



**Fund the
People Toolkit**

Case Making
Less Than We Thought





At a Glance



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Less Than We Thought

A New Analysis of Foundation Investment in the Nonprofit Workforce

Introduction

The central narrative about the nonprofit workforce since the early 2000s focused on a “deficit of leaders.” This discourse gained traction after the publication of a Bridgespan Group report entitled *The Nonprofit Sector’s Leadership Deficit*. Fund the People has argued since 2013 that there is no lacking for leaders in the nonprofit sector; rather, the problem is a dearth of investment in nonprofit leaders and the entire nonprofit workforce. In 2015, Bridgespan published new research clarifying and updating their research, reframing the issue as *The Nonprofit Leadership **Development** Deficit*.

This deficit of investment in nonprofit people has created an enduring bottleneck on the nonprofit leadership highway. The roadway is inaccessible and unaffordable to diverse potential leaders; people stagnate and burnout along the way; and long-serving leaders cannot easily transition or retire in a dignified and productive fashion. This status quo is deeply detrimental to the performance, impact and sustainability of nonprofit organizations and their supporters. This problem is complex, and it has roots in problematic attitudes about the merits and nature of nonprofit work.

Responsibility lies with all stakeholders—boards, executives, fundraising professionals, line-staff, government, individual donors, foundations, and other groups.

Each can help increase investment in nonprofit people through what we call **talent-investing**. We would argue that foundations must play a central role in jump-starting this change. Unlike nonprofits, grantmakers have the power to shape the intentions and restrictions of financial capital flowing into the sector. Unlike most government entities and major donors, organized philanthropy combine outsized power and influence in the sector; unique flexibility in how they deploy capital; and a serious stake in the effectiveness of their grantees and causes.

Fund the People was formed to advance the change of attitudes and behaviors that can lead to expansive investment in the nonprofit workforce. In 2013 we worked with the Foundation Center to understand the scope and scale of foundation funding for nonprofit staff development in recent history. We found that only 1% of foundation grants went to nonprofit talent. But because the concept of investing in the nonprofit workforce is relatively new to most of the foundation community, the ways grants are summarized and label made us question the data. In this report, we seek to understand exactly what is included in that 1% of grants. Unfortunately, we now know that our previous finding was overly optimistic.



Key Findings

- Of the 1% of foundation grants previously believed to be investments in nonprofit talent, only 65% can accurately be classified as such
- Of the grants in the initial data set, our analysis disqualified several of them; for example, we judged 17.5% to be investments in something other than talent, 14.5% not applicable, and 2.7% unclear
- The median size of grants we categorized as “talent-investments” are in the relatively modest range of \$40,000-\$50,000

Context

Several years ago, two simultaneous studies reported that only 1% of foundation grants are used to develop nonprofit leaders and employees. Laura Callanan, then a Senior Fellow at the Foundation Center and affiliated with McKinsey & Company, published scholarship on the subject.¹ In a similar endeavor, Rusty Stahl of Fund the People (then Talent Philanthropy Project) produced an article entitled defining Talent Philanthropy.² Callanan and Stahl had queried the same Foundation Center database with slightly different search parameters, and reached the same conclusion: an investigation of the veracity and stewardship of investment in nonprofit leadership by foundations was essential to the sector’s survival.

To understand what lay beneath these numbers, in 2016, Fund the People completed a detailed statistical analysis of the grant files that comprised the Foundation Center data set’s 1%. Our goal was to determine which grants fully or partially offered a talent-investment in support of the recipient organization’s staff, board, or volunteers. We included investments in planning or evaluation for such investments. This research brief shares the results of our analysis.

The Data

Fund the People worked with the Foundation Center to create a custom, complex query into the database to identify grants that could be defined as talent-investments.³ Our data is based on a set of grant records pulled from the Foundation Center’s grants database, which includes all grants of \$10,000 or more awarded to organizations by private and community foundations between 1992 and 2011. The database consists of grant records from approximately 1,000 of the largest private and community foundations. Among community foundations, only discretionary and donor-advised grants are included. Grants to individuals are not included.

We recognize there are limitations to this dataset, but we believe it is important to consider within these limits. Because this data set is composed only of grants, it does not include fellowships, trainings, awards and other leadership development activities paid for and managed directly by foundations for the benefit of their grantees. We recognize that foundation-administered programs are one of the ways foundations invest in nonprofit people (e.g., fellowships, awards, and trainings that grantees participate in but which foundations pay for directly), however the Foundation Center does not track them, and indeed we know of no centralized data source for such activities. Moreover, we are interested in how foundations use grants to enable grantee organizations to support their staff, not just when they create their own branded programs and trainings.

(For more on the dynamic tension of who controls the focus of talent-investments, check out Funders: Bake It In Supplemental – Drivers and Focus of Change. Note: there is a fee to access this resource).



