First 5 LA
Community-Developed Initiatives
SMALL GRANTS Evaluation
FINAL REPORT

December, 2006
Submitted by:

Semics, LLC 3121 W. Temple St. Los Angeles, CA 90026
First 5 LA
Community Developed Initiatives (CDI)
SMALL GRANTS Evaluation

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Executive Summary

During its first five years, First 5 LA partnered with a variety of community agencies and organizations to increase the wellbeing of children aged 0 to 5. The main objective of this partnership was to increase the health, safety and particularly the school readiness of Los Angeles County’s young children. As part of First 5 LA’s funding portfolio, the Community-Developed Initiatives (CDI) program was launched to build upon the grassroots knowledge of community agencies. According to the First 5 LA Strategic Plan, 2001-2004, the intention was “to maximize flexibility in the use of Proposition 10 funds and empower the community to support children and families.” This plan also allowed stakeholders to propose initiatives to improve child wellbeing. CDI was designed to provide an avenue by which agencies operating within LA County communities could propose and implement programs directly addressing the needs of their target populations, children aged 0 to 5 and their families.

The Community-Developed Initiatives were divided into two categories: “Large Grantees” that could propose ambitious multi-year projects and “Small Grantees” with grants limited to a maximum of $25,000 for a one-year period. Within CDI, the CDI Small Grants were structured to provide financial support to the smaller community agencies with an emphasis on strengthening their “capacity” to deliver services to this target population. There are two primary categories of small grantees in CDI: Community-based Organizations (CBOs) and Preschool/Daycare Agencies (hereafter referred to as “Childcare Providers”). The latter category is comprised of Family-based Childcare Centers (FBCs) and Center-based Childcare Centers (CBCs).

The grants were administered through a series of five one-year-long funding cycles in which community agencies were awarded one-time funding of up-to $25,000 out of an allocated $10 million total budget. The grants for Cycles 1 through 4 were limited by eligibility criteria to organizations with annual operating budgets of less than $250,000. In Cycle 5, the eligibility ceiling was raised to $1 million. The first funding cycle began in April 2003 and the fifth and final cycle ended in April 2006. In total, 308 grantees were awarded CDI Small Grants.

Program objectives for the CDI Small Grants funding approach for Cycles 1 through 4 were:

A) Improve agency capacity to plan, develop and implement programs, projects, services, and activities; and

B) Improve agency capacity to review and evaluate programs, projects, services, and activities.

Cycle 5 also aimed to support small agencies’ efforts in building capacity, but the program objectives of Cycle 5 were restructured to address perceived shortcomings in the first four cycles. The additional program objectives for Cycle 5 were:

A) Promote new ways of teaching and serving children ages prenatal through five and their families; and

B) Connect smaller organizations to larger neighborhood-based efforts, resources, and organizations.

First 5 LA joined with a consultant, Community Partners, to perform outreach and solicit applications for Cycles 1 through 4. This external consultant also provided technical assistance to applicants and oversaw the grantee selection process. During Cycle 4, Community Partners announced their intention to resign, at which point First 5 LA engaged The Koltnow Group to provide support for the funding selection process in Cycle 5.
Overall Evaluation Approach

In September, 2003, mid-way through Cycle 1 of CDI Small Grants, First 5 LA contracted with Semics, LLC (Semics), to conduct an evaluation of both CDI Large Grants and CDI Small Grants. The Small Grants evaluation began in early 2004, toward the end of the Cycle 1 funding year. In September, 2004, Semics submitted a Findings Report documenting findings of the Cycle 1 evaluation. Then, in March, 2005, Semics was asked to evaluate CDI Small Grants, Cycle 5, in which 55 agencies were set to receive one-year grants beginning in April 2005. A preliminary Findings Report of the first stage of Cycle 5, the application and selection phase, was then submitted to First 5 LA in June, 2005.

The report which you are reading now, entitled “CDI Small Grants Evaluation”, presents the assessment of all of Cycle 5, a short recapitulation of the previously completed Cycle 1 evaluation, and a comparison of the two. To avoid duplicative work, this report considers Cycle 1 to be representative of Cycles 2 through 4, since all were effectively the same in terms of structure, implementation, and intended outcomes.

The CDI Small Grants Evaluation sought to answer the question, “Did it work?” In other words, to what degree and how, if at all, did these funding cycles reach their intended results as laid out by the program objectives? To this end, the evaluation approaches were designed to capture data reflecting the differences between the intended outcomes of Cycle 5 and the preceding cycles, represented herein by Cycle 1. While both Cycles 1 and 5 targeted improvements in the service delivery system for children 0-5 and their families through some form of capacity building, Cycle 5 had aimed to tighten up the process by introducing more specific eligibility criteria. Despite the differences, capacity-building remained a major aspect of the program objectives; however, the definition of “capacity” had attained a measure of fluidity as it was applied by each individual organization. Thus, to answer the above questions, Semics had to obtain a workable definition of capacity. A literature review of organizational and community capacity publications, including articles by Robert J. Chaskin and Paul C. Light, yielded multiple overlapping definitions of capacity. Semics adopted the following applicable definition of “capacity”, which made possible the comparison of approaches between Cycles 1 and 5:

Organizational capacity is an agency’s **efficiency** and **effectiveness** in achieving its mission.

Capacity strengthening is thus a material and sustainable increase of organizational efficiency and/or effectiveness.

