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**Assessing Changes in
Nonprofit Capacity—
Outcome Study of the
Compassion Capital
Fund Demonstration
Program**

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I. Introduction

The Compassion Capital Fund (CCF), established by Congressional appropriation in 2002, is a key component of President Bush's Faith-Based and Community Initiative. CCF is administered through the Office of Community Services, Administration for Children and Families (ACF) within the Department of Health and Human Services. The primary purpose of CCF is to help nonprofit organizations (NPOs) increase their organizational effectiveness, enhance the quality and volume of services delivered, diversify their funding sources, and create collaborations to better serve those in need.

A major component of CCF is the Demonstration program. The CCF Demonstration program funds intermediary organizations that serve as a bridge between the federal government and NPOs, providing grassroots faith-based and community organizations with three types of capacity building assistance: training, technical assistance, and financial sub-awards.

The CCF Demonstration Program Evaluation

Consistent with ACF's emphasis on performance measurement and accountability, the agency has contracted with Abt Associates and its partner, Branch Associates, to evaluate the outcomes and effects of the Demonstration program. This report presents the key findings from the Outcome Study, which collected information from NPOs receiving technical or financial assistance services from 44 intermediary grantees initially funded in the 2003, 2004, and 2005 CCF grant cycles. A subsequent Impact Study report will examine participants in the 2006 grant cycle.

A baseline survey for the Outcome Study was completed by 1,221 NPOs selected for services by the intermediaries in fall 2005. The survey consisted of 70 questions about basic organizational characteristics, areas of service, and organizational capacity in areas such as financial management, fundraising, human resources, governance, recordkeeping, and community engagement. A similar follow-up survey, asking about services received from the intermediary and other non-CCF funded organizations, was administered between August 2007 and February 2008, approximately 15 months after the NPOs began receiving services from the intermediaries. A total of 835 NPOs completed the follow-up survey for a response rate of 70 percent.¹

Information from the baseline and follow-up surveys allows us to describe the extent of changes in organizational and service delivery capacity reported by the NPOs over the 15-month period.²

¹ For analysis purposes, the respondent follow-up sample was weighted so organizational size, as measured by number served and annual expenditures, corresponds with characteristics of the baseline sample. These weights were applied in all analyses reported in the "Services Received by NPOs" and "Overview of Changes in Organizational Capacity" sections below. Additional information on the analysis weighting methodology, as well as on the baseline and follow-up data collection efforts, can be found in Appendix A.

² Results from all analyses, as well as copies of the survey instruments used, are available in a companion *Technical Appendix Report*.

Limitations of the Outcome Study

CCF-funded intermediaries provided TA, training and financial assistance (sub-awards) to NPOs. For this Outcome Study's purposes, we selected those NPOs that were to receive intensive services (TA and sub-award), in addition to training. Those that received only training were not included in the study.

This study provides estimates of change over time in various areas of organizational capacity among faith-based and community organizations that received sub-awards and/or one-on-one technical assistance from CCF-funded intermediaries. However, the changes reported cannot be directly attributed to the services provided by the CCF intermediary grantees.

The changes reported may be due to a variety of factors. For example, it is possible that organizations seeking assistance to improve organizational capacity may already be on a growth trajectory. Reported changes may also be caused by external factors such as growing or shrinking funding sources between the two survey periods. Because there is no comparison or control group, it is not known what outcomes would have occurred in the absence of intermediary services.

Further, although the lessons learned through the study are useful for CCF program officials, policymakers, and others interested in nonprofit growth and sustainability, organizations in the study are not a representative sample of the universe of NPOs in the larger CCF program or nationwide. Finally, the findings presented are based on NPOs' self-reported information; there was no independent validation of organizational capacity.

Overview of Report

The remainder of the report presents key findings of differences³ on selected measures of organizational capacity between baseline and follow-up surveys reported by faith-based and community organizations. The second section of the report presents information about the characteristics of CCF intermediary grantees and NPOs, and summary information about the capacity building services received. The third section presents findings on changes in various domains of organizational and service delivery capacity reported by NPOs over the course of the study. The fourth section presents outcome findings for sub-groups of organizations categorized by organization type, age, size, and executive director compensation status (paid or unpaid). The final section presents conclusions from the Outcome Study.

³ Unless noted in the report, only statistically significant changes are presented.

II. Program Context

Characteristics of Intermediaries

The 44 intermediary grantees in the study were surveyed during the summer of 2007. Forty-two responses were received. Two-thirds of the intermediaries indicated they were secular organizations; the remaining one-third indicated they were faith-based. About half (49 percent)⁴ reported that they were also providers of direct social services. Others classified themselves as consulting organizations (20 percent), university-based (19 percent), or public agencies (2 percent). The remaining 10 percent were nonprofit associations, tribal organizations, or a combination of social service, consulting and advocacy agencies. The CCF intermediaries reported annual operating budgets ranging from \$550,000 to \$971,000,000. Ninety-three percent had budgets of over \$1 million and the median budget was \$3,500,000.