Analysis

Fund the People conducted two related analyses of the data:

1. We coded a randomized sample of 641 grants made during 1992-2011 plus every grant in the data set awarded during 2009-2011. Our coding system determined whether a grant was:

- Fully or partially a talent-investment in a US nonprofits and schools
- Not a talent-investment
- Not applicable, because they funded a non-US organization
- Not clear whether or not it provided a talent-investment

Findings for 2009-2011

Category	Amount
Talent investment	\$321,613,193
Not talent investment	\$55,815,578
N/A	\$94,581,996
Unclear	\$12,264,865
TOTAL	\$484,275,632

When counted by the **number of** grants awarded:

- 68.3% were talent-investment
- 16.5% are not talent investment
- 11.1% were not applicable
- 4.1% were unclear

What this means: 31.7% of the grants we previously identified as talent-investments were not, or could not be, verified as such.

When counted by the **dollar amount** of grants awarded:

- 66.2% of dollars were talent-investments
- 19.6% of dollars were not applicable
- 11.7% of dollars were not talent-investments
- 2.6% of dollars were unclear

This means: 33.9% of dollars previously identified as talent-investments either were not, or could not be verified as such.

Findings for 1992-2011 (randomized sample)

When counted by the **number of** grants awarded:

- 58.3% were talent investments
- 25.4% were not
- 14.4% were considered not applicable
- 1.9% were unclear

This means 41.7% of grants previously identified as talent investment were not or could not be verified.

When counted by the **dollar amount** of grants awarded:

- 68.6% of dollars went toward talent investments
- 12.9% of dollars were not applicable
- 16.4% of dollars were not talent investments
- 2.0% were unclear

This means 31.3% of dollars previously identified as talent investment were not or could not be verified.

Variations Between 2009-2011 and 1992-2011 Results

	Dollars 1992-2011	Dollars 2009-2011	Number of Grants 1992-2011	Number of Grants 2009-2011	Average
Talent Investment	68.6%	66.2%	58.3%	68.3%	65.4%
Not Talent Investing	16.4%	11.7%	25.4%	16.5%	17.5%
Unclear	2.0%	2.6%	1.9%	4.2%	2.7%
Not Applicable	12.9%	19.6%	14.4%	11.1%	14.5%



Conclusion

Regardless of whether you analyze every single grant, or a random sample—or whether you calculate grants based upon the number awarded or dollar amount—it is fair to say that only 65% of grants that were previously considered to be talent investment can accurately be classified as such. This means that rather than representing one percent of grants, talent investment constitutes only slightly more than one-half of one percent of total foundation grantmaking. The hole is deeper than we thought. The call for foundations and their grantees to maximize investment in the nonprofit workforce could not be more urgent.

Appendices: Talent Investment by the Numbers

Top Funders of Talent by Dollar Amount or Number, 2009-2011:

Funder	Number of Grants	Amount Awarded
The Andrew W. Mellon Foundation	28	\$8,281,000
Bill & Melinda Gates Foundation	51	\$65,170,431
The California Wellness Foundation	47	\$5,995,000
Ford Foundation	36	\$8,373,000
Oberkotter Foundation	50	\$5,285,222
The Oregon Community Trust	41	\$1,559,135
Robert Wood Johnson Foundation	38	\$24,533,794
The San Francisco Foundation	59	\$1,473,900
Wallace Foundation	9	\$15,565,000
W.K. Kellogg Foundation	27	\$11,879,979



What's in the Data?

Top Five Largest Grants, 2009-2011:

Talent Investment

Grantmaker	Recipient	Amount	Description
Bill & Melinda Gates Foundation	Atlanta Public Schools	\$10,000,000	To build the necessary capacity, processes, and tools that will lay a strong foundation to accelerate the district's human capital reform work
Bill & Melinda Gates Foundation	Denver Public Schools	\$10,000,000	To accelerate the district's human capital reform by implementing a teacher performance management system with student achievement and growth at its core
The Duke Endowment	Duke University Health System	\$9,000,000	To assist with neuroscience faculty recruitment
Bill & Melinda Gates Foundation	DC Public Education Fund	\$4,038,768	For continued development of Teacher Data and Professional Development Platform
Bill & Melinda Gates Foundation	Teach Plus	\$4,010,611	For program expansion and to create national network of informed teachers, through intensive training program for teaching fellows and less intensive network-building activities for additional teachers

Not Talent Investment

Grantmaker	Recipient	Amount	Description
F.M. Kirby Foundation	Wake Forest University	\$2,025,000	For Wake Forest Fund-\$25,000; toward Office of Personal and Career Development (OPCD) program-\$1,000,000; to name and endow F.M. Kirby Foundation Chair of Leadership Development within the Office of Personal and Career Development (OPCD)-\$1,000,000
The John D. and Catherine T. MacArthur Foundation	National Juvenile Detention Center	\$1,425,000	For training and technical assistance to state and local juvenile justice professionals and agencies in Models for Change states and to launch the Models for Change Juvenile Court Curriculum nationwide
W.K. Kellogg Foundation	Connecticut Commission on Children	\$1,200,000	To strengthen civic engagement skills of parents by supporting the national expansion of the Parent Leadership Training Institute
Ford Foundation	Mexican American Legal Defense and Educational Fund	\$1,000,000	To strengthen financial base, expand regional reach and focus litigation, public policy and community leadership development around immigration, language, education and related issues
The Robert Wood Johnson Foundation	The University of North Carolina	\$801,175	To enable young physicians committed to clinical medicine to acquire new skills and training in non-biological sciences important to medical care systems



