

HISPANICS IN PHILANTHROPY: PROGRAM EVALUATION

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EXECUTIVE SUMMARY

Background

Hispanics in Philanthropy (HIP) is a transnational membership organization dedicated to promoting stronger connections between organized philanthropy and Latino communities. One of its flagship programs is the approximately seven-year-old Funders' Collaborative for Strong Latino Communities, through which HIP has attracted private and corporate foundations in support of its mission. These funders donate to the Collaborative and then engage in joint decision-making and oversight of grants to local Latino nonprofit organizations. The Funders' Collaborative operates in 15 local sites across the nation, each of which awards grants to Latino organizations in its region. Each site's grant funds are matched by major contributions to HIP from foundations and other funders (including corporations, individuals and other organizations), allowing the local sites to double their awards.

The Funders' Collaborative began making grants in 2001; within the United States it now includes 144 funders awarding grants to some 388 Latino nonprofits in the 15 local sites – in addition to 56 international grantees in Argentina, Mexico, and the Dominican Republic. As of the writing of this report HIP has raised over \$31 million total (excluding transnational grants), and to date has made some \$20 million in grants in the 15 U.S. sites. Analysis of the data from 2001 – 2007 used for this evaluation shows an average of 42 grantees per year and average annual funding of over \$3 million.

HIP formulated four objectives for the Funders' Collaborative, to:

- Increase the net amount of philanthropic dollars flowing to Latino nonprofits
- Increase philanthropy's understanding of Latino nonprofits, the communities they serve, and the role they play in civil society
- Strengthen the managerial and technical capacity of small to medium-sized Latino nonprofits
- Foster leadership and collaboration among Latino nonprofits.

A persistent issue for any organization is identifying and quantifying the impact of its activities. HIP engaged Arete Consulting – a New York City-based consulting firm – to carry out an evaluation of this program. The evaluation was designed to address most of the above-stated objectives as well as others that surfaced during early discussions with HIP staff, in particular impacts on participating funders' grantmaking. This study examines Collaborative participants across the country: the Funders' Collaborative's impact on its Latino grantees, with a focus on measurable impacts on grantees, particularly effects on organizational capacity, and the value added for funders. This evaluation is limited to the grantees located within the United States; it excludes transnational grantees.

For grantees, we looked for measurable increases in capacity (such as staff size, budgets, numbers of programs, clients served, collaborations with other organizations) from before grantees received their first grant to the present. For funders, we looked for increased awareness of, interest in and funding to Latino nonprofits, and Latino issues and increases in Latino staff and board members. We also sought qualitative findings on grantee and funder experiences with HIP and the Funders' Collaborative, the impact that participation had on their organizations, and feedback that could help increase HIP's effectiveness.

Our primary methods and instruments included surveys of both grantees and funders, examination of financial data for both groups over the multi-year period since the first grants, and qualitative telephone interviews with selected funders and grantees.

Major findings

Overview

This evaluation finds that HIP's Funders' Collaborative achieved virtually every one of its aims. We recognize this is a bold statement but believe that it is supported first by quantitative evidence and second by qualitative feedback amassed during this assessment.

Project Goes to Scale: On the first level, in broadest terms, HIP succeeded in generating funders' collaboratives in 15 sites across the country, enlisted the participation of 144 funders who, through the Funders' Collaborative, grew more invested in small, even fledgling Latino organizations, and provided grants, technical assistance, and nurturing support to nearly 400 such organizations. HIP, in other words, succeeded in achieving a scale of involvement that is noteworthy.

Grantee Capacity Building Achieved: Participation was conceived as a means toward building capacity of the recipient grantees and heightening awareness and influencing funding practice of involved funders. The evidence shows that the Latino grantees did in fact grow both in organizational capacity and in sophistication. The former is most concretely reflected in increased budgets – including revenues, expenditures and assets – which grew at nearly twice the national average growth for nonprofits, as well as growth in numbers of programs, clients, and collaborative involvements. And representatives of grantee agencies consistently attest to the value of the convenings, both for technical assistance and for the networking opportunities they provided.

