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COMMUNITY RESOURCE CENTER

**STATE OF
EVALUATION**

IN COLORADO'S NONPROFIT SECTOR

By Phillip Chung and Melanie Tran

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 - » Lone Cone Library District (Carrie Andrew)
 - » Ellicott Wildlife Rehabilitation Center (Donna Ralph)



EXECUTIVE SUMMARY

This report presents findings and recommendations from a research project to understand the state of evaluation in Colorado's nonprofit sector. Adopting a national survey conducted by the Innovation Network, a Washington DC-based nonprofit evaluation, research and consulting firm, in addition to a set of in-depth interviews, the following study examined:

1. The role of evaluation in nonprofit organizations in Colorado;
2. The challenges to implementing evaluation practices; and
3. Recommendations to support or enhance evaluation practices.

FINDINGS

Based on 914 survey responses and six interviews, key findings included:

1. Respondents viewed evaluation primarily as a multidimensional management and performance assessment tool to assess impact, support quality improvement and provide monitoring and accountability.
2. The majority of respondents conducted some form of evaluation to assess its work and often used a combination of multiple evaluation techniques.
3. Nearly 90 percent of respondents used findings from their evaluations, typically in support of programmatic and/or organizational improvement or in reporting information to funders.
4. Though evaluation is a common practice among respondents, it is also one of the least prioritized areas when it comes to allocating organizational resources.
5. The three most common barriers respondents faced to conducting evaluation were a lack of evaluation-specific staff, limited staff time and insufficient funding.
6. While the majority of respondents report that strategic learning is an important and active component of their evaluations, their capacity to implement learning-focused practices is mixed.

RECOMMENDATIONS

Based on a synthesis of feedback and tips provided by nonprofit organizations involved in this study, the following recommendations are intended to support and enhance evaluation practices in the nonprofit sector.

1. Nonprofit organizations should leverage knowledge from national programs, learn from successful organizations and collaborate with other nonprofits.
2. Nonprofit organizations should create and support environments that foster internal collaboration and a culture of learning.
3. Engage nonprofit leadership for evaluation buy-in, spearheading and commitment.
4. Nonprofits should intentionally integrate and prioritize evaluation in program planning, while also being mindful of their organization's capacity and readiness to engage in evaluation.
5. Nonprofit leaders should take on and encourage active roles in evaluation processes.
6. Within the current funding environment, nonprofits need to think creatively about how to maximize resources in order to conduct evaluations.
7. Funders should invest more in evaluation capacity-building and supporting evaluations in nonprofits.

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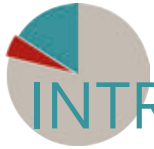
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INTRODUCTION

Evaluation is often heralded as a core tool to support the ability of nonprofit organizations to improve programs and practices, measure performance and assess impact.¹ It has been touted as a vehicle to not simply demonstrate the effectiveness or “worth” of a project, but to strengthen how organizations operate through the thoughtful, systemic collection and use of evaluative information.² As such, rather than serving solely as a discrete event that occurs at the conclusion of a project, evaluation can reflect an ongoing process of planning, data collection, analysis, reflection and action intended to support decision-makers in better understanding what worked, what didn’t and what needs to be improved.³ Importantly, this process emphasizes the idea that evaluation should be useful and therefore grounded in real-world practices that have real-world implications.⁴

In practice, however, nonprofit organizations face numerous challenges to bridging evaluation aspirations to reality. Many nonprofits possess limited capacity to conduct or participate in evaluations, including staff time and direct financial resources.⁵ This challenge is particularly acute in light of competing organizational priorities, such as fundraising, financial management or service provision, which may take precedence over evaluation.⁶ Moreover, nonprofits may be unfamiliar with technical aspects of evaluation, such as selecting appropriate indicators, designing data collection methods or knowing how to utilize evaluation findings to inform program improvements.^{7,8} Underscoring these challenges are the increasing external demands placed on nonprofits by funders to demonstrate greater accountability, efficiency and effectiveness.⁹ Over the

past decade, requirements by government agencies, philanthropy and other funders have amplified pressure on nonprofits to show measurable outcomes.¹⁰ In sum, questions of nonprofit performance are more commonplace than ever, leading to a greater focus on evaluation and measurement as mechanisms to provide evidence of impact.

While there has been a growing body of research about the role of evaluation in nonprofits over the last 15 years,^{11,12} the opportunities and challenges of evaluation in the sector highlight the need to better understand the state of the field itself, particularly from the perspective of nonprofit organizations. Accordingly, adopting a national survey conducted by the Innovation Network,¹³ a Washington DC-based nonprofit evaluation, research and consulting firm, the following study examined evaluation practices within Colorado’s diverse nonprofit sector. Specifically, this study examined:

1. The role of evaluation in nonprofit organizations in Colorado;
2. The challenges to implementing evaluation practices; and
3. Recommendations to support or enhance evaluation practices within nonprofits.

The results of the study provide baseline knowledge to inform nonprofit organizations, community leaders, advocates and funders in strengthening evaluation—and, ultimately, outcomes—within Colorado’s nonprofit sector.



METHODOLOGY

State of Evaluation in Colorado is a statewide research project to systematically collect data from Colorado nonprofits to better understand their evaluation practices. Two Colorado-based organizations, the Colorado Nonprofit Association (CNA) (www.coloradononprofits.org) and Community Resource Center (CRC) (www.crcamerica.org), were critical to the success of this project by providing the database of nonprofit organizational contacts in order to conduct the data collection. CNA is a statewide membership coalition that connects nonprofits of all sizes, missions and geographic locations by providing leadership, education

and resources. CRC provides professional development opportunities, resources and customized training to nonprofits and community-based organizations in Colorado.

An online survey adopted from the Innovation Network¹⁴ was sent to 9,825 nonprofit organizations in Colorado for which email addresses were available, and the response rate was 9 percent (n=914 organizations). The survey, which was open from November 2014 until January 2015, included questions about organizations’ evaluation roles and engagement, practices, purposes,

barriers and strategic learning practices. Two reminders were sent while the survey was open. In addition to the online survey, in-depth interviews were conducted with six of the respondents to provide further insight on the role, importance and challenges of evaluation practices

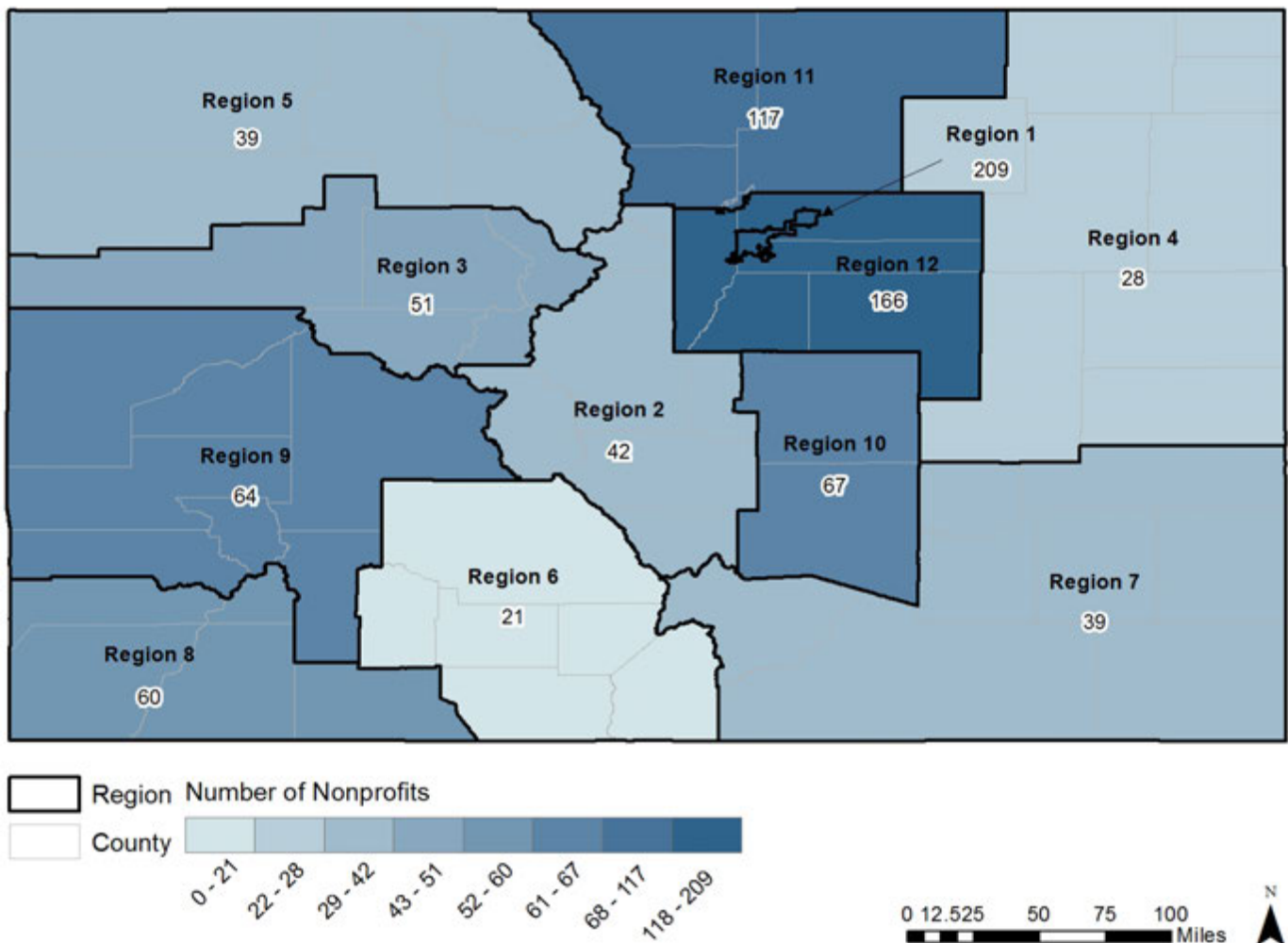
among nonprofit organizations in Colorado. Interviewees were selected based on varying dimensions, such as organizational size and geographic location (i.e., rural versus urban).