**Efficiency** refers to the organizational functioning of a grantee. For example, it can be said to have been improved by the Small Grants if a strategic planning consultant was hired with grant funds to focus the efforts of the board and staff. Increased efficiency **streamlines** the operational aspect of an organization, which in turn conserves the resources of that agency. **Effectiveness** is the degree to which the intended outcomes for the program are being met. So, increased effectiveness could be accomplished through an increase in the quality of a program, such that the children or families served receive **better** service, or through an increase in the quantity of the program whereby more children or families are receiving the service or the target population is receiving **more** of the service. For Cycle 5, capacity was said to have been strengthened if either of these areas had been improved in a tangible and sustainable way.
The Cycle 1 evaluation was conducted using a survey questionnaire administered to all 80 grantees, focus group discussions with randomly selected Cycle 1 participants, and interviews with First 5 LA personnel. For Cycle 5, a similar survey questionnaire was administered, and focus group discussions were conducted with both grantees and First 5 LA Program Officers. Site visits to grantee agencies were also done to provide corroborating observation of the funded programs. For both cycles, a full document review was conducted as a preliminary step in the evaluation.

**Funding Cycles and Findings**

**Cycle 1**

As noted, Semics completed an evaluation of Cycle 1 of the Small Grants CDI in September 2004. The funding year began in April 2003 and concluded in April 2004, during which approximately $1.8 million was awarded to 80 grantees in the two Small Grants categories: 52 Preschool/Daycare Agencies (“Childcare Providers”) and 28 Community-based Organizations (CBOs). The average grant size was $23,393 for Childcare Providers and $24,420 for CBOs. The cycle-wide average was $23,313.

Grantees of both types were required to submit Mid-Year Reports and Final Reports with detailed budgets. Budget modifications were submitted formally by the funded agencies and approved by First 5 LA. Funding was disbursed on a schedule that was coordinated with the submission of these reports, with 40% of the grant awarded at the start of the funding period, 40% following the Mid-Year Report and 10% following the Final Report.

**Findings**

The CDI funding approach allowed applicants to define their needs and propose solutions to them. An analysis of the ways in which grantees used requested funds indicates that smaller Childcare Providers (more than 75% of whom were very small, with annual budgets of less than $100,000) tended to use funds to improve facilities and acquire equipment associated with cognitive (e.g. computers) and physical (e.g. playground equipment) development. Grantees in Cycle 1 that were CBOs tended to request funds to support personnel for such activities as needs assessments and community planning, along with equipment associated with improved agency and data management (e.g. computers).

CDI Small Grants, as implemented in Cycle 1, was found to be an effective way to partner with smaller agencies to improve their capacity and thereby improve conditions for those they serve. The qualitative and quantitative improvements in capacity funded by the Small Grants allowed agencies to provide a safer, more stimulating environment for children and better identify and address the needs of families. The capacity needs of these agencies, which provide essential services in lower socioeconomic neighborhoods, are very basic. In addition to assessing the outcomes of this funding approach, the study also examined the way the program was administered. This study revealed that changes in these processes could lighten the administrative load for grantees and First 5 LA, and thereby improve CDI Small Grants effectiveness and efficiency.

The results of the evaluation of Cycle 1 provided guidance with regard to the types of needs that can be addressed, the ways smaller agencies can participate in addressing First 5 LA’s goals, and how such efforts could be more effectively and efficiently administered. These findings, along with the results of a comparative assessment of the implementation process of Cycle 5 (in which a number of changes were made), could be useful in designing future funding endeavors focusing on small providers.
Cycles 2-4

For the sake of this evaluation, Cycles 2 through 4 will be collectively represented by Cycle 1, because all were effectively the same in terms of structure, implementation, and intended outcomes. Cycle 2 funded 82 grantees for a total of approximately $1.2 million awarded. Cycle 3 was comprised of 29 grantees at a total of approximately $700,000, and Cycle 4 awarded 63 Small Grants for a total of approximately $1.25 million. Collectively, Cycles 1 through 4 served 254 CBOs and Childcare Providers at a ratio approximately consistent with Cycle 1. The total amount awarded during the first four cycles was over $6 million.

Cycle 5

Cycle 5 was restructured to address perceived shortcomings in the previous four cycles. A number of restrictions were placed on the uses of funds (e.g. capital improvements were no longer permitted), and applicants were required to propose specific projects that would more directly improve the grantees' organizational efficiency and programmatic effectiveness.

The Cycle 5 evaluation was conducted in two phases. The first phase, Phase I for Cycle 5 of Small Grants CDI, investigated the application and grantee selection process according to the stated goals for Cycle 5 implementation. The evaluation of Phase I was based on the assumption that Cycle 5 of Small Grants CDI was designed to (1) distribute the remaining $3.45 million of the original $10 million allotment, (2) distribute funds to CBOs and Childcare Providers by a ratio of 3:2, and (3) generate defined programmatic outcomes. Cycle 5 goals and selection processes represent several significant changes from earlier cycles. In April, 2005, 55 Cycle 5 grantees began a one-year funding process.

The second phase, Phase II for Cycle 5 of Small Grants CDI, evaluated the programmatic outcomes of the final Small Grants funded cycle, with an emphasis on determining whether the changes implemented in Cycle 5 enhanced or increased the capacity of the grantee agencies. Semics’ evaluation of Phase II for Cycle 5 collected and analyzed quantitative and qualitative data related to the implementation and outcomes of the Small Grants using the definition of capacity building as a material and sustainable increase in the efficiency and/or effectiveness of an organization in accomplishing its mission.