The intermediary grantees had experience providing assistance to other organizations—more than nine out of ten reported they had provided technical assistance (91 percent) and group training (95 percent) prior to receipt of CCF funding. It was less common, however, for intermediaries to have prior experience providing financial awards to other organizations; only 60 percent had previous experience in this area. The number with prior experience in providing assistance specifically related to organizational capacity building was somewhat lower—77 percent had previously provided capacity-related technical assistance and 46 percent had provided capacity-related financial assistance. The CCF grant was the first federal grant or contract for about one-quarter (28 percent) of the intermediaries.

Under the CCF Demonstration grant, intermediaries are allowed flexibility in determining the number of organizations and the geographic areas they serve. Given the option of classifying their service approach as one that “provides a limited number of organizations with as much time and resources as possible” or one that “serves as many organizations as possible,” about half of the intermediaries (55 percent) chose the first category and 45 percent chose the second. Reflecting this variation in approach to service delivery, there was a sizeable range in the number of organizations intermediaries reported serving annually. About one-quarter (23 percent) served 30 or fewer NPOs and, at the other end of the scale, just over one-quarter (26 percent) served more than 150 organizations.

Geographically, some intermediaries targeted CCF services to NPOs in specific neighborhoods (12 percent) or a single city (16 percent). Others served one or more counties (31 percent), entire states (30 percent), or multiple cities across the country (12 percent).

Profile of NPOs at Baseline

NPOs completed a baseline survey at the time they applied for financial or technical assistance from one of the CCF intermediary grantees in the study. At that time, NPOs reported diverse organizational experience and history. The median “age” of organizations was 7 years. Just over one-quarter (28 percent) had been in operation for fewer than 5 years, while 15 percent had been in operation for 25

⁴ All numbers in the report have been rounded to the largest whole number, unless rounding would mask a meaningful data point. In these instances, the minimum number of decimal points has been provided to ensure clarity.

years or more. All reported that they were nonprofit organizations and almost three-quarters of organizations (72 percent) reported having 501(c)(3) status. The remaining organizations reported they were in the process of obtaining 501(c)(3) status (15 percent), were hosted by a 501(c)(3) fiscal agent (10 percent), were unincorporated without a host (6 percent), or classified their legal status as “other” (7 percent).

The number of clients served and the size of organizational budget varied among NPOs. Some NPOs had not yet served any clients, while others reported serving thousands of individuals or families per month. The median number of clients served per month was 88. The NPOs reported annual organizational expenditures ranging from \$0 to \$75 million. The median expenditure level reported for the prior fiscal year was \$70,000.

The organizations were programmatically diverse as well, with approximately two-thirds (67 percent) reporting that they provided services in three or more social service areas. Two programmatic areas stood out as the most common: at-risk youth/children and youth services (70 percent) and educational services (51 percent).

Services Provided to NPOs

Each intermediary provided training and technical assistance on multiple topics (e.g., leadership development, organizational development, program development, and community engagement). These topics closely aligned with the intermediary’s understanding of NPOs’ critical organizational capacity needs, particularly fund development, funding sustainability, and improved governance (see Exhibit 1).

Areas	% of Intermediaries Ranking the Area as Most Critical/Needing Attention
Fund development/sustainability	81%
Improved governance/Board of Directors	57%
Financial management skills/systems	40%
Leadership/management skills	36%
Methods to assess program outcomes/effectiveness	29%
Strategic/long-term planning	26%
Community partnerships	10%
Understanding federal grant policies/rules	7%
Use of technology	7%
Attaining 501(c)(3) status	5%

Source: Intermediary survey. Multiple responses allowed.

Individual NPOs did not necessarily receive training or technical assistance on all of the topics offered by a given intermediary. Instead, the intermediary determined which technical assistance topics would be addressed with each organization based on two key factors: results from a formal organizational assessment, and the organization’s stated interests.

The intermediary survey showed that there was substantial variation in the number of hours of technical assistance provided. The survey results indicate that over a third (37 percent) of the NPOs were provided 8 or fewer hours of technical assistance while about one in ten were provided 100 hours or more (Exhibit 2).

Similarly, the intermediary survey revealed substantial variation in the amount of training provided to NPOs. While about 40 percent of organizations were provided more than 30 hours, 37 percent were provided less than 4 hours. (Exhibit 3).

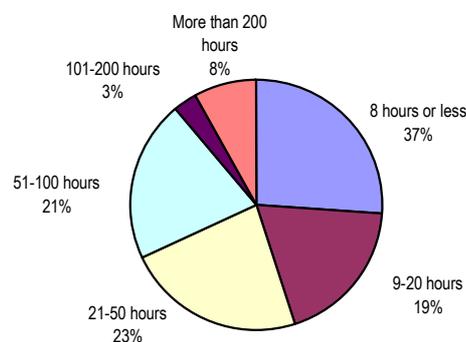
About half (53 percent) of the intermediaries reported that all organizations received training on the same topics; the other half (47 percent) reported that organizations chose which training workshop topics/sessions to attend. About half of the intermediaries (53 percent) said they offered separate training workshops or sessions geared to organizations at different levels of capacity.