N/A

Grantmaker	Recipient	Amount	Description
Bill & Melinda Gates Foundation	Ministry of Culture of the Republic of Bulgaria	\$14,999,853	To implement program to increase access to computers and the Internet in Bulgarian public libraries and provide training and support services for librarians and library users
Doris Duke Charitable Foundation	Health Alliance International	\$10,000,000	For Strengthening Integrated Primary Health Care and Workforce Training in Sofala Province, Mozambique
Bill & Melinda Gates Foundation	Association for Aid with Preventive Medicine	\$4,315,471	For development of health logistics as profession in developing African countries through establishment of training program and centers for government logisticians in vaccine logistics and supply chain management
Conrad N. Hilton Foundation	Marywood University	\$2,000,000	To extend Sisters Leadership Development Initiative to increase technical, management, and leadership skills for Sisters ministering in Africa
Omidyar Network	MicroSave India	\$2,000,000	For research, toolkit and curriculum development and extensive information dissemination and training service providers

Unclear

Grantmaker	Recipient	Amount	Description
The John D. and Catherine T. MacArthur Foundation	Policy Research	\$1,275,000	For training and technical assistance to the Models for Change states
Ewing Marion Kauffman Foundation	KIPP Foundation	\$500,000	To support KIPP with matching funds for the Department of Education's i3 grant to the KIPP Foundation, the consortium of KIPP schools and regional organizations in support of KIPP's leadership development programs and network growth efforts
Robert W. Woodruff Foundation, Inc.	American Foundation for the Blind	\$500,000	For Training Resources on Low Vision Technology initiative as part of 90th anniversary campaign
The John D. and Catherine T. MacArthur Foundation	Massachusetts Institute of Technology	\$500,000	For interdisciplinary program of research and training to strengthen scientific advice on international security policy
Meyer Memorial Trust	Blue Mountain Community College	\$400,000	For matching grant to build Eastern Oregon Higher Education Center in Hermiston to support workforce training and college and graduate-level degree programs



Outliers

As we analyzed the data, we found several categories of grants that we did not anticipate. Examples of these outliers include grants for:

- Training doctors in various scientific skills
- Teacher development in school systems
- Skills-trainings for grassroots community members
- Student leadership programs
- Government employees, including training for police and justice personnel
- Capital campaigns to fund training centers
- Workforce training
- Clergy and lay leadership training

¹ Callanan, L. (2014). Under-investing in social sector leadership. PhilanTopic, a Foundation Center blog. Available at <http://pndblog.typepad.com/pndblog/2014/02/underinvesting-in-social-sector-leadership.html>

² Stahl, R. (2013). "Talent philanthropy: investing in nonprofit people to advance nonprofit performance." The Foundation Review, volume 5, issue 3. Available at <http://www.fundthepeople.org/downloads/Talent-Philanthropy-Article-in-Fdn-Rvw.pdf>

³ Our query captured grant records that included the following Foundation Center keywords, tags and labels: leadership develop*, staff develop*, staff train*, training, professional develop*, human resources, staff support, human capital, personnel, coaching, sabbatical, or recruitment (in the grant description) in combination with either type of support codes: management development (13) or faculty/staff development (42) or activity codes with a primary or secondary purpose of nonprofit management (S50), leadership development (W70), management/technical assistance (A02-Y02), or volunteer bureaus (A16-Y16).



About Fund the People



Fund the People is the national campaign to maximize investment in the nonprofit workforce. To achieve this goal, we make the case, equip for action, and build a movement to change the attitudes and behaviors of funders, fundraising nonprofits, and the intermediaries that support them. There is a long-standing, sector-wide deficit of investment in the nonprofit workforce. Nonprofit professionals work in environments typified by high burnout and stretched resources. So there is a real demand for equitable salaries and benefits; more and better professional development; improved

human resources functions; and healthy organizational culture. Together, we can address these challenges by reshaping existing resources to prioritize nonprofit people as the central asset of nonprofit performance. Now more than ever, we can ensure that America's civic leadership is diverse, well-supported, high-performing, and sustainable for the long haul. Launched in 2014 and headquartered in Beacon, NY, Fund the People (originally known as Talent Philanthropy Project) is a project of Community Partners. Our work is informed by an Advisory Council of diverse leaders and a team of skilled staff and consultants, and is supported by a coalition of regional and national foundations.

To learn more about Fund the People visit:
fundthepeople.org

Acknowledgments

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