Influence on Funder Grantmaking: There were also measurable changes in funder practice, though somewhat less pronounced. Grant dollars to Latino organizations increased nearly 4.5 times more than the funders' grantmaking overall. Moreover, funders indicated that if not for the Funders Collaborative they never would have considered these grantees that, for the most part, lacked the managerial capability to apply for funding; they were “below the radar.” There were incremental increases in the number of Hispanic-surnamed members of funders' boards – although a third of our sample had no Hispanic-surnamed board members and another third had only one. There was no net change in the numbers of Hispanic staff they employ.

Funders' Collaborative, Next Steps: While on the survey no funders said they planned to decrease or discontinue funding going forward, funders do not appear to have a clear sense of HIP's objectives with regard to the Collaborative in the future. In interviews some funders were ambiguous about their own future intentions. Based on funder conversations, it would seem incumbent on HIP to strategically plan its next act and assertively communicate it to its funder constituency.

Grantees

Capacity Building

- Impact on Budgets: Comparison of IRS Form 990 tax returns from before the first grant with the most recent year available show comparable increases in average revenues, expenditures, and assets of 9.5% to more than 11% annually, nearly double the national average rate of increase for nonprofits.

In general, grantee budgets continued to grow with each successive year in the Funders' Collaborative; however, the rate of growth generally slows over time.

The initial spurt of revenue growth is largely due to the Funders' Collaborative grants that impact grantee revenues in the early years and account for much of the early year growth. On average, the Funders' Collaborative grants are about one and a half years in duration; hence the continuing increases in revenues in years 3, 4, and 5 following the first Funders' Collaborative grant suggest that Funders' Collaborative grants have succeeded in seeding continuing budgetary growth.

The Funders' Collaborative grants account, on average, for approximately a fifth (19%) of the revenue increases that grantees realized. The larger part of the revenue growth, in other words, is above and beyond the Funders' Collaborative infusion.

- **Growth in Capacity:** Grantee survey responses show increases over the years in numbers of programs offered, clients served, paid staff, and collaboration/networking with other organizations, *all* pointing to strong organizational growth for the overwhelming majority of grantees. These responses, in other words, provide evidence that the HIP approach to capacity-building works.
 - The percentage of grantees serving more than 300 clients a year rose from a little more than half of the grantees in the early years to 76% by 2007.
 - Grantees offered an increasing number of distinct programs and services in successive years; the average increased by 43% from 2001 to 2007.
 - The average number of collaborative *projects* in which each grantee was involved nearly doubled from 2001 to 2007.
- **Programs:** Grantees work in many different program areas, 90% of them in at least two. Nearly two thirds (63%) work in education and about half (49%) in youth development. Immigration, civil rights, community development, and civic participation are also common foci.

The Grants

- **Variations Across Sites:** Total grant-making varied widely across the 15 sites from \$230,000 in one site to more than \$3 million in another – presumably a reflection of the depth, wealth and interest of funders in the region, and the longevity of the collaborative, among other factors. Of at least equal note, the average grant size (\$37,400 overall) spanned a 4 to 1 ratio among sites, ranging from a low of \$17,750 to a high of \$76,559 – in these cases, in neighboring regions.
- **Use of Grants:** The ways in which grantees used their grants shifted over the years, with large increases in the number using them for financial or budget planning, fundraising, and strategic planning and significant drops in those using them to bolster operations (for example, enhancing existing programs or improving service delivery).

The responses suggest that the Funders' Collaborative's emphasis on capacity building and organizational support – in contrast to program enhancement – may have sharpened in later years. There appears to be a trend away from strengthening operations and toward longer-range planning – perhaps a sign of greater maturity among grantees.

- **Future Priorities:** Grantees' priorities for the future also stressed fundraising, capacity building, board development, and strategic planning as high priorities in strengthening their or-

ganizations. These responses buttress the Funders Collaborative approach of focusing on operational support and capacity building in contrast to the majority of funders who target discrete programs and services.

- Value of Funders Collaborative: Grantees value their association with the Funders' Collaborative highly, rating it 9.2 out of 10 on a scale of 1=very little value to 10=high value.

