more from their grantees, especially in terms of evaluation. “A strong evaluation is a crucial component of the grant proposal,” the article said.

Additionally, they said donors are seeking out NPOs that are focused on problem-solving, and are looking for big results. The author contended that funders are now looking for “very specific causes with measurable results that they can give their money to.”

Clara Miller, president and CEO of the Nonprofit Finance Fund, agreed. In her December 13, 2006 news conference, she predicted that NPOs will have to be ready for “short-term thinking in the long-term nonprofit world.” She said, “This particular trend

will see an unfortunate movement to more short-term funding requiring short-term measurable results from nonprofits that, in fact, are dealing with complex long-term problems.” Miller stated her belief that this trend will be around for a while, and that it will negatively affect NPO managers to develop “long-term strategic solutions” to social problems.

The Role of Foundations in Funding Nonprofit Organizations

Foundations are routinely accounting for greater shares of grantmaking organizations. According to Leslie Lenkowsky, author of “Foundations and Corporate Philanthropy” (from *The State of Nonprofit America*) almost 50,000 foundations spent more than \$25 billion in 1999. These foundations range from extremely large (those that have more than \$1 million in assets or make \$100,000 annually in grants), to small, unstaffed foundations that are “sometimes little more than an account in a bank trust department” (p. 360). Most foundations, said Lenkowsky, are grantmaking bodies.

Many foundations have unrealistic expectations of their grantees, expecting huge results in a very short amount of time. This unfortunate trend ties in with another foundation trend – giving money to new projects rather than continuing to fund older projects. This can be especially dangerous for NPOs whose missions necessitate their longevity, such as mentoring organizations who hope their participants will stay involved in the program for years. As Paul Brest points out in his “Guidelines for the Funding of Nonprofit Organizations” (written in conjunction with ((among others)) the Edna McConnell Clark Foundation, the Rockefeller Brothers Fund, and the William and Flora Hewlett Foundation for the Independent Sector) funders may be prone to donor fatigue,

“getting bored with regularly supporting strong organizations, and preferring to explore new ventures.” (p. 2).

The Effects of Demands for Greater Accountability in Nonprofit Organizations

Issues of accountability, which some experts say arose after 9/11, have pushed foundations in a new direction. Evelyn Brody, author of “Accountability and Public Trust” (from *The State of Nonprofit America*) attributes the public’s need for greater accountability from foundations, to the way charities reacted to the events of September 11, 2001. During that time, Brody said, organizations were unsure how to handle massive contributions. As a result, private foundations “shifted from a policy of general grants to grants defined by output or methods” (p. 483). Specifically, Brody stated, foundations have begun promoting performance measurements.

In Robert Bothwell’s “Trends in Self-Regulation and Transparency of Nonprofit Organizations in the U.S.” the author surveyed 51 charity leaders and state regulators over two years to find out what they were doing in the way of self-regulation and transparency. The survey was conducted in the wake of the 1992 United Way of America scandal when CEO Bill Aramony was convicted of misuse of funds. At that time media attention on nonprofit donations was high, and Bothwell found that nonprofit organizations paid attention by increasing their self-regulation and transparency. However, he also found that nonprofits lacked the resources to devote as much as they would like to that area. This study is based more on moral codes of conduct within organizations, and less on whether or not the organizations are accomplishing their stated

missions (although it does reference performance measurements briefly). Nonetheless, it speaks to a growing culture of accountability, and the agencies that are struggling to deal with it.

In “Accountability Myopia: Losing Sight of Organizational Learning” by Alnoor Ebrahim, the author contended that “too much accountability can hinder NPOs in achieving their missions,” (p. 56). Ebrahim’s main concern was that funders are now valuing short run results over long run impacts. Although he agreed that accountability is important, Ebrahim believed that it is important to differentiate between factors that “enable and impede learning.” (p. 57). Ebrahim distinguished between NPOs that do basically one consistent task (providing a certain number of meals to the homeless, for instance), which are relatively easy to hold to certain measures of accountability, and those that deal with broader, more complex issues, such as tackling urban poverty, which require a much more long term approach. Ebrahim contended that organizations must find a balance between “short-term, rule-oriented mechanisms of accountability and more long-term approaches to evaluation and organizational learning.” (p.61). Ebrahim pointed out that one issue that arises from accountability expectations is that organizations and funders disagree over whether NGOs should attempt to assess more conceptual outcomes, such as “participation” or “empowerment” or “whether they should measure more tangible products such as the numbers of schools built and children graduated, or numbers of trees planted and land area reforested.” (p. 64). Ebrahim had no doubt that most modern donors now expect short term results, “...donors tend to emphasize short-

term quantitative targets for purposes of control and justification rather than as part of a system directed toward complex learning and long-term change.” (p. 74).

On the other side of the spectrum, the data collected by Joanne Carman for her paper “Nonprofits, Funders, and Evaluation: Reframing the Accountability Triangle” contradicts the notion that most funders are asking NPOs for more evaluation and performance measurement data. Carman conducted interviews with 14 funders and 40 NPOs, in addition to surveying 305 NPOs in New York and Ohio. One of Carman’s findings was that “state and local government agencies, as well as smaller foundations, do not have high expectations for their grantees when it comes to reporting on program outcomes and evaluation results, in contrast to the demands made by the United Way and federal agencies.” (p. 1). Carman noted that during the last ten years many nonprofit and evaluation scholars have seen that NPOs are under increasing pressure to demonstrate effectiveness. She said this is due to the current political and funding environment, which continues to stress accountability and performance measurement. Yet, she also added that while the demand for accountability is increasing, there is little known about what exactly funders are asking for or how NPOs are responding to these requests. Carman’s article highlights important emerging issues on this subject, but admits there is not much hard data to study.