To supplement the information from intermediaries on the services provided, NPOs were asked to describe all the capacity building services they received, including services received from CCF intermediaries as well as from others, within the 12 months prior to the follow-up survey. The survey listed specific capacity building areas and asked that organizations indicate the number of hours of training or technical assistance and rate the helpfulness of the services.

Overall, NPOs received the greatest amount of assistance in the areas of Resource Development and Fundraising, Board Development, and Becoming a 501(c)(3). Within a given area of capacity, NPO staff may have received assistance through participation in one-on-one technical assistance, group training, coaching or mentoring, college courses, or other modes of service delivery.

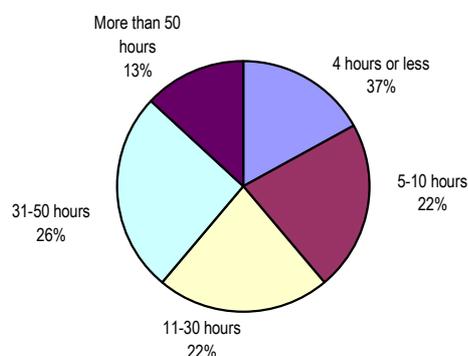
Many of these hours were provided in the form of one-on-one technical assistance (TA). Exhibit 4 presents the average number of hours of TA NPOs reported receiving from a CCF intermediary in each of the capacity areas.

Exhibit 2: Distribution of Technical Assistance Hours



Source: Intermediary Survey

Exhibit 3: Distribution of Training Hours



Source: Intermediary Survey

The period covered by the study was not the first time some NPOs had worked with the intermediary. A little over one-third (37 percent) of the organizations had received training or technical or financial assistance from the intermediary in the past. Among the NPOs with a prior relationship with a CCF intermediary, over three-quarters (78 percent) had previously received training, over half (56 percent) had received financial assistance, and 40 percent had received technical assistance.

Most NPOs received assistance from CCF intermediaries and from other organizations across a variety of capacity building areas.

When comparing the amount of assistance received from CCF intermediaries and others, NPOs reported receiving more hours of assistance in *Board Development* and *Becoming a 501(c)(3)* from intermediaries, and more hours of assistance in *Strategic Planning* and *Program Design* from other organizations. For the remaining five content areas covered by the survey, NPOs reported approximately the same number of hours of assistance from both sources.⁵

NPOs were also asked how helpful the different types of capacity building services were. On average, the organizations found the services to be quite helpful (each type received an average score of 4 to 4.5 on a scale of 1 to 5, where 5 is “very helpful”). NPOs rated the helpfulness of services from both intermediaries and other organizations about the same.

Exhibit 4: One-on-One Technical Assistance Received by NPOs from Intermediaries

Area of Capacity Building	Average # of hours
Board development	30
Resource development and fundraising	27
Program design	19
Becoming a 501(c)(3)	17
Human resources and volunteer management	17
Financial management	15
Networking, collaboration, and partnerships	15
Evaluation and outcome measurement	12
Strategic planning	12

Source: Outcome Study NPO Follow-up Survey

⁵ It was unexpected that NPO would receive similar levels of assistance from other entities or organizations as from the intermediaries. Follow-up calls to some survey respondents indicated that some NPOs classified services provided through support from the CCF intermediary (e.g., consultants or other providers contracted by the intermediary) as services from “another organization.”

III. Overview of Changes in Organizational Capacity

Below is a summary of results in key domains of capacity building for the entire sample. Findings for sub-groups of organizations are presented in the following section. Overall, analysis shows that significant, positive changes occurred in 72 percent of the survey items.

As noted earlier, a finding of a significant change is not evidence of a causal effect of the services provided by the CCF intermediaries because we have no basis for establishing what would have happened anyway over the period of the study. We can assume that, to some extent, NPOs that sought organizational capacity building assistance from CCF intermediary grantees were very interested in improving their organizational capacity and would have worked on these areas even without CCF-supported services. Because of the absence of measures of change over time among a like group of NPOs (a control group) that did not receive CCF intermediary services, there is no basis for attributing the changes observed specifically to the intermediary services.

Understanding Statistical Significance

In the following sections, survey results are presented that compare organizations' responses at baseline to their responses at follow-up. All differences presented in the text are "statistically significant," meaning that it is quite unlikely that the differences arose by chance.

For each significant difference observed, statistical testing confirmed, with at least 95 percent confidence, that the changes reported are true and do not exist in the sample of NPOs merely by chance. Although we cannot determine the cause of these changes, we can say for certain that the changes are real and exist in the population of NPOs to which this study extends.

The precise level of confidence is indicated in each graph. If the testing revealed that there was less than a 5 percent probability that changes occurred simply by chance, there will be one star (*); if the probability was less than 1 percent there will be two stars (**). If there is no star the change was not statistically significant.