PROFILE OF RESPONDENTS

The 914 respondents were located in 61 of the 64 Colorado counties (see Appendix B for additional information on regional data). To help map the overall distribution of responses, 12 regions were created based on the CRC's rural philanthropy map¹⁵ (see Figure 1). Overall, the majority of respondents were from Front

Range communities with Region 1 (Denver County) having the largest number of respondents (n=209) and Region 6 (Alamosa, Conejos, Costilla, Mineral, Rio Grande and Saguache counties) the fewest (n=21) (see Table 1). Respondents by county are available in Appendix B on page 23 (see Figure 12).

FIGURE 1: Distribution of Responding Nonprofit Organizations by Region



(11 organizations could not be mapped due to missing or inaccurate zip code data.)

TABLE 1: Number of Survey Responses by Region

Region (counties)	Number of responses
Region 1 (Denver)	209
Region 2 (Chaffee, Clear Creek, Custer, Fremont, Gilpin, Park, Teller)	42
Region 3 (Eagle, Garfield, Lake, Pitkin, Summit)	51
Region 4 (Cheyenne, Kit Carson, Lincoln, Logan, Morgan, Phillips, Sedgwick, Washington, Yuma)	28
Region 5 (Grand, Jackson, Moffat, Rio Blanco, Routt)	39
Region 6 (Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache)	21
Region 7 (Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero, Prowers)	39
Region 8 (Archuleta, Dolores, La Plata, Montezuma, San Juan)	60
Region 9 (Delta, Gunnison, Hinsdale, Mesa, Montrose, Ouray, San Miguel)	64
Region 10 (El Paso, Pueblo)	67
Region 11 (Boulder, Broomfield, Larimer, Weld)	117
Region 12 (Adams, Arapahoe, Douglas, Elbert, Jefferson)	166
Total	903

(11 organizations reported missing or inaccurate zip code data.)

The characteristics of the responding organizations varied by size, programmatic area, budget and sources of funding. Key respondent characteristics included:

- The primary programmatic area of respondents was education (16 percent) followed by human services (14 percent) and arts, culture, and humanities (12 percent).
- Forty percent of respondents came from small organizations (three or fewer full- or part-time staff);

35 percent from medium-sized organizations (4-19 full- or part-time staff); and 25 percent from large organizations (20 or more full- or part-time staff) (see Figure 2).

- Twenty-four percent of organizations reported a current annual budget of less than \$100,000 and 57 percent had a budget less than \$500,000 (see Figure 3).

FIGURE 2: Percentage of Respondents by Organizational Size

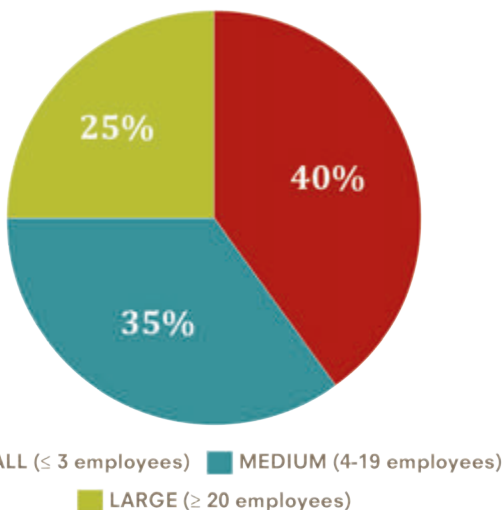
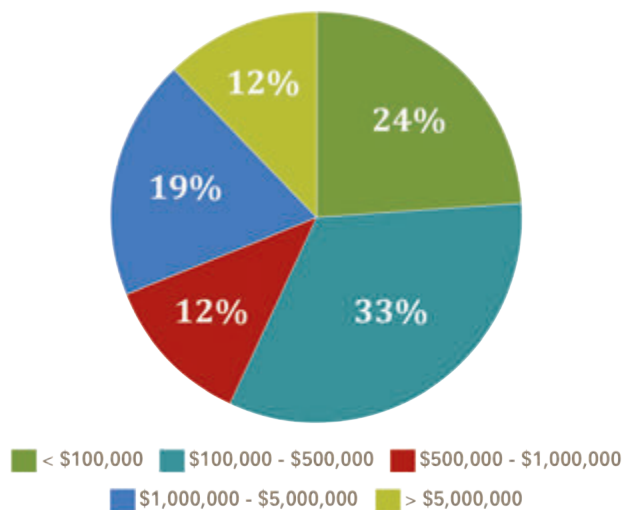


FIGURE 3: Annual Budget of Respondent Organizations





FINDING #1

Respondents viewed evaluation primarily as a multidimensional management and performance assessment tool to assess impact, support quality improvement and provide monitoring and accountability.

While there was no uniform way in which responding nonprofits defined evaluation, analysis of open-ended survey responses suggests that evaluation was viewed as a management and assessment tool characterized by four distinct but interrelated dimensions:

- 1. Evaluation to assess impact.** Respondents commonly noted that their organization defined evaluation as a way to assess whether they successfully achieved their goals and objectives. Accordingly, evaluation was viewed as a mechanism to help determine program- or organization-level effectiveness. This dimension reflected the idea that a core element of evaluation is its results-based orientation.
- 2. Evaluation to improve the quality of a program or organization.** In concert with an ends-oriented view of evaluation, respondents defined evaluation as a mechanism to support quality improvement on an ongoing basis. Evaluation was viewed as a process tool to inform a particular program or the entire organization by identifying areas of success, challenges and opportunities for improvement. This dimension emphasized the importance of positioning evaluation as a vehicle for reflection and learning.
- 3. Evaluation for monitoring.** Respondents also defined evaluation as a way to monitor specific indicators of programmatic or organizational progress. Typically, the monitoring function of evaluation focused on collecting data on outputs, such as the number of clients served or the number and types of services provided. Notably, this dimension was characterized in two different ways: monitoring as a passive form of evaluation, where the sole emphasis was on tracking specific types of output data; and monitoring as an active form of evaluation, where the primary emphasis was not simply tracking, but integrating these data in a way that helped assess impact and support quality improvement practices.

- 4. Evaluation for accountability.** Finally, evaluation was characterized as an accountability tool to ensure the organization was meeting the needs of their stakeholders. Primarily, organizations identified two key stakeholders for accountability: funders and clients. However, the purpose of accountability varied for each group. With regard to funders, accountability was largely viewed for compliance. Organizations described evaluation as a mechanism to collect data and report results principally in the service of informing funders on program or organizational progress. In contrast, when an organization's clients were the stakeholder, accountability was viewed as a principle to support quality improvement and better serve the clients' needs. Organizations emphasized the importance of "checking in" with clients through evaluation as a way of being accountable to them. The differential purposes of accountability suggest that who an organization is accountable to may influence the role and purpose of evaluation.

