



Coordinated Funding

Lessons from a Place-Based Grantmaking Collaborative



The Ann Arbor Area Community Foundation • United Way of Washtenaw County
Washtenaw County • City of Ann Arbor • Washtenaw Urban County



Executive Summary

About the Coordinated Funding Model

In the fall of 2010, three grantmakers in Michigan – the Ann Arbor Area Community Foundation, the United Way of Washtenaw County, and the Joint Office of Community and Economic Development (representing Washtenaw County, the City of Ann Arbor, and the Washtenaw Urban County Executive Committee) – agreed to coordinate the leadership and funding of the region’s human service programs in order to maximize community impact. The funders combined nearly \$10 million over a two-year pilot program that focused on six areas: safety-net health, hunger relief, housing and homelessness, aging, early childhood, and school-age youth.

The local grantmakers adopted a funding model with three distinct components designed to prevent gaps and avoid redundancies in services while streamlining application and reporting procedures for grantees. This effort involved better sharing of information, closer work with local nonprofits to establish common community goals, and increased cooperation in funding decisions. “Knowing what other funders in the area are doing helps so that we’re not overinvesting or underinvesting,” said Deb Jackson of the United Way of Washtenaw County.



The process for granting operating funds included a pre-qualification phase (the RFQ process) that closely examined the financial reports, governance practices, and operational policies of all applicants. Following training and technical assistance during the process, applicants completed a streamlined online submission.

During the subsequent RFP process, the funders incorporated the perspectives of the applicants when determining the measurable, community-wide outcomes for each priority area. Instead of collecting data on hundreds of diverse impact goals, the grantees were asked to come to a consensus on a finite set of outcomes. These “community-wide outcomes” allowed the funders, local policy-makers, and Washtenaw

County a more manageable way to evaluate programmatic results.

“The big-picture idea here is we can make more of an impact on the areas of greatest need in our community by working together instead of acting as independent funding entities,” said Neel Hajra of the Ann Arbor Area Community Foundation. With this understanding, the shared goals of the coordinated funding model were to:

- Leverage each funder’s investment in local nonprofits
- Minimize duplicative work and effort for nonprofits applying for funding
- Reduce overlap and eliminate redundancies between funding entities
- Create shared, community-level measurement of human services outcomes
- Maximize the effectiveness of funds invested in targeted critical human services for the growing number of citizens struggling to meet basic needs

Over two years, programming grants totaling \$8.2 million were awarded to 40 nonprofit organizations. During the same period, the grantmakers identified and funded a Planning and Coordinating Agency (PCA) for each of the six priority areas to ensure effective collaboration among local nonprofits. In all, the Planning and Coordinating Grants totaled \$620,000. Finally, Capacity-Building Grants were provided to improve nonprofits’ long-term strength and viability. A separate RFP process was held for these funds with a total of \$550,000 awarded. “It was important to develop a model that would leverage and stretch our funding as much as possible,” noted Bill Brinkerhoff, Chairman of the United Way of Washtenaw County Board of Directors.

Findings from the Evaluation

In 2011, the grantmakers received a generous grant from the RNR Foundation that made possible a third party evaluation of Coordinated Funding. The Coordinated Funding partners retained TCC Group, a management consulting firm that works with funders and nonprofits across the country, to assess the overall effectiveness of the coordinated funding model, identify both expected and unanticipated outcomes, and examine evidence of community-level impact to date.

The support provided by the coordinated funders came at a crucial time for Washtenaw County nonprofits. The collaborative effort helped maintain public funding levels and was instrumental in preventing a \$260,000 cut to the County's human services budget, and \$160,000 to the City of Ann Arbor's human service funding. Employees in the public sector indicated that continuing government grants for human services was more feasible with the knowledge that coordinated model reduced administrative costs. "The amount of overall funding stayed stable amidst the downturn," noted one grantee. "Hats off to leadership for trying to keep funding as stable as they could."