Findings

Phase I evaluation results for Cycle 5 found that the cycle did not meet its objectives entirely. Total funds awarded in Cycle 5 were approximately $1.25 million to 55 agencies, instead of the intended $3.45 million that remained of the original $10 million. This left approximately $1.6 million available for future CDI Small Grants funding. Instead of distributing the funds to CBOs and Childcare Providers by a ratio of 3:2, an approximate 2:3 ratio was realized: 23 (42%) CBOs and 32 (58%) Childcare Providers.

However, Cycle 5 Phase II evaluation results led us to conclude that the final funding cycle, like Cycle 1, did increase the capacity of the organizations awarded Small Grants. With one major caveat: grantees generally struggled to find a way to sustain their program improvements beyond the funding period.

In short, Cycles 1 and 5 both demonstrated broadly similar results for capacity-building. Because capacity-building was an overarching thematic objective for CDI Small Grants, Semics found a capacity-building framework to be the most appropriate way to evaluate both cycles. This was done after taking account of differences in the way each cycle had been administered at First 5 LA. From a purely programmatic evaluation perspective, we determined that the Cycle 5 restrictions placed upon grantees to allocate their grant funds within the parameters of a distinct project did generate some additional project results for that cycle (compared to previous cycles). We do not know if these program results were significant, in the absence of an explicit cycle-wide standard for the grantees. But from a capacity-building perspective, the prescribed
criteria for funding unique to Cycle 5 — in and of themselves — did not increase the capacity-building outcomes of the grantees in that cycle. In addition, the heightened emphasis on achieving short-term program results in Cycle 5 may have distracted grantees from their capacity-building task of determining how to sustain their results long-term.

**CDI Small Grants Final Report Chapter Outline**

This final report will present the findings of the Cycle 1 evaluation, the Cycle 5 evaluation and a comparison of the two. The Introduction discusses the role and goal of First 5 LA with respect to CDI Small Grants funding. Chapter 1 discusses the Cycle 1 evaluation. Cycle 5 Phase I and Phase II are discussed in Chapters 2 and 3, respectively. Chapter 4 will compare and contrast the two Cycles, 1 and 5, and will present the evaluation’s conclusions concerning whether the difference in approach and guidelines impacted the capacity building outcomes of the Cycles. Finally, Chapter 5 will discuss the implications of the evaluation findings, and will propose lessons learned and next steps forward.
INTRODUCTION
Background and Methods

Community-Developed Initiatives

In its FY 2001-2004 Strategic Plan, First 5 LA sought to ensure that all children, regardless of their background or socioeconomic status, would have an equal opportunity to enter school prepared to optimize the educational experience. First 5 LA recognized that a very large number of agencies providing services to its target population already existed in Los Angeles County. These agencies addressed a wide spectrum of needs – from custodial care and health care to education and advocacy – that affected the well-being of children. First 5 LA’s intent was expressed in terms of playing the role of a “partner” to these agencies: promoting new services, improving existing ones, and generally enhancing agency capacity to serve their clients. Community-Developed Initiatives, or CDI, were developed to fulfill this intent and were regarded as a “vehicle for the Commission to exercise its role as community partner, trendsetter and leader, change agent, convener and facilitator, and catalyst.”

There were two categories of CDI: “Large Grantees” that could propose ambitious multi-year projects and “Small Grantees” with grants limited to a maximum of $25,000 for a one-year period. The goal of the Small Grants CDI, the subject of this report, was stated as: “To strengthen the capacity of smaller agencies with an annual operating budget of $250,000 or less so that they may better serve communities, expectant mothers, children ages 0-5 and their families in Los Angeles County.” This eligibility ceiling with respect to annual operating budget was raised to $1 million for Cycle 5 applicants. A total of $10 million was allocated to the Small Grants CDI, to be distributed over three years in five “cycles” of funding.

One of the keystones of CDI was that “members of individual communities are best suited to understanding the needs of their neighborhoods, and are likewise the best suited to devise ways to address those needs.” CDI would provide opportunities for stakeholders to propose their own projects or programs consistent with the Commission’s goals and objectives. Providing frontline agencies already addressing the needs of First 5 LA’s target population with an opportunity to propose their own projects had two pay-offs. First, First 5 LA would be able to obtain a grass-roots picture of the needs of children 0—5 and their families in frontline settings, as perceived by the agencies themselves. Furthermore, First 5 LA would be able to support and monitor the extent to which the agencies’ proposed efforts address those needs.

The Small Grants component of the CDI was intended to shift focus to the type of agencies referred to as CBOs (such as Pacoima Urban Village, Parents’ Place – San Gabriel/Pomona, and The Growing Place in Santa Monica), and the funding process was apparently designed with this group in mind. However, the promotional material for CDI Cycle 1 did not specifically exclude Childcare Providers (even though Childcare Providers were not considered explicitly to be CBOs). Partly due to this non-exclusion and partly due to an “overhang” of unfunded childcare providers from previous funding initiatives at First 5 LA, CDI Small Grants received an overwhelming response from childcare agencies. This situation resulted in the majority of the funds being allocated to Childcare Providers – a fact which may help to explain some of the issues associated with the funding process, as will be discussed in this report.
Defining Capacity and Evaluation Methods

In Cycle 5, the Small Grants application form required that applicants choose which types of capacity they intended to affect if awarded the up-to $25,000 grant. (The process in Cycles 1 through 4 had not been as explicit about capacity building criteria as Cycle 5; however, like the earlier cycles, Cycle 5 did not exclude childcare providers.) The Koltnow Group, in facilitating the application process for Cycle 5, defined mainly the categories of capacity building activity eligible for Small Grants funding and that certain uses of funds, such as capital improvements, were excluded. It did not specify, in as concrete terms as possible, what was meant by capacity building within each category of eligible activity. Consequently, the grantees identified their projects according to their own understanding of what constitutes “capacity strengthening,” frequently checking multiple corresponding boxes on the application form. Selection was not restricted to a single capacity category per application.