In operationalizing these four dimensions, respondents tended to describe the practice of evaluation through two lenses: as an event, and as a process. Respondents that emphasized the event-based lens described evaluation as a discrete, often one-time activity that takes place at specific intervals. For example, some organizations noted that evaluation consisted of annual audits or reviews of strategic plans. This view reflected a "snapshot" approach where evaluation was an isolated or situational activity.

Other respondents described evaluation as a process—data collection, analysis and strategic planning. The process-based lens underscored the idea that evaluation consisted of an ongoing and integrated set of activities to inform organizational decision-making. This view reflected a multifaceted approach where evaluation was woven into programmatic or organizational practices and provided a continuous mechanism to support learning,

improvement and impact assessment. As one nonprofit organization noted, “Evaluation is a process used to help identify successes, challenges and measure the impact of the work we do. Most importantly, it is a tool to ensure that we are consistently learning from and making changes in our work to ensure that we are continuously improving what we do and how we do it.”

This finding underscores the idea that evaluation encompasses a range of dimensions that can include

elements of accountability, monitoring, learning and improvement, and outcomes assessment. These dimensions aren’t mutually exclusive, nor is it necessary that an evaluation include all of the dimensions. Evaluation serves different functions depending on an array of factors, such as an organization’s needs, the purpose of evaluation, available resources and organizational capacity. This diversity can position evaluation as a flexible tool to support a variety of organizational needs.

FINDING #2

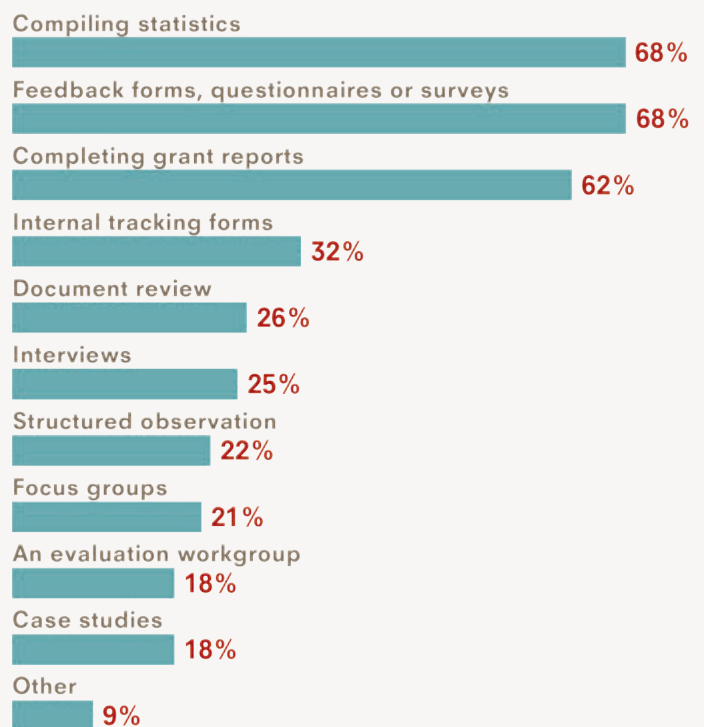
The majority of respondents conducted some form of evaluation to assess its work and often used a combination of multiple evaluation techniques.

Evaluation is a common practice among responding nonprofits, with over 85 percent of organizations reporting that they evaluated some part of their work in 2014. This finding was largely consistent across the 12 regions, with Region 1 (Denver) reporting the highest percentage of organizations that conducted evaluation (91 percent) and Region 7 (Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero and Prowers counties) the lowest percentage (69 percent). For the 15 percent of responding organizations that did not conduct evaluation, organizational size appears to be a factor; 71 percent of small organizations reported that they did not conduct evaluation in 2014 compared to only 6 percent of large organizations.

Respondents typically employed multiple evaluation techniques (see Figure 4), though they tended to focus on quantitative approaches; over two-thirds reported that data-gathering methods such as surveys, feedback forms and questionnaires were common practices. In contrast, qualitative approaches, such as interviews and focus groups, were used by only one quarter of organizations reporting the use of these evaluation methods.

The prevalence of quantitative evaluation techniques is not entirely surprising given that qualitative techniques are typically more time-intensive and costly,¹⁶ which may be a prohibitive factor for many nonprofits. Data collection via surveys or feedback forms can typically be done with greater speed, efficiency and less cost.¹⁷ This finding could suggest that the infrequent use of qualitative evaluation techniques may be a limiting factor in the ability of organizations to tell a more nuanced and holistic story of how, why and to what end a program or organization accomplished its goals. As one organization noted, “Don’t throw away the subjective and anecdotal information for the numerical stuff—balance the human factor with the mathematical factor.”

FIGURE 4: Evaluation Techniques Used by Responding Nonprofit Organizations



In addition, the choice of evaluation techniques may be a direct response to the types of data that funders or other external partners request. Several organizations noted that there can be limited flexibility in determining the types of evaluation techniques an organization can employ, particularly when specific types of evaluation data are required by a grant or from other external guidelines; as one respondent remarked, “Evaluation on all levels is guided by our National office; we are therefore limited in scope by the dictates of the National requirements.”

CONCEPTUALIZING HOW CHANGE UNFOLDS: *Nonprofit Organizations and Logic Models*

A logic model or theory of change is one of several possible tools to support strategy development, program management and effective evaluation. While there are many variations of logic models and theories of change, they serve as a road map to clarify, summarize and explain what the project or organization intends to accomplish in what order, and the expected impact. As described by the W.K. Kellogg Foundation, "The program logic model is defined as a picture of how your organization does its work—the theory and assumptions underlying the program. A program logic model links outcomes (both short- and long-term) with program activities/ processes and the theoretical assumptions/principles of the program."¹⁸

Survey results indicate that less than half of the nonprofit organizations in this study (41 percent) have a logic model, theory of change or similar strategic planning document. While there may be a variety of reasons for this finding, the lack of such a planning tool can limit an organization's

thinking to support existing activities and programs. Logic models place a focus on the intended outcomes, forcing the program planners to think backwards from the goal, identifying how best to achieve it. Logic models are not only an important evaluation tool, but understanding how and why a program is designed a specific way increases the likelihood that outcomes will be realized.¹⁹

For more information on logic models and theories of change, see the following resources:

- W.K. Kellogg Foundation: Logic model development guide (www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf)
- Community toolbox: developing a logic model or theory of change (http://ctb.ku.edu/tools/en/sub_section_main_1877.htm)
- Everything you wanted to know about logic models but were afraid to ask (<http://www.insites.org/documents/logmod.htm>)



EVALUATION IN ACTION: Colorado Cross-Disability Coalition

Colorado Cross-Disability Coalition (CCDC) is Colorado's only statewide organization run by and for people with all types of disabilities. Members consist of people with disabilities and their non-disabled allies (coworkers, employers, family members, neighbors), working together to support disability rights.²⁰

CCDC employs a variety of evaluation practices including surveys, training quizzes and case reviews. Although quantitative evaluation is predominantly used, the organization's case review process involves a

thorough discussion after a case sheet is submitted. All of the staff that conduct advocacy for individual clients discuss the cases and talk about where they're struggling, to make sure nothing falls through the cracks. Peer learning and challenging each other through discussion tend to offer more insight than standard client satisfaction surveys. The case reviews, among other evaluation practices within CCDC, are "seen as a way of constantly learning, not something to win or fail at—it's a continuous learning process."

FINDING #3

Nearly 90 percent of responding nonprofit organizations used findings from their evaluations, typically in support of programmatic and/or organizational improvement or in reporting information to funders.

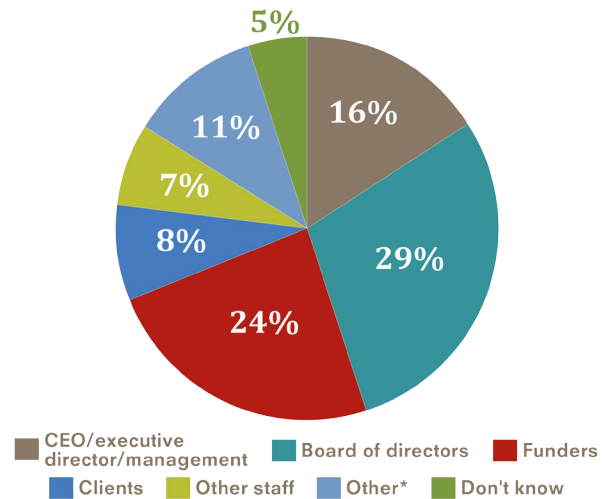
A common challenge in evaluation is to ensure that the data and resultant findings are used.²¹ Evaluations that sit on the shelf provide little meaningful support to nonprofit organizations and can represent a waste of time and resources. This study's results indicate that nearly 90 percent of responding nonprofits used their evaluation findings in some capacity. The uses of evaluation findings supported both internal and external purposes. Internally, findings were most often used to support program or organizational improvement and decision-making. The most common use of evaluation findings, as reported by 72 percent of respondents, was to plan or revise strategies. Externally, respondents commonly used evaluation findings to communicate with funders, either through grant reporting (57 percent) or in grant proposals (52 percent) (see Figure 5).