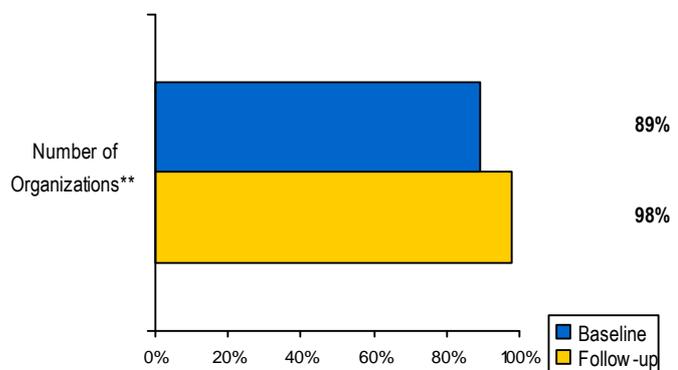
In addition to the statistically significant changes presented below, there were also survey items where no statistically significant differences were observed between baseline and follow-up. A complete set of survey data and results of significance testing can be found in the Technical Appendix.

Strengthening Organizational Capacity

Organizational Structure

The study found improvements in leadership stability and legal status. At follow-up, 98 percent of organizations had had only one or two individuals serve as the head (compared to three or more) during the prior year, as compared to 89 percent at baseline. (Exhibit 5). This is a substantial improvement and reflects increased stability in the leadership of the organizations. There was no change in whether the head of the organization was a paid position.

Exhibit 5: One or Two Individuals Served as Head of Organization in Prior Year (compared to 3 or more)



* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

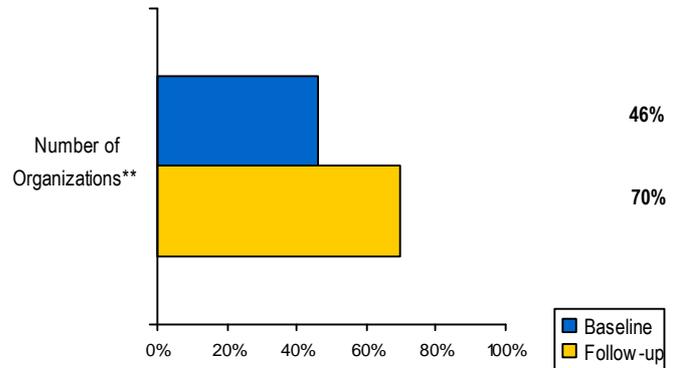
Long-Term Planning

Organizational capacity for long-term planning also increased between the baseline and follow-up surveys. As shown in Exhibit 6, the percent of organizations with written strategic plans increased from 46 percent at baseline to 70 percent at follow-up.

The number of organizations with written mission statements also increased, although to a much smaller degree, from 96 percent to 97 percent. Further, organizations (79 percent at follow-up compared to 49 percent at baseline) reported conducting more assessments of organizational strengths

or needs than at baseline; of organizations that completed assessments, more used an external entity to conduct or guide the assessment (65 percent at follow-up compared to 54 percent at baseline).

Exhibit 6: Organizations with Written Strategic Plans



* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

Staff Management

More organizations formalized human resource policies or implemented staff management procedures by the time of the follow-up survey. In addition, more organizations conducted annual performance reviews for paid staff (73 percent at follow-up compared to 68 percent at baseline); and more organizations had written job descriptions for each paid staff position (89 percent at follow-up compared to 85 percent at baseline) and for unpaid staff positions (60 percent at follow-up compared to 51 percent at baseline). There was no change in the number of organizations that conducted reviews for volunteer staff.

Tracking Outcomes and Keeping Records

In general, more organizations instituted methods to track outcomes. The percent of organizations that formally measured service outcomes increased from 56 to 69 percent. Additionally, more organizations (87 percent at follow-up compared with 78 percent at baseline) reported that they sought regular feedback from recipients on service satisfaction.

Organizations reported improvements in four of five recordkeeping measures related to service delivery (Exhibit 7). The fifth measure, recording the number of families or individuals enrolled or served, was high at the baseline, and did not significantly change.

Exhibit 7: Changes in Recordkeeping Practices

Organization keeps records on...	% Yes (Pre)	% Yes (Post)	Difference between Pre and Post
Client referral sources	63	74	11 **
Needs of individuals/families upon first contact with the program	74	81	7 **
Types of services provided to individuals/families	84.4	89.7	5.3 **
Number of individuals or families enrolled in / served through programs	94	96	2
Individual service recipients' outcomes	71	82	11 **

* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

Technology Access and Use

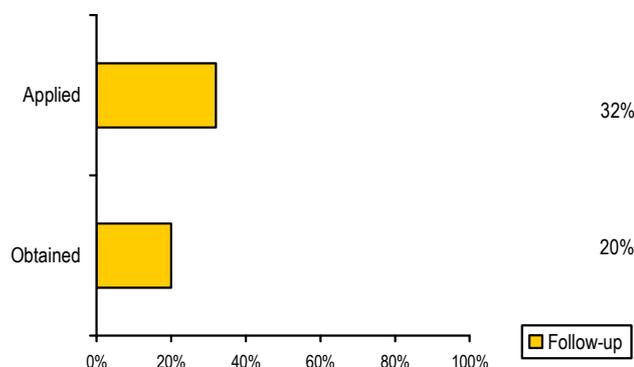
On average, by the time of the follow-up survey more organizations used technology to support program operations. Within the full sample, more organizations acquired Internet access (an increase from 95 to 97 percent). Also, at the follow-up, 95 percent of organizations reported using the Internet to support organizational activities, compared to 90 percent at baseline. The ways in which organizations used the Internet also changed. Overall, we found that more organizations reported using the Internet to support the organizational website, to learn about funding opportunities, and to gather information needed to write grant applications. The percent of organizations with staff proficient in computer and software use also increased, from 67 percent to 80 percent.