To properly analyze, compare and evaluate the success of CDI Small Grants Cycles 1 and 5 by determining if the intended capacity-building objectives were met, Semics needed to overcome a potential problem for evaluation (e.g., comparing apples and oranges). This challenge was grounded in an initial lack of consensus regarding what was meant by capacity building in the context of CDI Small Grants. An outworking of this challenge was an apparently diverse range of informal interpretations and uses of the term “capacity building” across cycles, and differences between First 5 LA’s and the grantees’ understandings, respectively. Faced with this situation, Semics reviewed recent secondary literature on the operational meaning of the term in various contexts such as business and nonprofit management. Further, Semics examined the uses of funds in the grantees’ reports about the grantees’ own de facto notions as compared with the ostensible meaning in First 5 LA’s application instructions. In the end, Semics adopted the following operational definition of “capacity” as applicable to the CDI Small Grants program as a whole, in an effort to reduce ambiguity and allow for legitimate comparisons across cycles:

Organizational capacity is an agency’s **efficiency** and **effectiveness** in achieving its mission.

Capacity strengthening is thus a material and sustainable increase of organizational efficiency and/or effectiveness.

Evaluation generally requires the impact made upon an organization’s capacity to be verifiable, if not measurable; it should demonstrate an increase (or decrease) of the organization’s ability to deliver its service above (or below) an existing, known level in such a way that the result can be seen, assessed, and (if desirable) replicated. The impact should also be sustainable. While the immediate ability of an agency to do something in the present may be affected by disposable or short-term inputs, the capacity of that agency to create **change** in a target population requires effort over time. Therefore, a change in capacity must be a long-term change in an organization’s service delivery capabilities.

When the above definition of capacity is specifically applied to the stated objective of Cycle 5 – “increasing the delivery of programs and services for young children and families” – enhancing **effectiveness** is positively impacting either the quantity or the quality of a given program. In other words, more **effectively** improving the welfare of children 0-5 and their families through program or service delivery requires one of the following:

A) Providing a better program/service to children 0-5 and their families (greater quality)

B) Providing the program/service to more children and families (greater quantity)

C) Providing more of the program/service to the same number of children 0-5 and their families (greater quantity)
Increasing **efficiency** means improving the organizational functioning of the agency so that less time, money and/or fewer resources are used than before in delivering the same outcomes, and thus program/service delivery can be stretched. In other words, efficiency means achieving the same level of organizational output with fewer resources. Those resources can then be used to increase the quality or quantity of the programs directly serving the target population. Within the context of First 5 LA’s intended outcomes for CDI Small Grants, this primarily takes the form of enhancing business operations, for example, through strategic planning or board development.

Four primary data sources were used in this evaluation: 1) the applications and Final Reports of the grantees themselves; 2) focus group discussions with CBOs, Childcare Providers, and First 5 LA Program Officers; 3) an anonymous survey questionnaire administered to all grantees; and 4) site visits to several of the Cycle 5 funded agencies.

First, the applications, complete with narratives of the capacity building project proposed, were put together with the Mid-Year and Final Reports from grantees. Together, these provided qualitative before-and-after pictures of the grantees’ activities. In the application, grantees were asked to identify their target populations, the benefits that would be achieved through the Small Grants, and what, in detail, they were going to spend the money on. The Final Reports asked grantees to respond to various questions about how the goals proposed in the application had been realized. This survey of documents was important for both Cycles 1 and 5, but especially for Cycle 1 as the evaluation did not start until quite late in the implementation process. Second, three focus group discussions were held with Cycle 5 grantees and First 5 LA staff: one with a randomly selected group of CBOs, one with a randomly selected group of Childcare Providers, and one with the Program Officers at First 5 LA who were responsible for managing and implementing the Small Grants program. Third, questionnaires were administered to Cycle 1 grantees (2004) and, separately, anonymous surveys were administered to Cycle 5 grantees (2005) to clarify their uses of funds from First 5 LA and how those uses were related to changes in organizational capacity. Fourth, site visits were also conducted at three Cycle 5 sites, one CBO, one family-based childcare provider, and one center-based childcare provider. These visits provided the evaluation with in-depth information to more fully illuminate the outcomes of Cycle 5.
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CHAPTER 1
Cycle 1 Evaluation

Application and Selection Process

In April, 2002, First 5 LA, under the Small Grants Community-Developed Initiative (CDI – SG), awarded approximately $1.8 million in grants to 80 community organizations. Both Community-based Organizations (CBOs) as well as Childcare Providers were funded in Cycle 1. (Approximately two thirds of Cycle 1 grantees were Childcare Providers.) Each Small Grants applicant was required to provide a service directly to children ages 0-5 or through their Circles of Influence. In other words, potential grantees had to provide the service directly to First 5 LA’s target population of children ages 0-5 or through their parents and their communities (see Framework for CDI Program Implementation for more information). Furthermore, to be eligible for consideration, Small Grants applicants had to have an annual budget of $250,000 or less. The grants were a one time only award of up-to $25,000. The intention of the Small Grants program was to provide financial support to smaller agencies. The funding was to be used to increase the “capacity” of the grantee agencies to accomplish their respective missions.