Not surprisingly, the primary uses of evaluation findings reflected the primary audiences for a respondent's evaluation work. The most common evaluation audience, as reported by 29 percent of respondents, was an organization's board of directors, while the second most common (24 percent) was an organization's funders (see Figure 6). Notably, an organization's clients were seen as one of the least prioritized groups, with only 8 percent of respondents reporting that they were the primary audience for evaluation. Certainly, while an organization's clients may be a secondary audience, this finding suggests that there could be a gap in reporting back to clients. There could be missed opportunities to have an organization's clients more involved in other facets of the evaluation process as well, such as data interpretation or dissemination, that ultimately strengthen the validity and usefulness of evaluation findings. Previous research has noted that involving program participants may enhance the credibility of the evaluation while also contributing to enhanced evaluation capacity for an organization.²²

FIGURE 5: Uses of Evaluation Findings



FIGURE 6: Primary Audience for a Responding Organization's Evaluation Work



* "Other" includes community partners, community members, government agencies or some combination of the above.



Evaluation in Action: Environmental Learning for Kids

Environmental Learning for Kids (ELK) is a nonprofit organization that develops inspired and responsible leaders through science education and outdoor experiences for underserved urban youth ages 5-25.

ELK identifies staff, funders and their board of directors as the primary audiences for their evaluation work. Funders primarily motivate the organization to assess its performance. "When we do grant reports, we know that it helps a lot. People like to see your program is effective, and we found that one of the most powerful ways to do that is to have significant and well-presented evaluation data." Moreover, "equally as important is being able to look at our own programs and see where things are not working and make changes." While many funders want to see evaluation, the amount of funding dedicated to the practice does not necessary match the interest or expectation. "It's a bigger chunk of work than most people appreciate from the funder side, based on how programs are funded. It's really important to know that

programs are working and doing what they set out to do and be able to show that. ... [supporting evaluation] is essential."

One example involved a funder who had very specific evaluation requirements. "Initially, it felt like a burden, but coincidentally one of the tools that they were offering for grant recipients aligned well with one of the tools we were already using. It was affirmation that the point we had gotten to was well-grounded. It was encouraging and fairly easy to accommodate." ELK was able to work with the funder to incorporate some of their requirements and put them straight into the organization's existing tools. Although the integration was virtually seamless, the interviewee noted that "it's important for there to be a flexibility for organizations that already have tools in place." This example highlights an opportunity for funders to actively support and integrate their requirements with an organization's existing tools to facilitate program and organization improvement.

FINDING #4

Though evaluation is a common practice among respondents, it is also one of the lowest prioritized areas when it comes to allocating organizational resources.

While the majority of nonprofits in this study reported conducting evaluation and using evaluation findings in some capacity, they are doing so when it is one of the lowest resource-prioritized functions of an organization. Respondents were asked to rank on a scale from 1-10 the most important internal priorities that competed for resources within their organization ("1" being the most important and "10" being the least important). Consistent with national survey results,²³ organizations in this study ranked evaluation in the bottom tier of priorities for internal resources; information technology and research were ranked 9th and 10th, while evaluation was tied for 8th with staff development (see Figure 7).

Nonprofits face many competing demands that can contribute to under-prioritizing resources for evaluation. The sheer necessity of financial resources to carry out work (e.g., attracting competent staff or delivering services) can place nonprofits in a position where greater emphasis is given to organizational activities such as fundraising or financial planning; survey results show that respondents ranked financial management and fundraising as the top two priorities that competed

FIGURE 7: Ranking of Internal Priorities that Competed for Organizational Resources

(Range: 1 = "most important" to 10 = "least important")



for organizational resources. The emphasis on financial stability may be heightened by the competitive realities of a nonprofit funding environment in which available resources are scarce.²⁴ Research suggests environmental factors, such as the number of organizations competing for funding, can affect the management decisions of nonprofits.²⁵

Restrictions on how funding can be used may limit the ability of nonprofits to prioritize evaluation. For instance, grant support focused on specific projects rather than general operating support may require funds to be dedicated solely to service or program delivery, thus leaving little to no resources for evaluation.

Resource allocation decisions can also be influenced by a necessity to meet the immediate needs of an organization’s clients. Many nonprofit organizations are front-line providers that deliver essential services to address everyday challenges facing vulnerable populations. As one respondent noted, “As an agency that primarily provides safety net-type services, evaluation often seems like an esoteric value to pursue. In the immediacy of burst pipes or a furnace that won’t turn on in single-digit weather, a focus on evaluation methods and routines falls easily to the bottom of the pile. This is not to say we don’t try to swing back around on every case, but the demands in the moment are often pressing.”



Evaluation in Action: Lone Cone Library District

Norwood Library is a tax-supported stand-alone library in the Lone Cone Library District of San Miguel County, Colo.

At Lone Cone Library District, evaluation had not historically been conducted. However, under the leadership of the present director, the library “wanted to be effective in the community and meet the needs.”

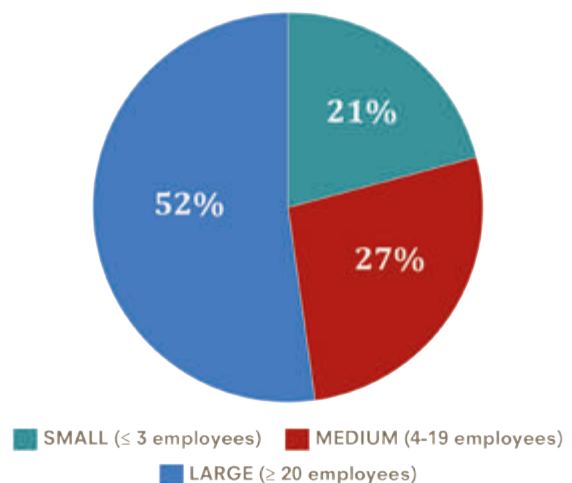
While many organizations suggest financial resources constrain their ability to prioritize evaluation, Lone Cone Library District stated that “with a small budget we can’t afford to be ineffective.” Evaluation is seen as a tool to assess if needs are being met and if they are making the best use of their resources. Strategic budgeting ultimately stood out as a motivator and outcome of assessment and evaluation.

FINDING #5

The three most common barriers respondents faced to conducting evaluation were a lack of evaluation-specific staff, limited staff time and insufficient funding.

Despite the overwhelming use of evaluation practices, responding nonprofits appear constrained by staffing and budgetary gaps specific to evaluation. Survey results indicate that only 14 percent of respondents had at least one full-time staff person dedicated to evaluation. Moreover, there are key differences by organization size; 52 percent of large organizations employed at least one evaluation staff person, compared to 21 percent of small organizations (see Figure 8). Regional data analysis showed that the highest percentage of respondents with evaluation-specific staff were along the Front Range with Region 10 (El Paso and Pueblo counties) reporting 22 percent and Region 1 (Denver County) reporting 20 percent.

