



Recognizing and Advancing Nonprofit Excellence

An evaluation of the MacArthur Award for Creative and Effective Institutions
EXECUTIVE SUMMARY

March 2016

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Slover Linett Audience Research

For the John D. and Catherine T. MacArthur Foundation

Cover photos: The John D. and Catherine T. MacArthur Foundation
[from top left: Girls' Power Initiative, Conservation Strategy Fund, The Southwest
Organizing Project, International Rivers]

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Executive summary

Overview

Between 2006 and 2013, the MacArthur Foundation awarded nearly \$54 million to 79 social sector organizations around the world through the MacArthur Award for Creative and Effective Institutions. Designed to recognize a subset of the Foundation's grantees for their extraordinary contributions to their fields and to help foster their long-term financial stability and operational strength, the award is a one-time infusion of capital, typically between \$350,000 and \$1 million. Organizations are expected to allocate at least 80% of the award toward strategies that will increase financial stability, such as building an endowment, creating a cash or operating reserve, establishing a venture fund, or purchasing real estate. The remaining 20% can be directed to other institutional strengthening purposes such as strategic planning or capacity building in areas such as fundraising, communications, or technology. In the Foundation's parlance, the former strategies (80%) are called the award's *primary* uses, while the latter (20%) are called *secondary* uses. In addition to these funds, the Foundation provides awardees complementary resources in the form of public relations support and a gathering of selected organizations to announce and celebrate the award.

The Foundation commissioned this evaluation of the MacArthur Award to take stock of the program as it approaches its tenth anniversary, to learn more about its influence on awardee organizations, and to inform future decision-making about it and related grantmaking strategies. As with most evaluation at the MacArthur Foundation, the priority was to learn about the program and the range of experiences that awardees have with it, rather than to conduct an "impact evaluation" in the traditional sense. Slover Linett designed a two-phase study: an initial discovery phase, which included a review of key program documents and interviews with 19 Foundation staff and stakeholders, followed by a primary investigation phase, which included in-person and telephone interviews with 30 past awardees and an online survey of the awardee pool. We then synthesized the findings from all of these sources of data to paint an overarching picture of how the MacArthur Award works and its influence on recipient organizations.

The 79 organizations that received the MacArthur Award represent the rich diversity of the Foundation's overall funding portfolio, from human rights to housing, conservation to journalism and media, juvenile justice to international peace and security. At the time of the award, the median annual budget size of the recipients was nearly \$1.4 million, with the smallest organization at \$100,000 and the largest at \$66 million. Awardees ranged from 4 to 78 years old, with the average at 19. Slightly more than half (54%) are located in the United States and the remaining 46% are located in countries such as Mexico, Nigeria, India, and Russia. About a third (30%) were supported through the Foundation's US program, about half (54%) through the International program, and 10% through the Media, Culture, and Special Initiatives program—which also administers the award. (Despite the diversity of the awardee pool, we found little evidence that there are differences in organizations' experiences with the MacArthur Award based on their age or budget size at the time of receipt, or even based on their geographic location. We did, of course, see a variety of experiences with the award, but the different experiences we observed weren't systematically connected to these characteristics.)

Key findings

To understand the influence of the MacArthur Award on these organizations, it's essential to understand the broader funding climate in which they operate. All of the awardees we spoke with mentioned the scarcity of flexible, institutional support—support that is intentionally aimed toward strengthening an organization's operating foundation, as oppose to project- or program-specific grants which are directed to specific activities—from the funding community. As a result, many organizations have vulnerabilities at the core of their operating models: despite considerable programmatic strength and vision, they are undercapitalized and under-supported in areas such as infrastructure, technology, communications, and fundraising.

So the MacArthur Award is a vital, all too unique source of institution-level support for the recipient organizations. It gives organizations recognition and validation for work that is often challenging, but profoundly important, and gives the leaders and staff of those organizations the kind of morale boost that is needed to keep going: it “helps us stand a little taller,” said one organizational leader. It allows them to breathe easier, financially speaking, and changes the decision calculus about where to invest resources in subtle, but important, ways. For instance, it enabled organizations to expand programming in areas that would otherwise be difficult to fund, to invest in the human capital that is the backbone of many nonprofit organizations, and to respond quickly and creatively to new opportunities or challenges in their operating context. It has helped organizations to invest in necessary, but unglamorous, areas of nonprofit administration: replacing outdated software, accounting systems, or customer relationship management systems; supporting ongoing maintenance of key intellectual or technological assets; building key communications infrastructure. And for a subset of organizations, it has helped to make major organizational transformations a reality: making it possible for one to capitalize a separation from a parent organization and to grow into innovative new programmatic areas, for instance, or providing another with the means to engage in the kind of deliberate leadership succession planning that only sometimes happens in the nonprofit world.

But we also learned that the award's structure—particularly its prescribed use categories—may not fully support the organizational strengthening goals which many of the Foundation's program officers have in mind when they nominate strategically important and successful grantees for the award. Those use categories favor applying the funds as “protected” resources, often in the form of a cash reserve, which must be replenished if drawn on. In our view, and in a view that we heard expressed by many Foundation staff, this implies a relatively narrow notion of organizational sustainability, one which is centered on having resources to prevent a crisis. But sustainability can be defined more broadly: it can encompass, for example, having the critical organizational infrastructure and capacities necessary to act strategically and efficiently, and having the adaptive “muscles” necessary to maintain resilience in the face of changing operating conditions.

We found that some awardee organizations have been able to leverage the MacArthur Award in service of this broader definition of sustainability, often by applying their cash reserve as a form of change capital, or by focusing on the secondary uses of the award and strategically investing in key areas of need. Interestingly, among the organizations that did use the cash reserve as change capital, only 32% still have the full initial allocation in the bank (which includes a mix of those who have never drawn down on their

reserve and those who have drawn down but replenished). We believe that such use of the cash reserve may be associated with important strides toward genuine sustainability.

We also found that the organizations that were, often coincidentally, in the midst of a strategic planning process when they were nominated for the award seemed best positioned to leverage the award for broad organizational change. These organizations seemed to have “shovel-ready” organizational development plans that they were able to implement through the MacArthur Award, whereas others may have defaulted to easier-to-imagine uses. Few are accustomed to thinking about their long-term institutional needs, and so developing a vision for the organization’s long-term success may require more support and prompting. A strategic planning process is one mechanism for offering this, but there may be other mechanisms that could be built into the proposal process or the beginning of the award period to enable such forecasting.

The complementary supports that come with the MacArthur award are moderately valuable, but show clear opportunities to become even more valuable. The perceived value of the awardee ceremony and convening has varied over the years, but has generally been appreciated for bringing organizations with other nonprofits that are facing similar challenges. The public relations supports are successful at drawing local and national attention, particularly the video and the press release; and some of the less frequently used supports, such as interview preparation, hold the potential to enhance organizations’ communications capacity over the long run.