Diversified Funding

Survey analysis revealed mixed results related to revenue development capacity. On the one hand, more organizations hired grant writers to prepare funding applications (30 percent at follow-up compared to 27 percent at baseline) and to train staff to prepare funding applications (16 percent compared to 9 percent). However, the percentage of organizations reporting that they sought or obtained funding from new sources decreased. The percentage seeking funds from new sources declined from 75 percent at baseline to 67 percent at follow-up. The percentage reporting that they obtained funding from a new source in the prior year decreased from 74 percent at baseline to 57 percent at the time of the follow-up.

With regard to federal funding, we examined whether there was a change among organizations that had never applied for a federal grant at the time of the baseline survey. Among the 439 organizations that indicated they had never applied for federal funds at the time of the baseline survey, 32 percent⁶ reported having applied for federal grants and 20 percent⁷ reported having received federal funding by the time of the follow-up survey (Exhibit 8).

Exhibit 8: Organizations Applying for / Obtaining Federal Funds for the First Time



Source: Outcome Study NPO Follow-up Survey

Additional analysis examined whether this increase in the number of applications for federal funds might have

been offset by a decrease in applications to other grant sources among this group. The results showed that organizations that had not previously applied for federal funds at the time of baseline reported an overall increase in the total number of grant applications submitted to any source by the time of follow-up; the mean number of grant applications at baseline was 3.38 and the mean number of grant applications at follow-up was 7.40. The same pattern held true for number of grants approved—there was an increase in the number of grants approved for these organizations.

For the full sample, the number of applications approved by non-federal funders—state or local government agencies, foundations, or federated giving groups such as the United Way—decreased slightly between the baseline and follow-up surveys. In contrast, the number of applications approved by federal agencies increased slightly, although significantly, from an average of 0.30 applications to 0.38 applications per year.

On average the total amount of funds received from non-federal funders decreased between the baseline and follow-up periods. Funds from state or local government agencies decreased by about \$25,000, funds from foundations decreased by about \$13,000, and funds from other federated giving groups decreased by approximately \$4,000. While the average amount of funds from these sources decreased for the full sample, 129 organizations reported increases in state or local grant funding, 173 organizations had increases in foundation grant funding, and 55 organizations had increases in funding from federated giving groups.⁸

⁶ The confidence interval on the 32 percent at follow-up is [27.81, 36.59].

⁷ The confidence interval on the 20 percent at follow-up is [16.69, 24.27].

⁸ While the mean funding amount calculated from the full sample decreased from pre to post, about 40 percent of the sample reported increases in federal, state/local, foundation, and/or other federated giving groups funding. Additionally, it is interesting to note that the number of applications submitted and the number of applications approved from each source were the same at baseline and at follow-up. This could suggest that the decrease in funding is not due to a lack of organizational application success, but rather due to decreases in the amount of funds available from each source.

Financial Management Systems

Two of the three items that indicate financial management capacity changed significantly between the baseline and follow-up surveys. The percent of organizations with procedures that provide checks and balances increased from 67 percent at baseline to 93 percent at follow-up, and the percent of organizations that use computer software to keep financial records rose from 75 percent to 89 percent. However, the number of organizations that had had financial audits did not significantly change between the baseline and follow-up surveys.

Governance

Organizations reported changes in some areas of governance capacity in the 12–15 months between the baseline and follow-up surveys. While the number of organizations with Boards of Directors, or with plans for establishing a Board, did not significantly change, the roles of the Boards did change. At the time of the follow-up survey, more organizations had Boards that engaged in best practice activities commonly seen in well-run organizations (See Exhibit 9). The one item on which organizations did not report a significant change—review of financial records—was the most prevalent activity prior to receipt of CCF services (86 percent reported that this was a primary activity at baseline).

Exhibit 9: Changes in Primary Activities of the Board

Primary Activities of the Board...	% Yes (Pre)	% Yes (Post)	Difference between Pre and Post
Outreach to community and key stakeholders	61.35	72.80	11.45 **
Develop organization's budget	55	64	9 **
Recruit new board members	67	75	8 **
Set goals and strategies for the organization	81	88	7 **
Review performance of programs and program outcomes	64.45	69.54	5.09 *
Review organization's financial records to ensure funds were properly spent in support of the organization's mission	86	87	1
Conduct performance reviews of executive director	47	59	12 **

* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

The internal development of Boards through formal orientations and training also changed. Sixty-four percent of organizations offered formal orientation to Board members at follow-up, compared to 47 percent at baseline. Similarly, there was an 18 percentage point increase in the number of organizations reporting that Board member(s) participated in training related to governance or roles and responsibilities (66 percent at follow-up, compared with 48 percent at baseline).