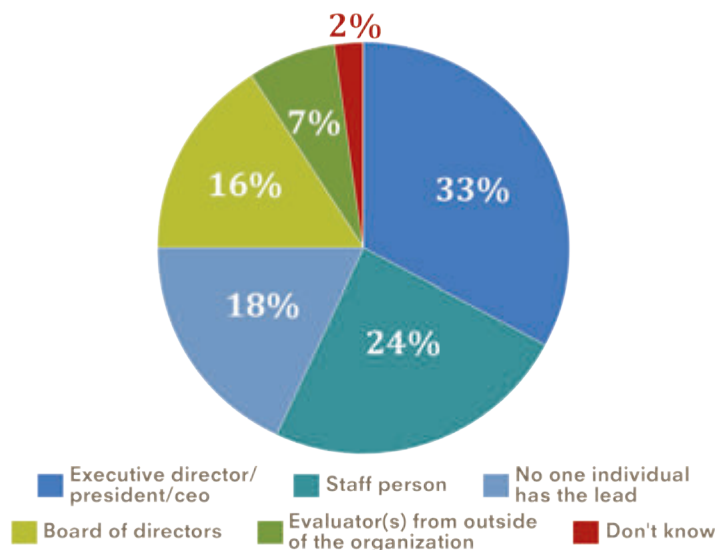
FIGURE 8: Percentage of Responding Organizations by Size with Full-Time Evaluation Staff



Yet, the lack of evaluation-specific staff does not appear to prevent evaluation from taking place. Rather, evaluation responsibilities appear to be distributed among existing staff; 33 percent of respondents reported that the executive director was the primary person responsible for conducting evaluations while 24 percent reported that a diverse array of other staff—such as development directors, administrative officers and program directors—held primary evaluation duties (see Figure 9). It may be that some of the staff members responsible for evaluation activities were hired for a skill set that included evaluation expertise, but it was one of many tasks they had, not their sole one. Interestingly, analyzing by a respondent's organization size, boards of directors were the primary group responsible for conducting evaluation for small organizations (74 percent).

While this staffing approach to evaluation may occur by necessity, it has its limitations. In particular, as nonprofit staff often have multiple organizational responsibilities, it's difficult to dedicate time to evaluation; over two-thirds of respondents reported that the lack of staff time was a significant barrier to evaluation. As one organization noted, "We all agree evaluation is important but with limited staff time it seems to go to the bottom of our list."

FIGURE 9: Primary Person Responsible for Conducting Evaluation for the Responding Organization



The relatively small percentage of respondents with dedicated evaluation staff is mirrored in the limited amount of spending allocated for evaluation. Twenty-four percent of respondents did not spend any of their annual budget on evaluation; in contrast, the 2012 national

survey found that only 7 percent of organizations spent none of their annual budget on evaluation. Seventy-seven percent of respondents spent less than 5 percent of their annual budget on evaluation (see Figure 10). The lack of spending was particularly acute when factoring in organizational size: 74 percent of small organizations spent nothing on evaluation compared to 2 percent of large organizations. There does not appear to be any clear regional patterns in spending; the two regions with the fewest organizations that spent no annual budget on evaluation were located in an urban setting (Region 1 – Denver County) and a rural setting (Region 8 – Archuleta, Dolores, La Plata, Montezuma and San Juan counties).

Almost 40 percent of respondents reported that none of their funders provided any evaluation-specific funding (see Figure 11). The lack of funder support differed by a respondent's organizational size, with 57 percent of small organizations reporting no evaluation support from their funders compared to 16 percent of large organizations. Regional analysis further showed that the highest percentage of nonprofits that received no evaluation funding was in Region 7 (Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero and Prowers counties) at 56 percent, while Region 1 (Denver County) had the lowest percentage at 25 percent.

Interestingly, despite the lack of evaluation-specific funding, which nearly half of all respondents reported to be a significant barrier, evaluation is still taking place. The majority of respondents (85 percent) reported they were engaged in some form of evaluation activity. However, funding remains a prime concern. Analysis of open-ended survey responses indicates a lack of funding can limit the quality, frequency and impact of evaluation. Some respondents noted that limited funding constrained their ability to consistently engage in evaluation activities, resulting in fewer opportunities to assess and improve their work. Other respondents noted that a lack of funding affected evaluation quality by limiting their organization's capacity to collect the types of data that accurately or comprehensively assessed their efforts. One respondent noted, "Much of the data that would be useful to us does not currently exist and our evaluation budget cannot support massive data collection efforts. We must largely rely on data that is already available to us." Respondents reported that the ability to sustain an organization's evaluation practices can also be compromised if resources aren't available to build evaluation capacity. While evaluation can still take place with limited funding, survey results found that nonprofits want more. They want to be able to conduct better-quality evaluations on a more regular basis in a way that supports sustainable evaluation practices.

FIGURE 10: Percentage of Annual Budget Spent on Evaluation

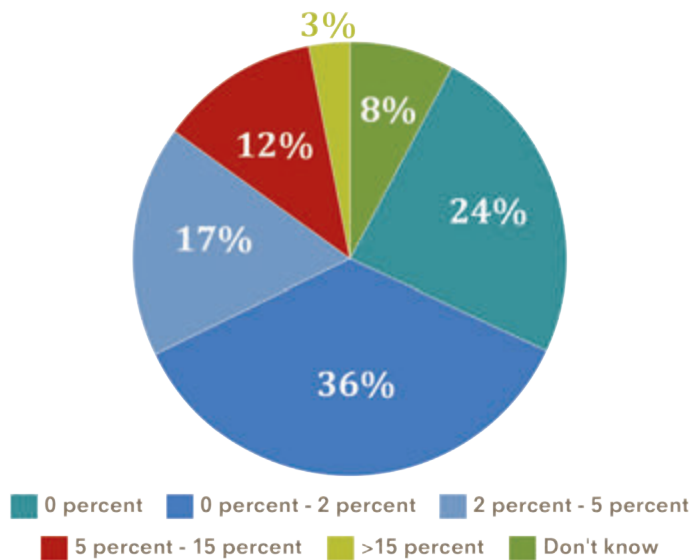
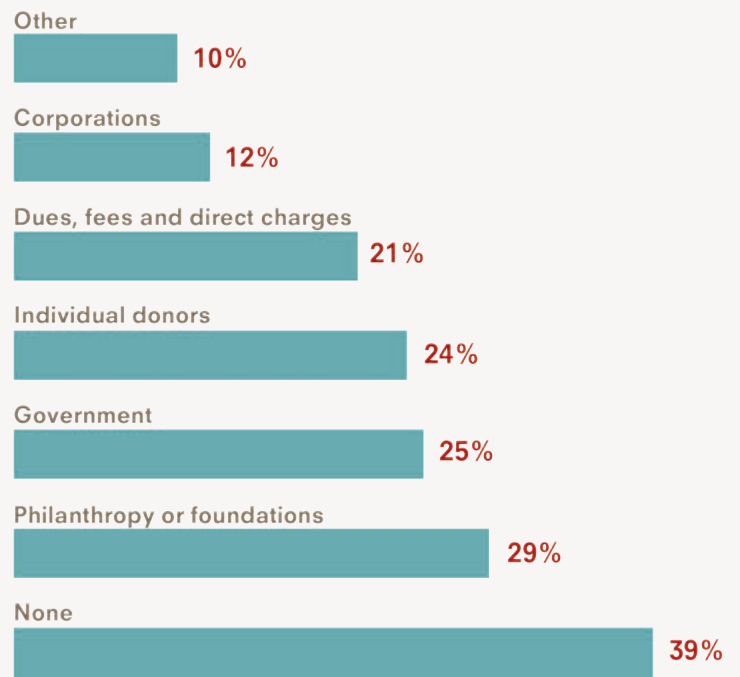


FIGURE 11: Sources of Evaluation Funding



FINDING #6

While the majority of respondents report that strategic learning is an important and active component of their evaluations, their capacity to implement learning-focused practices is mixed.

In recent years, the concept and practice of learning has become a more prominent component of evaluation designs. Sometimes characterized as strategic learning, this approach to evaluation focuses on using “data and insights from a variety of information-gathering approaches—including evaluation... to help organizations or groups learn quickly from their work so they can learn from and adapt their strategies. It means integrating evaluation and evaluative thinking into strategic decision making and bringing timely data to the table for reflection and use.”²⁶ Moreover, in contrast to other evaluation approaches, strategic learning tends to focus on evaluation data that organizations identify as useful to improve their work, rather than what external actors, such as funders, deem important.

Yet, while strategic learning has become a larger part of the evaluation lexicon, there is relatively little information on how nonprofits view this concept and if it is a part of their evaluation practices. Accordingly, one element of this study was to explore strategic learning within Colorado’s nonprofit sector.

Responding nonprofits appear to both value and implement strategic learning as part of their evaluation practices. Over two-thirds of respondents felt that strategic learning was an “important” or “very important” element of their evaluation work, while 82 percent engaged in some form of strategic learning activities, such as reflective dialogue or data interpretation.