The Cycle 1 evaluation investigated whether and how “capacity” was improved as a result of the Small Grants awarded in Cycle 1. However, this evaluation went beyond simply assessing the fulfillment of the Initiative’s primary goals. Accountability and the desire to pursue such programs in the future were important policy issues also considered. Furthermore, information was gathered that might assist First 5 LA in its overall goal of improving the well-being of children aged 0-5. This included information about the needs of the communities served by the agencies, the needs of the agencies themselves, the impact that funded activities had on the target population, and information about the process that had the potential to help improve the roles of the parties involved.

First 5 LA contracted with Community Partners to solicit and review applications for Cycles 1 through 4. Community Partners informed potential applicants about the available funding through mailings, advertisements in trade publications, email, and conferences. They also assisted potential applicants with the application process by offering a series of workshops and providing technical assistance, including grant writing itself.

A total of 359 applications were received by the October 30, 2002, deadline. Revisions were permitted. Based on the thoroughness of the application as well as the fulfillment of general eligibility requirements, 296 applicants were selected for further consideration. Each applicant was then evaluated by teams of experts and trained reviewers knowledgeable about First 5 LA’s objectives for the CDI Small Grants program as well as other funding criteria.

Three reviewers scored each application based on a numeric scale. A cut-off score was then determined, below which applications were considered ineligible, after which the grantee pool was further reduced to 180. Several grantees from the updated pool were then selected for site visits. Reviewers were equipped with specially designed forms used to ensure comparability and consistency with CDI objectives.
Upon reviewing recommendations made by Community Partners, First 5 LA initially approved 82 applicants for funding. Ultimately 80 grantees, representing agencies from each of the Los Angeles County’s eight Service Planning Areas (SPAs), were selected for funding. Each grantee agency received 50% of their requested funds after signing the funding agreement, an additional 40% after submitting their Mid-Year Report, and the final 10% after submitting the Final report.

As the number of grantees indicates, the key determinant in the number of awards was the allocation of $2 million for this cycle. Although the CDI Small Grants guidelines indicated that grants “up-to” $25,000 would be awarded to agencies to build capacity, results suggest that all funded grantees received amounts close to the maximum.

**Evaluation Approach**

The Cycle 1 evaluation was guided by First 5 LA’s stated priorities. These objectives remained consistent through the first four Cycles:

1) Improve agency capacity to plan, develop and implement programs, projects, services, and activities; and
2) Improve agency capacity to review and evaluate programs, projects, services, and activities.

Although the term “capacity” was never formally defined, it served as an overarching theme in all of the Cycles. The first Small Grants objective listed above included the following funding categories:

- Marketing and Outreach
- Personnel
- Training
- Capital Improvement
- Materials and Supplies
- Equipment Purchase (e.g. computers, printers, phones, etc.)

As with Cycle 5, Cycle 1 applicants were provided a list of “Examples of Activities to be Funded,” each of which addressed one of the above stated objectives. Examples provided with respect to the second objective, personnel, included:

- Evaluation related activities
- Set-up of systems for documentation of program activities
- Purchase of computer equipment and evaluation software (e.g. SPSS)
- Data management training

A comparative “before and after” assessment of each agency’s capacity status was desired in order to measure improvement prior to receiving funding and after grant completion. However, with 80 funded agencies dispersed throughout Los Angeles County, the scope of the Cycle 1 evaluation prohibited a comprehensive pre-post methodology. Also, the evaluation began after the start of grant funding, thereby limiting the amount of information available about “before” indicators. Because of this, development and implementation of an alternative methodology was necessary, one that would capture as much information as possible about the impact of First 5 LA funding on the capacity of the grantees to serve their communities.
This alternative methodology was implemented with the intention of answering two primary questions:

A) In what ways, if any, did the CDI accomplish its objectives of improving the capacity of smaller agencies to serve their populations; and

B) What could be learned from the experience of funding these agencies that could improve the way in which First 5 LA partners with such agencies?

The data collection techniques were as follows:

• Questionnaires: Developed by Semics, LLC with First 5 LA oversight and administered to grantees by mail in March 2004. Grantees were asked to identify a variety of characteristics about their agencies, including organizational structure, years in operation, and annual budgets.

• FGDs: Two focus groups were conducted in March and April, 2004, one for CBOs and one for Childcare Providers, each with randomly selected participants. (As noted earlier, site visits were conducted only in Cycle 5 due to constraints of time in the evaluation of Cycle 1.)

• Documents: Grantee Final Reports were received by First 5 LA after the grant’s completion on March 31, 2004, and presented to Semics in April and May. Grantees responded to questions regarding the impact of the funding on their agencies, as well as identifying actual expenditures, by category, compared to their original budgets. This information was extracted and analyzed in conjunction with data collected from other sources to provide a picture of needs according to the type of agencies and the impact of First 5 LA funding.

Findings

Evaluation findings, detailed below, are divided into three segments:

1) Grantee Characteristics: Provides information about the types of smaller agencies currently addressing the needs of the target population.

2) Uses of Funds: Indicates the areas in which grantees perceived weakness in their agency’s capacity to provide services, and the ways they approached improving their capacity.

3) Grantee Observations: Grantee observations, compiled from reports, questionnaires and FGDs, provides a picture of participants’ perceptions of changes within their agencies as a result of CDI as well as their perception of the process by which Cycle 1 funding was administered.