Community Engagement

The survey found many changes in the area of community engagement. At follow-up, more organizations utilized two of four methods intended to expand community awareness about organizational services. Specifically, 65 percent of organizations had created or updated a website, an increase from 50 percent at baseline, and 51 percent utilized public service announcements or paid advertising, an increase from 43 percent at baseline. Organizations did not report significant changes on the two other methods listed in the survey, developing written materials and making presentations.

More organizations also engaged in partnerships since the baseline survey. The percent of organizations with any partnership arrangements increased from 87 percent to 91 percent. There were changes in all of the queried purposes of these partnerships, with increases on eight of nine purposes, and a decrease on one (joint programming). As shown in Exhibit 10, the items that increased rose by between 4 and 11 percentage points.

Exhibit 10: Changes in Community Linkages

Partnership Characteristics	% Yes (Pre)	% Yes (Post)	Difference between Pre and Post
Partnership arrangements with other organizations	87	91	4 **
With Government	45	46	1
With Business	40	43	3
With Educational institution	56.8	57.2	0.4
With Secular nonprofit	72	73	1
With Faith-based sector	71.41	71.27	-0.14 *
Purpose of partnerships(s):			
Recipient referrals	71	82	10 **
Joint programming	68.2	41.6	-26.6**
Funding alliance	51	59	8 **
Recruit volunteers	45.3	50.6	5.3*
Advocacy, awareness & education	67	74	7**
In-kind donations	42.2	47.7	5.5*
Assess community needs	53	61	8**
Peer learning	31	39	8**
Access complementary skills/knowledge	38	49	11**

* p-value < 0.05

** p-value <0.01

Source: Outcome Study NPO Follow-up Survey

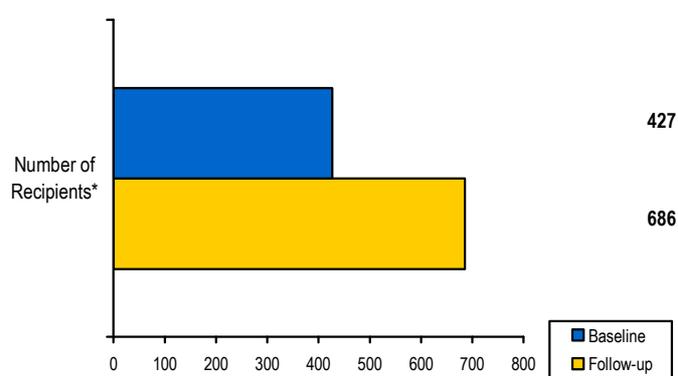
Strengthening Service Delivery Capacity

The following section describes the changes in service delivery capacity among NPOs during the study period. Although a causal link between infrastructure changes and improved service delivery cannot be proven, increased organizational capacity may well have contributed. Regardless of the reasons for the changes, comparison of pre and post survey responses indicates strengthened service delivery capacity among the NPOs receiving CCF services.

Service Delivery and Program Design

Organizations reported an increase in the number of individuals or families served. The average number of recipients served in the prior month increased from approximately 427 at the time of the baseline survey to 686 at the time of the follow-up survey (Exhibit 11). In addition, more organizations undertook one or more activities to gain an understanding of the needs in their service area (e.g., meeting with constituents, community mapping, needs assessment survey) in the 12 months prior to the follow-up survey (63 percent) compared to the 12 months prior to the baseline survey (55 percent). There were no significant changes, however, in the number or scope of organizations' programmatic areas.

Exhibit 11: Average Number of Service Recipients during Prior Month



* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

Level of Staffing

On average, organizations reported small but significant increases in staffing levels. The average number of full-time paid staff members increased from 3 to 4; part-time paid staff increased from 2 to 3, and the number of full-time volunteer (unpaid) staff increased from 0.65 to 1.09.⁹ The number of part-time volunteers did not significantly change (Exhibit 12).

Exhibit 12: Changes in Staffing

	Baseline (Mean)	Follow-up (Mean)
Total number of full-time paid staff **	3	4
Total number of full-time unpaid staff*	0.65	1.09
Total number of part-time paid staff*	2	3
Total number of part-time unpaid staff	22	24

* p-value < 0.05

** p-value < 0.01

Source: Outcome Study NPO Follow-up Survey

⁹ A staff member is defined as working part-time if they work between 2 and 30 hours per week.

IV. Capacity Changes by Organizational Characteristics

In order to determine if the pre/post changes differ across groups of organizations, we conducted analyses for subgroups defined by four characteristics documented at baseline: 1) type—whether an organization described itself as a faith-based or secular community-based organization, 2) age of organization—new (formed less than six years ago) or established (formed six years ago or more), 3) whether or not the executive director was a paid position, and 4) organization size—small (annual expenditures less than \$100,000) or large (expenditures \$100,000 or more). This section presents key findings from the subgroup analysis.