However, the capacity to purposefully engage in strategic learning was somewhat mixed. Of the respondents that engaged in strategic learning, 44 percent felt they had sufficient capacity, while 56 percent reported that they either had no capacity or were unsure about their capacity. The most common barriers to implementing strategic learning practices included the lack of organizational capacity (primarily time and resources), the need to foster a culture of organizational learning and unfamiliarity with the concept and practice of strategic learning (see Table 2 on page 16).

TABLE 2: Barriers to Strategic Learning for Responding Nonprofit Organizations

Barrier	Example statement
<p>LIMITED STAFF TIME COUPLED WITH EXISTING WORK DEMANDS</p> <p>While strategic learning was viewed as an important facet of improving programs and services, addressing the day-to-day organizational responsibilities and needs of clients limits the amount of time available for reflection and learning.</p>	<p>“As the ED, I am really interested in becoming more of a strategic learning organization. I think our challenge is that there is so much other ‘stuff’ that people have to do in a small nonprofit, that it’s challenging to remain intentional in all that we do and take the time to incorporate strategies based on current evaluation efforts. Sometimes staff simply just ‘go through the motions’ or check things off of a growing ‘task list’ and are not as reflective and focused on the larger issues that evaluation information can [support] within our daily work.”</p>
<p>LIMITED FINANCIAL RESOURCES OR DEDICATED BUDGET TO SUPPORT STRATEGIC LEARNING</p> <p>Respondents commonly noted that engaging in strategic learning is not a resource-neutral proposition. Rather, meaningfully implementing learning-focused practices necessitates a financial investment, typically in the form of staff or staff time, which many nonprofit organizations do not have the luxury of doing.</p>	<p>“Regarding strategic learning, I would say that this is work we would value highly, but we aren’t at [a] point yet to be deliberately engaging in this practice, though I believe it is happening to some degree anyway. We would have the capacity to engage further through interest and deliberate willingness to put time toward it, but we don’t have the financial resources allocated to support [strategic learning at] this time.”</p>
<p>AN UNSUPPORTIVE ORGANIZATIONAL CULTURE, ESPECIALLY AT THE LEADERSHIP LEVEL</p> <p>Several respondents noted that while it is possible to implement a set of discrete activities focused on reflective practice and learning, sustaining these practices requires a highly supportive and engaged organizational culture. In particular, nonprofit executive staff and board leadership are critical to setting and following expectations to integrate learning into the principles and practices of an organization.</p>	<p>“Many funders and leaders within organizations have unrealistic expectations on timeline and take little time to actually incorporate learning. This speaks to building a culture of learning and using data that must be supported by organizational leadership.”</p>
<p>LACK OF FAMILIARITY WITH THE CONCEPT AND PRACTICE OF STRATEGIC LEARNING</p> <p>Several respondents noted that the concept of strategic learning and the tangible benefits it offers are not clearly understood.</p>	<p>“We have historically had a culture of not placing importance on these types of concepts, but we are heading more and more in that direction. Some training would be helpful in being able to engage in ‘strategic learning’ more quickly.”</p>
<p>DIFFICULTY FACILITATING LEARNING ACROSS DIFFERENT PROGRAM AREAS OR INITIATIVES WITHIN AN ORGANIZATION</p> <p>Respondents that have an array of different programs found it challenging to implement strategic learning practices that are applicable and useful for everyone. As a result, the learning process can become isolated, thereby inhibiting cross-project insights and lessons.</p>	<p>“Like many businesses or nonprofits, we have several silos of ‘specialists,’ and for some of those staff, especially more entry- or junior-level, ‘strategic learning’ is difficult to embed in the core responsibilities of their role. Finding ways to communicate about strategic learning or to offer opportunities to strategically learn, across those silos, can be a challenge.”</p>



Evaluation in Action: WorkLife Partnership

WorkLife Partnership is a nonprofit organization dedicated to creating socially sustainable communities and thriving workplaces in Colorado. Through partnerships with employers, WorkLife Partnership provides direct services and training to employees to help them overcome the barriers that keep them from getting to work, staying at work and being productive at work.

At WorkLife Partnership, strategic learning involves a monthly discussion on their data and what it means.

A recent meeting involved looking at a report that showed how many clients were served per month, and decreasing client numbers in the past few months. The staff prioritized addressing this recent decline before it became a trend. Even beyond the monthly meeting, the executive director brings evaluation up on a weekly basis for discussion, as it helps her discuss the data with funders and encourages the team to think about the results together.



RECOMMENDATIONS TO SUPPORT AND ENHANCE EVALUATION BY NONPROFITS

These recommendations are based on feedback provided by respondents.

» RECOMMENDATION #1

Nonprofit organizations should leverage knowledge from national programs, learn from successful organizations and collaborate with other nonprofits.

» RECOMMENDATION #2

Nonprofit organizations should create and support environments that foster internal collaboration and a culture of learning.

» RECOMMENDATION #3

Engage nonprofit leadership for evaluation buy-in, spearheading and commitment.

» RECOMMENDATION #4

Nonprofits should intentionally integrate and prioritize evaluation in program planning, while also being mindful of their organization's capacity and readiness to engage in evaluation.

» RECOMMENDATION #5

Nonprofit leaders should take on and encourage active roles in evaluation processes.

» RECOMMENDATION #6

Within the current funding environment, nonprofits need to think creatively about how to maximize resources in order to conduct evaluations.

» RECOMMENDATION #7

Funders should invest more in evaluation capacity-building and supporting evaluations in nonprofits.

RECOMMENDATION 1:

NONPROFIT ORGANIZATIONS SHOULD LEVERAGE KNOWLEDGE FROM NATIONAL PROGRAMS, LEARN FROM SUCCESSFUL ORGANIZATIONS AND COLLABORATE WITH OTHER NONPROFITS.

Evaluation does not have to exist or be created in isolation. Existing resources and knowledge from national programs and successful organizations can offer best practices and tools that nonprofits can apply at a local level. More importantly, collaboration between organizations can serve as an opportunity for peer learning and peer support. One respondent suggested starting an “evaluation capacity-building network” to

provide opportunities for training, capacity development, feedback and support when designing instruments. A culture of collegiality invested in evaluation can also facilitate discussion groups for training in evaluation techniques and ultimately serve as a platform to share resources and information. Collaboration may be particularly important for nonprofits with few staff and limited budget.

RECOMMENDATION 2:

NONPROFIT ORGANIZATIONS SHOULD CREATE AND SUPPORT ENVIRONMENTS THAT FOSTER INTERNAL COLLABORATION AND A CULTURE OF LEARNING.

In addition to external collaboration, evaluation may be more useful and sustainable when nonprofits support an internal culture of collaboration. Specific suggestions offered by respondents included:

- “Thank everyone involved in a volunteer effort that performs evaluation duties. Make sure that everyone involved feels that they have been heard and are part of an important process.”
- “Offer incentives that encourage staff and participant feedback.”
- “Engage staff in discussions about the challenges they experience in client outcome evaluations... staff buy-in is imperative.”

An organizational culture that values learning can foster greater use of evaluation practices by removing fear of consequences. Empowering staff to serve clients better

as growing professionals creates an atmosphere where, as one respondent put it, “everybody wants to feel good at providing quality assistance and working at a place that helps the staff and program grow better.”

Funders can contribute to the culture of learning as well. One respondent noted, “It is important for foundations to allow and encourage nonprofits to do pilots for new ideas and then not punish nonprofits if the pilot ‘fails’ or does not meet expected goals, as long as the organization can use the information. Otherwise, nonprofits are driven to do ‘fluff’ evaluations that just say the organization is doing great, rather than doing a real look at what is and is not happening.” Another significant way funders can encourage a culture of learning in nonprofits is to foster such a culture within their own organizations. Leading by example can potentially be effective in this arena.

RECOMMENDATION 3:

ENGAGE NONPROFIT LEADERSHIP FOR EVALUATION BUY-IN, SPEARHEADING AND COMMITMENT.

Leadership buy-in and commitment to evaluation is another recommendation that respondents frequently discussed. “Strong leadership pointing the way” helps engage staff in regular, reflective evaluation practices. It is also up to leadership to set the culture for evaluation. Advised one respondent: “Make it clear that evaluation isn’t about winning or losing or success. Let people know you want to see what they’ve tried with evaluation

and what they’ve changed. Communicate that you don’t want to see numbers that illustrate everything they’re doing is perfect because if it does, then they’re probably not measuring it right. Make sure staff know when you make a change on evaluation so they get excited about it. Evaluation should be seen as a way of constantly learning, not something you win or fail at—a continuous learning process.”