1. Grantee Characteristics

The questionnaires administered by Semics (March, 2004) and the Final Reports submitted by the grantees (April, 2004) provided information about the characteristics of the agencies funded in Cycle 1. There were 76 Final Reports available for review, representing 95% of the total grantee population, of which 49 (64.5%) were identified as Childcare Providers and 27 grantees (35.5%) were identified as CBOs. There were also 64 questionnaires tabulated, which represented 80% of the total grantee population. The following data regarding (1A) the annual budget, (1B) personnel, and (1C) the organizational structure, were obtained from grantee responses to the questionnaire.
**Annual Budget**

An annual budget of $250,000 or less was a primary criterion for CDI Small Grants funding. Grantees were asked to identify their annual budget according to four range categories: less than $50,000; $50,001 to $100,000; $100,001 to $200,000 and $200,001 to $250,000. **Table 1** presents the breakdown of grantees' annual budgets (n=64).

<table>
<thead>
<tr>
<th>Total Sample (n=64)</th>
<th>n</th>
<th>pct.</th>
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<tbody>
<tr>
<td>&lt; $50,000</td>
<td>28</td>
<td>43.8%</td>
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<tr>
<td>$50,000 to $100,000</td>
<td>20</td>
<td>31.3%</td>
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<td>$100,001 to $200,000</td>
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<td>14.1%</td>
</tr>
<tr>
<td>$200,001 to $250,000</td>
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<td>10.9%</td>
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<tr>
<td>Total</td>
<td>64</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Although the cut-off for funding eligibility was set at $250,000, 75% of the funded agencies reported annual budgets of $100,000 or less, with 44% less than $50,000. This suggests that the participating agencies that answered the questionnaire (64 out of a possible 80) were extremely small. **Table 2** presents annual agency budgets separated by type of agency.

<table>
<thead>
<tr>
<th>By Agency Type (n=64)</th>
<th>Childcare Provider</th>
<th>CBO</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>n</td>
<td>pct.</td>
</tr>
<tr>
<td>&lt; $50,000</td>
<td>19</td>
<td>48.7%</td>
</tr>
<tr>
<td>$50,000 to $100,000</td>
<td>11</td>
<td>28.2%</td>
</tr>
<tr>
<td>$100,001 to $200,000</td>
<td>5</td>
<td>12.8%</td>
</tr>
<tr>
<td>$200,001 to $250,000</td>
<td>4</td>
<td>10.3%</td>
</tr>
<tr>
<td>Total</td>
<td>39</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

As the data indicates, a higher percentage of agencies within the childcare provider category reported annual budgets of less than $50,000 when compared with CBOs. Nearly half of the Childcare Providers (48.7%) reported annual budgets of less than $50,000, while 36% of CBOs reported annual budgets of less than $50,000. This indicates that there are more small Childcare Providers than small CBO agencies. The majority of funded CBOs, by contrast, were equally divided between those with annual budgets of less than $50,000 and $50,001 to $100,000.

**Personnel**

The number of full-time staff employed is another indicator of agency size. Grantees were asked to classify the number of employees into one of three categories: less than three, three to five, and more than five. **Table 3** reveals that the vast majority of respondents (92%) had full-time staffs of fewer than five people, with 73% having less than three (n=64). There was no significant difference between the number of full time staff employed in Childcare Providers and CBOs.

<table>
<thead>
<tr>
<th>Total Sample (n=64)</th>
<th>n</th>
<th>pct.</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3</td>
<td>47</td>
<td>73.4%</td>
</tr>
<tr>
<td>3 to 5</td>
<td>13</td>
<td>20.3%</td>
</tr>
<tr>
<td>&gt; 5</td>
<td>4</td>
<td>6.3%</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Organizational Structure

Grantees were asked to identify whether they operated on a for-profit or non-profit basis. For-profit agencies are typically ineligible for many sources of grant funding. However, CDI Small Grants funding was made available to both, noting that Childcare Providers in particular are comprised of both for-profit and non-profit operations. Of the 64 survey questionnaire respondents, 28 (44%) were identified as for-profit, 32 (50%) as non-profit and four (6%) as “other.” Table 4 presents the distribution of the organizational structure of the respondents by agency type (n=64).

<table>
<thead>
<tr>
<th>Table 4: Organizational Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Agency Type (n=60)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Childcare Provider</td>
</tr>
<tr>
<td>CBO</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>For Profit</td>
</tr>
<tr>
<td>Non-Profit</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

2. Uses of Funds

Consistent with other cycles in CDI Small Grants, Cycle 1 grantee budgets were broken down into six general expense categories: personnel, contracted services, equipment and supplies, training expenses, capital improvements, and other.

The small grantees’ Final Reports included a “Final Invoice Form” section asking grantees to detail financial information such as original budgets and actual expenditures. In some cases, judgments were made with respect to what numbers to include and how to categorize them. For example, the column for “Actual Cost” was modified by “as of 3/14/2004”. Sometimes, there was a significant discrepancy between budgeted amount and actual expenditure. Additionally, the “actual” column may not have represented total expenditures as the report was due prior to the grantees’ receiving their final disbursements. Grantee comments and report narratives were used when deciding which column to use and the amount of the total expenditures. In other cases, expenses were re-categorized based on comments. In short, every attempt was made to accurately reflect the amount of and purposes for which funds were used. The information presented in this section includes 76 out of the total number of 80 Cycle 1 grantees, as Semics was able to obtain only 76 Final Reports.