Based on TCC Group's evaluation, the region's nonprofit sector was found to be stronger. The data showed that grantees had increased their evaluation capacity and were better able to measure meaningful outcomes. Surveys showed that grantees had a greater ability to understand strategic and deliberate outcomes. Grantees also collaborated across agencies to share information and further strengthen program delivery. In fact, 84% of survey respondents reported helping peers learn about opportunities to improve their programs, and 87% said that they sought joint funding and advocacy opportunities.

The evaluation also found that the area's grantmakers were increasingly effective. Forty-three percent of grantees agreed or strongly agreed that relationships with funders had improved. "We are much more systematic now that collaboration has become our primary strategy," said one funder. The funders also noted that they had a better context for decision-making when sharing information about community needs in the six main funding areas. Mary Jo Callan, Director of the Office of Community and Economic Development, said "Three or four heads are better than one. We now have a much better understanding, perspective, and history of what the sector has going for it and what its challenges are. We now have a more robust and comprehensive intelligence on individual agency challenges."



Given the data available, the evaluation focused on process findings, as opposed to specific community outcomes. **TCC found that the optimum measure of outcomes is still under debate.** The original outcomes were chosen to augment information already collected, as funders started the program specifically to decrease grantee reporting burdens. However, these program-level outcomes were, in effect, "outputs" – the number of people reached by services. Furthermore, outcome categories continued to be debated. Applicants that did not fit easily into the categories felt left out of the process. Additional community discussion is needed to build consensus around the outcomes that should be included and the level of measurement required.

Stakeholders also had mixed thoughts about capacity-building funding. While some saw the program as valuable, others felt it was limited. Furthermore, organizations were unclear as to when it was appropriate to apply for capacity-building funding. TCC Group recommends clarifying the intention around the use of these grants.

Overall, the majority of survey respondents supported the PCAs' role and thought the entities were well positioned to lead. Finally, the Planning and Coordinating Agencies were seen as operating at varying levels of efficiency. While some PCAs were established leaders within their specific issue areas, others were newly created and had difficulty building trust with peer organizations. PCAs had varying experience and ability to act as facilitators between nonprofits and funders. However, the agencies themselves believed they gained a greater awareness of the sector and felt less siloed in their work due to the peer learning provided by the coordinated funding model.

Replication

An important focus for this evaluation was to understand how the funding model could be recreated in other geographic areas. TCC has identified some helpful community assets and early successes that aided the implementation of this model, which may prove useful to others considering engaging in such a collaborative effort:

- Local government entities provide a portion of the funding without significant restrictions beyond geography
- Government agencies take initial steps to streamline their collective processes
- The community has a relatively high level of resources compared to need
- The community has developed some collaborative plans that focus on shared outcomes for areas of need
- A spirit of cooperation already exists among local nonprofits
- Funding agencies have a history of mutual communication and collaboration
- Grantmaking staff are able to dedicate the necessary time to the model

Based on the overall findings of the evaluation, the five boards representing the Washtenaw Coordinated Funder partners have approved a third-year extension to the pilot program, contingent on satisfactory performance and available funding. The full report provides more in-depth findings from the process evaluation. This report is shared with the hope that it may lead to fruitful discussion and concrete steps to strengthen nonprofit organizations in other region and inform similar coordinated funding efforts.



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About TCC Group

For more than 30 years, TCC Group has provided strategic planning, program and grants management, evaluation, and capacity-building services to foundations, nonprofit organizations, corporate community involvement programs, and government agencies. In this time, the firm has developed substantive knowledge and expertise in fields as diverse as education, arts and culture, community and economic development, human services, health care, the environment, and children and family issues. From offices in New York, Philadelphia, and San Francisco, the firm works with clients nationally and across the globe. Services include business planning, organizational assessment and development, research, feasibility studies, organizational evaluation, board development, restructuring and repositioning, as well as grant program design, measurement, and management. TCC Group has extensive experience working with funders to plan, design, manage, and evaluate initiatives to strengthen the capacity of nonprofit organizations.