RECOMMENDATION 4:

NONPROFITS SHOULD INTENTIONALLY INTEGRATE AND PRIORITIZE EVALUATION IN PROGRAM PLANNING, WHILE ALSO BEING MINDFUL OF THEIR ORGANIZATION'S CAPACITY AND READINESS TO ENGAGE IN EVALUATION.

Including evaluation as part of the initial planning phase of a program and facilitating it as a foundational element of the organization begins to set the stage that “evaluation is everyone’s job and is built into the culture and daily routines.” Integrating evaluation into daily practice and “baking it into project planning methods” ensures organizations account for evaluation from the beginning and continue to implement its practices. At the same time, it’s important for nonprofits to be mindful of their existing capacity and readiness to integrate evaluation into a planning process; as one respondent noted, “The [executive director] has the most experience with evaluation, but the board and staff are newly formed and relatively inexperienced. So it’s simply been a slow (but progressive) march toward implementing an evaluation process.” Research has underscored the influence of an organization’s developmental stage, noting that nonprofits may take on different capacity-building efforts at different points in their lifecycle.

As such, the implementation of evaluation may be more successful at certain points of an organization’s development.^{27, 28}

When developing evaluation strategies, one respondent suggested, “Only do evaluations that are going to actually be used and shared for a purpose... evaluations that get stuck on a shelf or in a computer are time-consuming and people resent [completing them].” Evaluation must be consistent and valued internally to be effective. In a similar vein, “Don’t ask any question that isn’t vitally important—four quality questions beat 10 generic ones.” Having a solid logic model in place, establishing core metrics and using a standard form of evaluation topics are additional tips shared by respondents. Taking time to listen to program participants and document their stories is also an often overlooked evaluation method that can result in powerful findings.

RECOMMENDATION 5:

NONPROFIT LEADERS SHOULD TAKE ON AND ENCOURAGE ACTIVE ROLES IN EVALUATION PROCESSES.

The nature of evaluation tends to require proactivity. Following up with relevant parties is essential—“Don’t expect the information to come to you; go get it,” said one respondent. Networking with similar institutions, sharing resources, conducting joint studies, and sharing training and development opportunities are some examples of active roles. More importantly, one respondent emphasized evaluation and responsibility to the community:

“[Our community] deserves an organization that is focused on constant improvement. Don’t see [evaluation] as an extra—see it as just as essential as an accountant and all the other things we have to do. Make it exciting and fun. It’s got to be about using it; don’t measure just to measure. Measure to do something with it.”

RECOMMENDATION 6:

WITHIN THE CURRENT FUNDING ENVIRONMENT, NONPROFITS NEED TO THINK CREATIVELY ABOUT HOW TO MAXIMIZE RESOURCES IN ORDER TO CONDUCT EVALUATIONS.

In an environment where nearly 40 percent of respondents did not receive any funding to support their evaluation efforts, nonprofits often face the challenge of maximizing resources and thinking creatively about how to conduct evaluations. Nonprofits that have a limited budget for evaluation can consider free or nearly free online surveys or other tools and also seek pro bono avenues with universities for gaining valuable assistance and insights. One survey respondent suggested that nonprofits in the same field should consider pooling resources to hire an evaluation staff person or consultant

who can be shared among organizations. Other suggestions from respondents included sharing no-cost evaluation templates, coordinating evaluation activities among different organizations and partnering with universities to create internship programs for students that can help with conducting evaluations. Ultimately, in light of limited resources, evaluation must be creatively structured within an organization’s strategic plan to avoid overlooking or dismissing it altogether when financial challenges arise.

RECOMMENDATION 7:

FUNDERS SHOULD INVEST MORE IN EVALUATION CAPACITY-BUILDING AND SUPPORTING EVALUATIONS IN NONPROFITS.

Funders can support evaluation by nonprofits in a number of ways. Making resources available for capacity-building, technical assistance and evaluation trainings are a few examples. There are easy-to-use software packages for evaluation available that funders can encourage and financially support their grantees in using. It's important as well for funders to invest in evaluation capacity at a nonprofit's organizational level, rather than only at a program or project level. Often, support for evaluation takes place within the context of a specific program that a particular funder is supporting. Less frequently do funders invest in evaluation capacity at an organizational level. By targeting the organization as the unit of evaluation capacity-building, evaluation is better positioned to become an integrated component of organizational practices and thus more sustainable.

This can be especially important when nonprofits have multiple funders that enforce different evaluation requirements.

Nonprofits with greater organizational evaluation capacity may be more equipped to handle the realities of the differential evaluation demands funders place on them. Ultimately, funders should be attentive to the capacity constraints evaluation can pose on nonprofits, particularly in light of limited staff and resources; as one interviewee noted, "Each evaluation needs to take a line item in the budget. It would be great if local funders realize the costs involved to evaluate and actually pay for that."



CONCLUSION

There are several limitations of this study that are important to mention. The database from which the surveys were sent out was incomplete. According to the most recent available data from the National Center for Charitable Statistics, in 2010 there were 28,096 nonprofit organizations in Colorado.²⁹ The 9,825 surveys were sent only to nonprofits with email addresses in the available database. Additionally, the dataset did not include geographic information for all 9,825 organizations, such as zip code or city and county location. This information would be necessary to more fully understand the regional differences in the findings. Another limitation is the low response rate for the survey (9 percent). As a result, it isn't possible to determine the differences between those nonprofits that responded to the survey and those that didn't. It might be that those that did respond were organizations that had a greater interest in evaluation than those that didn't. Further research is needed to understand more about those nonprofits that didn't complete the survey to rule out any self-selection bias. The potential for selection bias means these results can't be generalized for the entire population of Colorado nonprofits.

Despite the limitations, it's important to remember that nonprofits provide an array of services to address the complex and often pressing issues that children, families and communities across Colorado and other states face. At the same time, as respondents in this study suggest, nonprofits are not simply interested in "doing good," but improving how they do good and ultimately measuring the effectiveness and impact of their efforts. In large part, respondents viewed evaluation as a key tool to enhance and assess their projects, programs or organization.

While this is a promising baseline from which to begin, clearly there are barriers to realizing the full potential that evaluation and learning holds. Limited organizational capacity and funding are common barriers nonprofits cite. The overarching challenge and opportunity moving forward is for everyone—nonprofit organizations, evaluators and funders—to continually find ways to strengthen and support evaluation in Colorado's nonprofit sector.



APPENDICES



APPENDIX A

Comparison Between the State of Evaluation in Colorado Survey and Innovation Network's National 2012 State of Evaluation Survey

Overall, Colorado largely mirrors the majority of national survey results from the Innovation Network's 2012 State of Evaluation report. The primary difference appears to be the percentage of organizations that spent none of their annual budget on evaluation. As noted in Finding #5, while nationally only 7 percent of nonprofit organizations spent no annual budget on evaluation, in Colorado this percentage increases over three-fold to 24 percent. At the same time, Colorado's nonprofit organizations face similar evaluation funding constraints as their

national counterparts, with approximately 40 percent of organizations in both samples reporting that none of their funders provided evaluation-specific funding. While it is not entirely clear why the percentage of nonprofits in Colorado spending none of their budget on evaluation is more than triple the national percentage, it is clear that despite limited resources, evaluation is still taking place. Similar to nonprofit organizations nationally, 85 percent of Colorado's nonprofits report that they evaluated some part of their work.