Expenditures by Category

Table 5 presents the average (mean) awards for 76 of the 80 grantees in Cycle 1 (based on a review of information in the grantees’ Final Reports). While the average award for CBOs was somewhat higher than that for Childcare Providers, both categories reflect an approach to how funds were requested. Contrary to the guidelines for Cycle 5, the guidelines for Cycle 1 did not specify that funds were intended to be used for a specific “program” or “project” but rather could be applied across a spectrum of categories, as long as they addressed the CDI objectives and did not exceed the $25,000 maximum. The median grant award of $24,924 indicates that most grantees used the dollar amount as a guideline, as opposed to a maximum required, to accomplish specific objectives. Table 6 presents this distribution by category for all grantees (N=80) and for the two types of grantees.
**Table 5: Average Grants Award by Agency Type**

<table>
<thead>
<tr>
<th></th>
<th>Childcare Providers (n=49)</th>
<th>CBOs (n=37)</th>
<th>Average (n=76)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$22,393</td>
<td>$24,420</td>
<td>$23,113</td>
</tr>
</tbody>
</table>

**Table 6: Average Expenditure by Category**

All Grantees and by Type

<table>
<thead>
<tr>
<th></th>
<th>n=76</th>
<th>Personnel</th>
<th>Contract Services</th>
<th>Equipment</th>
<th>Supplies</th>
<th>Training</th>
<th>Capital Improvements</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare Providers</td>
<td>$4,222</td>
<td>$1,883</td>
<td>$5,450</td>
<td>$2,261</td>
<td>$461</td>
<td>$7,312</td>
<td>$820</td>
<td></td>
</tr>
<tr>
<td>CBO</td>
<td>$13,370</td>
<td>$4,889</td>
<td>$2,051</td>
<td>$1,609</td>
<td>$501</td>
<td>$500</td>
<td>$1,500</td>
<td></td>
</tr>
<tr>
<td>Both Grantee Types</td>
<td>$7,472</td>
<td>$2,951</td>
<td>$4,242</td>
<td>$2,030</td>
<td>$475</td>
<td>$4,892</td>
<td>$1,051</td>
<td></td>
</tr>
</tbody>
</table>

The distribution of funds by category for each type of grantee as a percent of the total average award (for that same grantee type) is indicated in Figures 1 and 2. In Figure 1, the largest percentages of expenditures for Childcare Providers (relative to total expenditures by Childcare Providers) were in the categories of Capital Improvements (33%) and Equipment (24%). Specific uses of funds in these categories included improvements to facilities, reflecting the importance of the service environment to these agencies, and the acquisition of computers and related equipment. Personnel expenditures, the third largest category at 19%, were primarily directed towards employing part-time staff.

For CBOs (Figure 2), only 2% was used for Capital Improvements and 8% for equipment. Combining the two categories of Personnel and Contracted Services, CBOs utilized the majority of their grants (75%) for personnel. As with the Childcare Providers, the primary equipment purchase was for computers and related material.
3. Grantee Observations

A great deal of qualitative data was provided by focus group discussions, questionnaires, and grantees’ Final Reports. Information was provided about the grantees’ perspectives on: (3A) the funding process; and (3B) the impact of funding on their agencies.

Funding Process

The funding process included making potential applicants aware of the availability of funds, the application, and selection process, which included workshops, technical assistance, and the distribution of funds. Based on the questionnaire responses, many grantees (33%) indicated they had learned of the program from various sources, with 24% indicating they had first learned of it through a mailing, 19% from another service organization, and 10% at a professional conference.

In the same questionnaire, grantees were asked whether they had participated in the application workshops and/or received technical assistance in preparing their applications from Community Partners. Out of 64 funded agencies, there were 59 responses. Of the 59 respondents, 93% indicated that they had attended workshops, and 53% received technical assistance. Asked to rate their satisfaction with various aspects of the process, from presenting the objectives of the initiative to the evaluation of applications, more than 95% expressed a high degree of satisfaction. Most of the comments received were consistent with this finding, as indicated in the following sampling from the questionnaire:

- “I feel that the entire process (application, mid-year review, etc.) was clear and straightforward. Our experience has been an extremely positive one. Thank you First 5 LA!”
- “Experience was very positive. The process was streamlined and not burdensome for a small organization.”
- “The process was very smooth. Very good instructions and samples to apply. During the funding process, staff was available by phone to help us every time we had a challenge.”
• “The whole process was very professional, and the assistance provided was great! Good Support Team!”

Several grantees, however, did not share the same view of the application process. One recommended that the applications be made available “in different languages besides English, such as Spanish and Korean.” Another remarked that, “Orientation workshops need work!” The need for assistance, particularly on the part of the Daycare/Preschool agencies, may be attributed to the unfamiliarity of these types of agencies with applying for grant funding, as many of the focus group participants noted. As one grantee explained:

“The workshops to apply for the grants were not that helpful. The organizations need specific help filling out the grant applications. We were told technical assistance would be provided, but whenever we asked for help during the application process, the staff members would tell us they could not answer questions specific to our proposed programs. This was frustrating and led to delays in completing the application.”

Despite the fact that technical assistance was available, several of the grantees who participated in the Childcare Provider focus group indicated that they had engaged independent consultants to assist them to prepare the application. The cost of doing so was in excess of $500. While the CBO group indicated that they were very familiar with applying for funds, and that they generally had no problems with the application, those CBO applicants that did not have such experience found the process, according to one grantee, “daunting.” Another suggested that First 5 LA should “compile a list of consultants which they trust so that agencies could consult with them and use their services if necessary.”