Exhibit 13: Subgroup Distributions

Subgroup	Number in group	Percent in group
Organization Type		
Faith-based organization	417	50%
Secular community-based organization	409	50%
Age		
Less than 6 years since formed	331	40%
6 years or more since formed	498	60%
Executive Director Compensation Status		
Paid	513	62%
Unpaid	314	38%
Organization Size		
Expenditures less than \$100,000 per year	445	57%
Expenditures \$100,000 per year or more	332	43%

Source: Outcome Study NPO Follow-up Survey

Faith-Based and Community-Based organizations

Analyses indicate faith-based organizations (FBOs) and secular, community-based organizations (CBOs) experienced similar levels of capacity change; that is, differences observed between these two groups are similar to what would be attributable to chance. Specifically, only on 8 out of 140 survey items tested, were CBO and FBO outcomes found to be significantly different. This equals 5.7 percent of all survey items, which is only slightly higher than our 5 percent threshold expected by chance. Therefore, we conclude that there is no strong evidence of a differential change in capacity between FBOs and CBOs on the domains addressed in the survey.

New and Established Organizations

For the organizational age subgroup, there were more differences than would be expected by chance, with organizational maturity seeming to influence outcomes. For example, newer organizations (those formed less than six years ago) were more likely than established organizations to formalize their organization and its processes; to report increases in plans to establish a board of directors; and to make gains in their adoption of financial management practices such as increases in financial audits, implementation of financial management procedures, and regular use of computer software to keep financial records. Among established organizations (those formed six years ago or more), a higher number began to keep electronic records on the needs of individuals or families upon first contact (prior records were in hard-copy form), and the amount of funds they received from state and local government agencies, foundations, and other federated giving groups decreased.

Paid and Unpaid Executive Directors

More differences in changes from baseline to follow-up than would be expected by chance were found between organizations with a paid executive director and those without. More organizations with unpaid executive directors became 501(c)(3) organizations, increased utilization of computer

software to keep financial records, developed materials to expand community awareness about the organization, and entered into new partnerships in hopes of receiving client referrals from new partners. More organizations with paid executive directors reported increases in the number of full-time paid staff, increased utilization of partnerships to recruit volunteers, and increases in keeping records about the needs of recipients upon first contact with the program. On the financial side, organizations with paid executive directors were more likely to receive federal funding for the first time, but also reported decreases in funding from state and local government agencies, foundations, and other federated giving groups.

Small and Large Organizations

Organizations with annual expenditures below \$100,000 (small) and those with expenditures of \$100,000 or more (large) demonstrated some differences in their organizational capacity. Small organizations were more likely to change their legal status to 501(c)(3), enter into new partnerships in hopes of receiving client referrals from new partners, and adopt financial management practices that included implementation of external audits, adoption of procedures that provide checks and balances, and use of computer software to keep financial records. More small organizations also started formally measuring the results and benefits of their services and experienced increases in the number of applications approved for funding from foundations. In contrast, large organizations were more likely to experience decreases in funding from non-federal funders. Also, large organizations that did not have Boards of Directors were less likely to plan to establish boards than smaller organizations. Large organizations were more likely, though, to begin to keep electronic records about the needs of recipients upon first contact with the program.

V. Summary and Conclusions

Despite the brief 15-month follow-up interval, both FBOs and CBOs served by CCF intermediaries experienced substantial changes in multiple areas of organizational capacity. In fact, statistically significant changes were found for at least one measure in each of the substantive organizational development areas targeted by ACF in the CCF Demonstration program.

Further, across organizations of different sizes, types, and years in existence, consistent, significant changes were found. In most cases, small organizations, new organizations, and organizations without paid executive directors reported greater increases in the formalization of internal processes than did large organizations, established organizations, and organizations with paid executive directors. The differences found seem generally to be consistent with a “ceiling effect,” (i.e., at baseline, mature organizations have higher measured capacity than less established organizations, which have greater room for change and improvement). Information gained from subgroup analysis may be useful for CCF intermediaries in targeting services based on initial organizational characteristics.

As mentioned previously, it is important to keep in mind that the changes reported may be due to factors other than the capacity building assistance received from CCF intermediaries. Nonetheless, the study demonstrates that organizations served through the CCF Demonstration program can attain improvements in multiple domains of organizational capacity in a relatively short time period. It is likely that improvements achieved will help put these organizations on a path to further strengthen organizational systems and processes and to increase effectiveness and sustainability.

Abt Associates is currently conducting an impact study that will provide a rigorous answer to questions about the effectiveness of CCF Demonstration program services. Using an experimental evaluation design, the CCF Demonstration Impact Study randomly assigns NPOs to a treatment group receiving assistance from CCF intermediaries or to a control group. This study design will allow for attribution of changes in capacity to the services provided by CCF intermediary grantees. The CCF Demonstration Impact Study results are expected to be available in late 2009.

Appendix: Methodological Summary

Below we present a detailed background on all the studies associated with the evaluation of the CCF Demonstration program, the Outcome Study's design limitations, data collection procedures, and analysis methods.