TABLE 3: Comparison of Select Indicators

SELECT INDICATORS	COLORADO (n=914, 9% response rate) 	NATIONAL (n=546, 4% response rate) 
Percentage of organizations that evaluated any part of its work	85%	90%
Percentage of organizations with at least one full-time employee dedicated to evaluation	14%	18%
Percentage of organizations reporting that none of their funders provided evaluation-specific funding	39%	38%
Most likely source of funding to support evaluation	Foundations and philanthropy (28% of organizations reported receiving support)	Foundations and philanthropy (38% of organizations reported receiving support)
Percentage of organizations that spent none of their annual budget on evaluation	24%	7%
Percentage of organizations reporting that limited staff time is a "significant" barrier to conducting evaluation	67%	71%
Percentage of organizations reporting that insufficient financial resources is a "significant" barrier to conducting evaluation	48%	61%
Top three priorities for nonprofit organizations (in order of importance)	1. Financial management 2. Fundraising 3. Communications	1. Fundraising 2. Financial management 3. Communications
Bottom three priorities for nonprofit organizations (in order of least importance)	8. Evaluation and staff development (tie) 9. Information technology 10. Research	8. Governance 9. Evaluation 10. Research

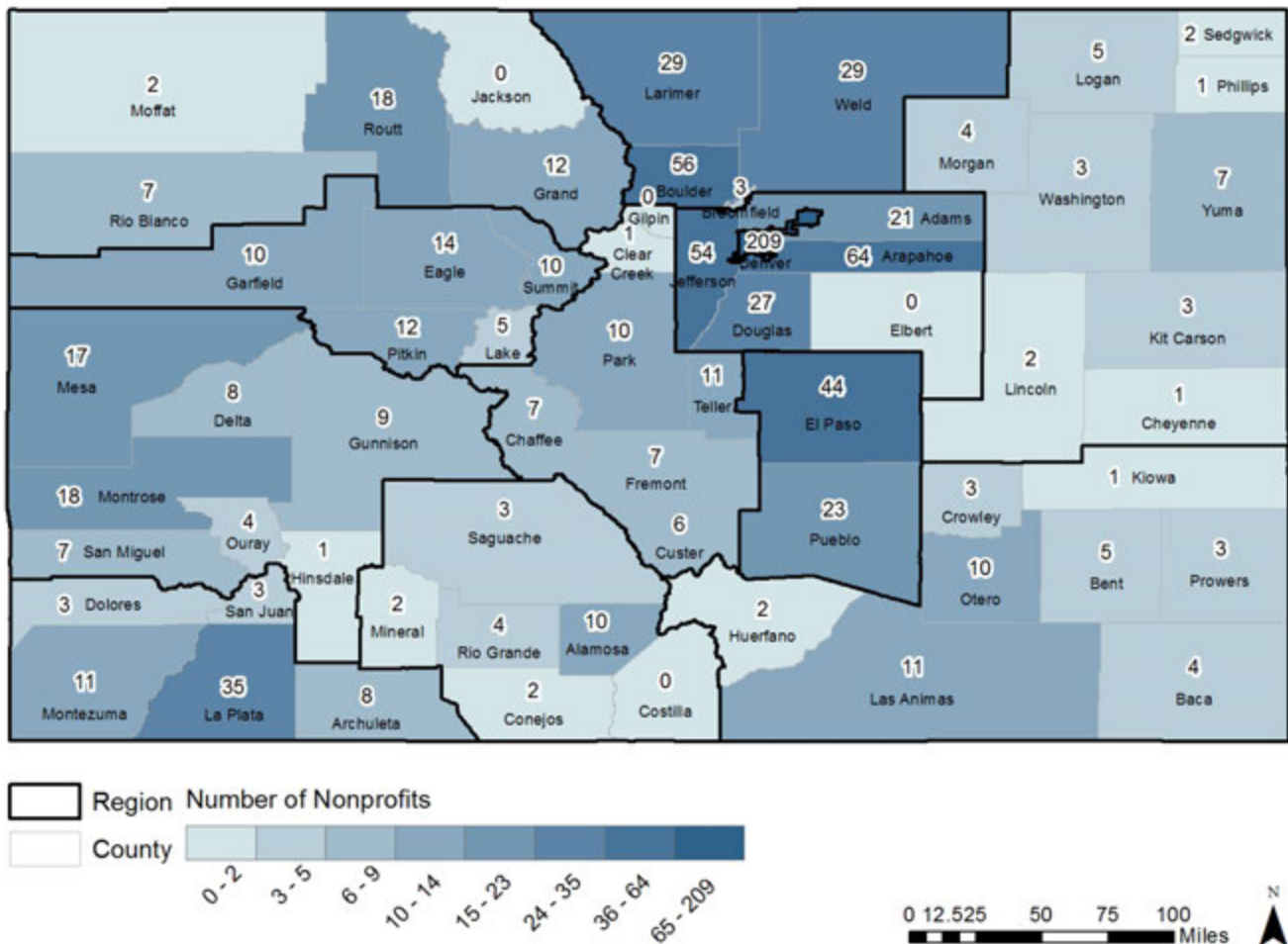
APPENDIX B Key Data by Region

To map the overall distribution of responses, counties were organized into 12 regions based on the Community Resource Center’s Rural Philanthropy Days statewide regional map.

- **Region 1:** Denver
- **Region 2:** Chaffee, Clear Creek, Custer, Fremont, Gilpin, Park, Teller
- **Region 3:** Eagle, Garfield, Lake, Pitkin, Summit
- **Region 4:** Cheyenne, Kit Carson, Lincoln, Logan, Morgan, Phillips, Sedgwick, Washington, Yuma
- **Region 5:** Grand, Jackson, Moffat, Rio Blanco, Routt
- **Region 6:** Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache
- **Region 7:** Baca, Bent, Crowley, Huerfano, Kiowa, Las Animas, Otero, Prowers
- **Region 8:** Archuleta, Dolores, La Plata, Montezuma, San Juan
- **Region 9:** Delta, Gunnison, Hinsdale, Mesa, Montrose, Ouray, San Miguel
- **Region 10:** El Paso, Pueblo
- **Region 11:** Boulder, Broomfield, Larimer, Weld
- **Region 12:** Adams, Arapahoe, Douglas, Elbert, Jefferson

Overall, nonprofit organizations in 61 of 64 Colorado counties responded to the survey (see Figure 12).

FIGURE 12: Distribution of Responding Nonprofit Organizations by County



(11 organizations could not be mapped due to missing or inaccurate zip code data.)

KEY FINDINGS

Overall, regional analysis highlights one primary finding: As compared to the other regions, nonprofits in Region 1 (Denver County) appeared to possess greater evaluation capacity (i.e., staff) and funding to support evaluation practices.

There does not appear to be any clear pattern of differences across the other regions, though for the purpose of this report, only simple descriptive analyses were conducted. Future studies may want to investigate regional variations with more complex statistical analyses and/or by another geographic typology, such as urban versus rural settings.

TABLE 4: Summary of Select Data by Region

	Percent of nonprofits that evaluated any part of their work in 2014	Percent of nonprofits that had at least one full-time employee dedicated to evaluation	Percent of nonprofits that spent none of their annual budget on evaluation	Percent of nonprofits that received no evaluation funding from their funders
Region 1	91%	20%	12%	25%
Region 2	81%	10%	26%	40%
Region 3	92%	7%	30%	43%
Region 4	75%	9%	30%	36%
Region 5	79%	0%	24%	38%
Region 6	76%	11%	28%	38%
Region 7	69%	19%	41%	56%
Region 9	85%	10%	25%	34%
Region 10	84%	22%	30%	33%
Region 11	84%	12%	24%	41%
Region 12	84%	14%	25%	32%

APPENDIX C

Key Data by Organizational Size

The size of an organization—in this study, measured by the number of staff and/or annual budget—can play an important factor in a nonprofit’s capacity to conduct evaluation, the role of evaluation and the types of barriers encountered. Appendix C describes several key differences in findings by organizational size.

For this study, three types of organizational sizes were created:

- Small (3 or fewer full- or part-time employees)
- Medium (between 4 and 19 full- or part-time employees)
- Large (20 or more full- or part-time employees)

(Note: Annual budget is also considered a common proxy to determine organizational size. We examined annual budget as a potential proxy and initial analysis showed similar findings to the employee number typology.)

KEY FINDINGS

- Among organizations that did not evaluate any part of its work in 2014, 71 percent were small organizations (versus 23 percent medium-size and 6 percent large organizations).
- Among organizations that did not have at least one full-time employee dedicated to evaluation, 44 percent were small organizations, 39 percent medium and 18 percent large.
- A board of directors being primarily responsible for conducting evaluation work was mostly seen in small organizations (74 percent) compared to large organizations (6 percent).
- Among organizations that spent none of their budget on evaluation, 74 percent were small organizations.
- In terms of the primary audience for an organization’s evaluation:
 - For small organizations: board of directors
 - For medium organizations: funders
 - For large organizations: funders and an organization’s executive staff (e.g., CEO, executive director)
 - Regardless of organization size, most nonprofits had excellent or good experiences with external evaluators.
- Among organizations that reported insufficient financial resources was a significant challenge to conducting evaluation, 45 percent were small organizations, as compared to 19 percent of large organizations.
- Among organizations that reported that limited staff time was a significant challenge to conducting evaluation, 41 percent were small organizations, as compared to 20 percent of large organizations.
- Strategic learning was considered important nearly equally among all organization sizes.
- Among organizations that did not feel their organization had capacity to engage in strategic learning, 52 percent were small organizations.



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