Funders

Scope of Grantmaking

- Profile of Grantmaking: The total contribution by all funders for grantmaking within the 15 U.S. sites, including the matching support from national foundations, was approximately \$28 million by 2008.
 - Nearly three-fourths of the funders (74%) made one or two grants through the Funders' Collaborative. Two made seven each, the largest number by a single funder.
 - The largest portion of grants (46%) falls between \$20,000 and \$100,000, with 43% more than \$100,000 and just 11% less than \$20,000.
- Future Intentions: More than half the funders responding to the survey said they were not sure whether or not they would increase funding to the Funders' Collaborative in future years. All those indicating their plans more fully said they would either continue funding on the same level or increase it; none said they planned to decrease or discontinue funding. Responses of a smaller group of funders who were interviewed were much more ambiguous about their future contributions, with many doubtful they would continue. This may be a reflection of their uncertainty about the objectives of a future collaboration.

Changes in Funders' Grantmaking/Personnel

- Latino and Multi-Cultural Funding: The level of funding to Latino-focused nonprofits – both through the Funders' Collaborative and otherwise – increased over the time the funders participated in the Collaborative:
 - Survey respondents indicated an increase in their overall level of funding of Latino-focused nonprofits.
 - Survey respondents' assertions were validated by Arete's analysis of funder annual reports, grant lists and other data. Based on a sample of 27 funders, total funding for Hispanic/Latino grants increased an average of 17% per year, nearly 4.5 times greater than the same funders' overall grantmaking.
 - Although unrelated to HIP's effort, we believe it is notable that out of a universe of 144 funders, the Arete researchers were able to obtain pre and post records (primarily annual reports) for only 27 of them (less than 20%) through public access channels including searches of Guidestar, the Foundation Center, and these foundations' own websites (in some cases supplemented by direct appeals to foundation staff). This experience points to the opportunity for greater attention to record-keeping and transparency in the foundation world.

- While the average size of all grants by the sample funders dropped by 1.5%, Hispanic/Latino grants saw an increase of 13.6% per year in their average grant, and the average size of multi-cultural grants grew by 5.5% annually.
- **Staffing and Boards of Directors:** The proportion of Hispanic/Latino members of funders' boards increased marginally over the period of their participation in the Funders' Collaborative, but percentages of Hispanic/Latino professional staffing was essentially unchanged.
- **Collaboration:** 94% of funders responding to the survey and most of the funders interviewed said they participated in collaborative grantmaking other than the Funders' Collaborative.

Funders' Opinions About the Funders' Collaborative

- **Value of Funders' Collaborative:** Funders value the Funders' Collaborative, rating it 7.4 out of 10 where 1=very little value and 10=high value.

Surveyed funders appreciate the benefits of Funders' Collaborative participation:

- 83% indicated that they particularly appreciated networking with other funders
- 69% said the Funders' Collaborative supported important aspects of their mission.
- 45% said it helped them understand other philanthropic approaches, a theme that was echoed, with variations, in written comments and telephone interviews.

Surveyed funders gave high ratings to the Funders' Collaborative's characteristic features. On a scale of 1=very little value to 10=high value:

- Leveraging national funds was the highest-rated feature at 9.3.
- Nonprofit/funder meetings, gaining information on Latino issues and communities, and giving toward social change on Latino issues also ranked 8 out of 10 or above.
- All but one survey respondent said they had visited Funders' Collaborative grantees. They found the visits especially helpful in understanding the organizational issues facing grantees (8.5 out of 10), and also said they helped in understanding Latino issues (7.4).
- **Future Priorities:** Surveyed funders' highest priorities in strengthening Funders' Collaborative grantees in the future included leveraging additional funding (88%), board development (63%), staff training/professional development (59%), and fundraising (56%).

Funders Collaborative Administration

The achievements notwithstanding, there is also evidence that there were many differences in Funders' Collaborative operation from site to site, some of which were reflected in the quality of support and communications experienced by the funders.

As a result of this project, HIP staff has made progress in upgrading the accuracy, uniformity, and updating procedures to ensure the integrity of the database for tracking grantmaking and funder donations. Previously not all sites updated their data in a timely manner, at the same time, or in exactly the same way.

In addition, as a legacy of this project, Arete has drafted a reporting template for grantees so HIP will be able, going forward, to analyze some of the same grantee organizational changes and growth indicators that were examined in this evaluation.