The Evaluation of the Compassion Capital Fund Demonstration Program

Consistent with the Administration's emphasis on performance measurement and accountability, HHS has implemented a comprehensive evaluation of the CCF Demonstration program to examine the outcomes and effects of the Compassion Capital Fund in meeting its objective of improving the capacity of NPOs. The primary research questions to be addressed by the evaluation are as follows:

1. What type/quality of technical assistance (TA) and what sub-award amounts are the NPOs receiving from CCF-funded intermediaries?
2. In what areas of organizational capacity and for what organizational types have NPOs shown the greatest improvement (i.e., increases in organizational capacity)?
3. How effective are the TA and sub-awards in increasing organizational capacity among NPOs?

The CCF Demonstration program evaluation comprises three components: a Retrospective Study, an Impact Study, and an Outcome Study. The first evaluation component of the CCF Demonstration program was *retrospective*, designed to complement the longer-term evaluations. That study focused on a sample of NPOs that received support from intermediaries funded during the 2002 CCF grant cycle. The purpose of this study was to provide some preliminary insight into the extent to which NPOs have succeeded in utilizing CCF resources to enhance their organizational and service delivery capacity. The results of the retrospective study have been published (http://www.acf.hhs.gov/programs/ccf/surveys/retrospective/retrospective_page1.html).¹⁰

The *Impact Study* is a random assignment evaluation that includes eligible NPOs that applied for services from the ten intermediary grantees funded in FY 2006. Experimental design is considered the strongest design for measuring program impacts. Using this approach, NPOs applying for CCF demonstration services were assigned at random to either a program group that received CCF program services or to a control group that did not. Under random assignment, the program and control groups differed only by chance. Therefore, any subsequent differences between the two groups (that exceed what would be expected by chance alone) can be confidently attributed to the program.

The *Outcome Study* examines NPOs that received intensive services from 44 intermediary grantees funded between FY 2003 and FY 2005. This study relies on a pre/post design utilizing data collected from a baseline survey administered at the time of application for CCF services and a follow-up survey administered approximately 15 months later. The results of the Outcome Study will be

¹⁰ Abt Associates Inc., *Findings from a Retrospective Survey of Faith-Based and Community Organizations (NPOs)*. Cambridge, MA: Abt Associates, April 24, 2007.

informative about the changes experienced by the participating NPOs between the study’s baseline and follow-up periods.

Analysis Methods

Creation of Weights

A reconciliation of the sample, based on information gathered during the follow-up data collection process, is presented in Exhibit A.1. Thirty-seven of the original 1,228 NPOs in the Outcome Study were determined ineligible and were dropped from the base. Of the 37 cases dropped from the sample, the reasons were as follows:

- Seven did not complete a baseline survey.
- Nine were dropped because the NPO was in the sample twice, with different intermediaries; and
- Twenty-one that completed a baseline survey were found not to have received services from a CCF intermediary.

Abt Final Status Codes	Total
Complete	828
Dropped	37
Non-complete	342
Partially Complete	8
Other Status	13
Total	1,228

The adjusted eligible sample was reduced to 1,191, yielding an adjusted response rate of 70 percent.

A logistic regression model was used to determine the predicted response propensity of respondents and nonrespondents. The dependent variable of the regression was whether organizations responded (1) or did not respond (0) to the survey. Using responses to the baseline surveys obtained from all 1,191 cases in the sample, a regression model was used to determine which of several organizational characteristics were significantly different between the respondent and nonrespondent organizations. Organizational characteristics included were faith status, age, expenditures, whether the organization expanded or reduced programmatic areas, and staff size. Only NPO staff size was a significant indicator in the regression equation.¹¹ Once the response probabilities were calculated based on staff size, the inverse of the probabilities was used as nonresponse weights in the analysis.

For the Outcome Study, the analysis approach applied was a statistical testing of individual survey items.

Statistical Testing of Individual Survey Items

For the majority of the analyses, we conducted statistical testing on the responses to individual survey items to determine if changes between the pre and post periods were statistically significant. For each survey item, the difference between the average response at baseline and follow-up was calculated and a single item t-test was conducted to determine if the difference was equal to zero (i.e., the null hypothesis). In addition, we used the resulting p-value or alpha, which is the probability level for rejecting the null hypothesis of no difference (zero) when it is true (i.e., the probability of committing a Type I error), to determine if the difference was significant. We used p-values of 0.05 and 0.01,

¹¹ The dummy variable adjustment for missing covariates method was used so no observations were lost due to missing data.

which is the conventional practice in most social experiments.¹² If the null hypothesis was rejected, then the results were considered statistically significant.

In addition, sub-group analysis was conducted to determine if there were statistically significant differences in the change between pre and post periods for certain subsamples defined by four baseline characteristics: organization type, age, executive director compensation, and organization size. Using a separate regression model for each outcome and sub-group, we calculated whether the defining characteristic of each sub-group was a significant predictor of the survey item change scores between baseline and follow-up. We used the resulting p-value or alpha, which is the probability level for rejecting the null hypothesis of no difference between the levels of the sub-groups when it is true, to determine if the scores were significantly different. Again, we used p-values of 0.05 and 0.01. If the null hypothesis was rejected, then the item changed differently across the levels of the sub-group.

¹² Knoke, D. and Bohmstedt, G.W., *Basic Social Statistics*. Washington, DC: F.E. Peacock, 1991.