The United Way has been perhaps the most demanding of all agencies when it comes to accountability. Beginning in January of 2000, 400 United Ways across the country began asking the programs they fund to measure their outcomes or “the benefits or changes the programs want participants to experience as a result of their services.” (p.

iii). In its own report, “Agency Experiences with Outcome Measurement: Survey Findings” researchers collected data from 298 of those United Ways about what programs they fund to measure their outcomes. The report purports to “determine the extent to which programs have profited from outcome measurement, as well as to identify barriers to both measurement and use the results. (p. iii)” Most respondents agreed that implementing program outcome measurements were helpful. Specifically, 88% of those surveyed said it was helpful in communicating program results. 76% of those surveyed said it helped improve service delivery in the program. Almost 90% of agency directors surveyed said they would recommend that the director of a similar program consider implementing program outcome measurement (p. 12). However, 68% of those surveyed said there was difficulty identifying manageable data collection. That being said, the United Way study showed with some amount of certainty that their agencies find outcome measurement to be a valid strategic tool.

In contrast, in their article “Improving the Quality of Outcome Evaluation Plans” Dennis Poole et al contended modern evaluations are not successful because most nonprofit agencies have not developed the capacity to generate meaningful data on program outcomes. The authors found that most of the agencies they surveyed needed to make major structural changes in their organization to improve the quality of their outcome evaluation plans.

The Need to Focus Long Term Outcome Results in Mentoring Organizations

The variety of studies on the impacts of mentored children show conclusively that the most significant impacts of having a mentor do not surface until years after the relationship begins. These studies can be somewhat difficult to review, because of their tendency to attempt to quantify what has *not* happened, in comparison with what has. Big Brothers Big Sisters, the country's largest and oldest mentoring organization, states on its website that researchers from Public/Private Ventures found that after 18 months of spending time with their mentors, the Little Brothers and Little Sisters were 46% less likely to begin using illegal drugs, 52% less likely to skip school, and one-third less likely to hit someone. But more than that, the organization stresses the long term results of their program. The study asserts that youth who have mentors are more likely to have higher self esteem and a sense of self worth. This, in turn, causes them to make better choices and ultimately become more successful citizens. It should be noted that the author of this paper is an employee of Big Brothers Big Sisters of the Bay Area.

Ray Pawson of the University of Leeds (UK) attempted to undertake a comprehensive research study to conclude whether or not mentoring actually helps young people. Pawson described the difficulties of even defining what a mentoring relationship is, saying that mentoring happens everywhere. Not only that, but a successful mentoring relationship "is not a simple one", Pawson said. That said, Pawson has several recommendations for policy makers who deal with mentoring programs. One key recommendation in his paper "Mentoring relationships: an explanatory review" was that policy makers should "...not expect quick results from mentoring programmes for

disaffected youth. They can produce good results but the process is a long and halting one...” (p. 93).

Michael Shiner found similar results in his paper “Mentoring Disaffected Young People: An Evaluation of Mentoring Plus”, although he felt strongly that the solution to better mentoring programs is not more secure and longer-term funding. Shiner studied ten mentoring programs, surveying 400 program participants at the beginning, at the end, and six months after the conclusion of the program. Shiner and his team found that many of the program projects ran into operational difficulties, and that those that did not had the greatest impact on youth. Shiner took this to mean that in a more secure environment, the overall impact of the mentoring programs would have been greater. He suggests that “policy-makers and funders think carefully about how they support such programs in the future”.

Dr. Andrew Mecca received information from 124 of the 312 mentor programs in California. The programs reported that they had a total of 36,251 mentors that supported 57,659 young people. Out of those young people, the study reports that 98.4% stayed in school, 85.25% did not do drugs, 97.9% did not become a teen mother, and 98.2% did not get involved in a gang. Mecca’s study found that in terms of the school drop out numbers, the mentored youth were twice as likely to stay in school as the general population, and the rate of drug use in mentored youth is less than half of the general population. Clearly, this information is based on long term outcomes of youth. Mecca’s information illustrates that mentoring may not provide immediate outcomes, but the results are far more impressive because of it.

The Current Picture of Mentor Program Funding

Overall, mentoring programs have fared fairly well in recent years. According to an article on mentoring.org, after threatening to cut 40% of funding for mentoring programs, in 2007 Congress approved \$48.8 million for Education's Mentoring Program grants (ED) and \$50 million for Health and Human Services' Mentoring for Children of Prisoners program (MCOP). \$30 million of the ED grants are for new grantees, the rest goes to existing grantees.

In past years, California has provided strong financial support to its state mentoring agencies. From the inception of the California Mentoring Initiative in 1995 to a report done by the California Mentor Initiative in 1998, the California government had invested over \$20 million to support local mentoring efforts.

Clearly, in the past mentoring has been a popular issue among politicians and the public at large. Many experts see it as a way to prevent costly social ills – prison, teen pregnancy, and drug use, among others. It is the purpose of this paper to determine if mentoring can sustain this popularity in a time when funders are looking for quick results. Will mentoring organizations fall by the wayside? Will they change the way they evaluate their programs, tinkering their results to better fit what agencies want? The author could not find any studies that have previously addressed these questions.

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