Another issue raised in focus group and questionnaire comments was the manner in which funds were distributed. For the most part, grantees were satisfied with the process of awarding 50% of the grant funds upon signing, an additional 40% on submission of the Mid-Year Report, and the final 10% upon submission of the Final Report. One exception was for some agencies that used funds primarily for capital improvements. As one grantee remarked:

“The process was a bit tedious, especially for the agencies that were making capital improvements; it was difficult to make and pay for the capital improvements the way the funds were disbursed. The process should make allowances for capital improvement to be funded according to the contractor’s/agency’s expenses incurred.”

The focus groups provided grantees a forum for discussion and sharing, which they found very beneficial. Many remarked that they would have liked to have opportunities to interact with their Small Grants peers. One questionnaire respondent shared this concern:

“When we received the grant we were told at the grantees’ meeting that we would be meeting with First 5 staff and other recipients to exchange stories and information during the course of the grant. These meetings did not occur.”
Impact of Funding

The difficulty of defining “capacity” with respect to the Small Grants makes the perceptions of the grantees themselves more pertinent. Did the Small Grants CDI improve the capacity of the funded agencies in the areas described in First 5 LA’s statement of objectives? As a result of receiving funding, were these agencies better able to “plan, develop and implement,” as well as “review and evaluate” the “programs, projects, services and activities” they provided? The following grantee observations regarding improvements in capacity indicate the ways in which they understood their needs and the impact of the funding. They are presented with respect to the area of improvement cited.

Capital Improvements:

• “[The grant] really helped us in the sense that it allowed us to create a comfortable, safe, and reliable environment that we envisioned for our children.”

• Now our childcare not only looks like a place children can come and be welcome and cared for, but we can back it up by offering all of the new services we have.”

Equipment:

• “We improved our environment with new durable inside and outside equipment. Many agencies like ours do not have the budget or funds to invest in outside and inside durable equipment, which is very necessary to provide a quality environment.”

• “It’s amazing how a simple changing table that was funded by First 5 LA makes our daily routine so much easier, sanitary, and safer for children.”

• “[As a result of acquiring computers], no longer are our children left behind by the ‘digital divide.’”

Planning/Development:

• “We formerly did not have the resources to do the research and planning necessary to develop effective programs in this area.”

• “We were able to hire a part-time grant writer, which enabled us to build our capacity to generate funds.”

• “[Agencies should] try to use some of that money to receive more grants.”

General Comments:

• “The most significant change we have seen so far is the quality of care and education we can give our children.”

• “[We are] now operating as a small business. In the beginning we were functioning like a babysitting service.”

• “The grant we received improved our school’s outlook and hope for the future.”
While these representative comments do not constitute hard evidence of improvements in the capacity of the funded agencies to provide their services, they clearly indicate positive and pertinent perceptions by the grantees about the changes accomplished as a result of the funding.

**Cycle 1 Conclusions**

Recall that there are two categories of small grantees in CDI: Community-based Organizations (CBOs) and Childcare Providers. Further recall that the latter category is comprised of Family-based Childcare Centers (FBCs) and Center-based Childcare Centers (CBCs). Both qualitative and quantitative evidence suggests that the funded agencies have indeed accomplished First 5 LA’s goal of increasing capacity of the organizations being funded. The question is: What does this really mean? Based on the research findings, this question will be addressed in turn as it relates specifically to Family-based Childcare (FBCs) and Community-based Organizations (CBOs) since these organization types represented (combined) the majority of all Cycle 1 grantees.

1. **Family-based Childcare Centers**

In many neighborhoods, particularly in lower income areas, childcare programs are operated out of a private home, where the owner and perhaps a few helpers provide the service. For the purposes of this study we refer to them as Family-based Childcare Centers (FBCs). Capacity, in its most basic sense, may be interpreted for these providers in terms of the number of children for which they can provide care. Physical space and staff size would be indicators that measure this type of capacity. But, as can be seen in the purposes for which grantees in this category used their awards, as well as in the comments of the grantees themselves, there is a qualitative aspect to capacity that is equally important.

The physical environment that children grow up in is an important factor in their development. In addition to basic concerns about hygiene and safety, children require access to elements that will stimulate their natural curiosity and promote physical development. For children in FBC settings, these elements contain a level of intentionality that goes beyond the typical family environment. This is especially true in lower income areas.

In effect, the kinds of improvements witnessed in Cycle 1 of the CDI Small Grants funding approach may be seen as elevating the capabilities of providers to create a more proactive learning environment for those in their care. While such centers would probably not be classified as ‘preschools’, the capacity improvements move them in that direction and improve their contribution to achieving the mission of First 5 LA.

First 5 LA raised one concern with the use of Small Grants funds to improve the facilities of FBCs. Such agencies are usually the owners’ homes, so the purchase of valuable non-fixed equipment like vehicles, computers, or even playground equipment could, in theory, be used by the grantees for personal rather than programmatic gain. Cycle 1 funding procedures did not include any measures to deter this possibility, beyond examining the licensure, experience, and other qualifications of the grantees. There is no evidence, however, that any grantees capitalized on increased home equity or equipment ownership in ways other than originally intended. Nevertheless, it may be desirable to take this into account in the event that First 5 LA chooses to continue funding home-based providers in this way.
2. Community-based Organizations

Most of the CBOs funded in Cycle 1 did not target their services solely, or even directly, at the population of children 0-5 and their parents. Rather, the needs of this population seem to be indirectly addressed by focusing on various needs in their communities. The logic of this approach can be understood based on a Circles of Influence model whereby positive improvements in a community impact families. When this happens, it can lead to increases in the wellbeing and welfare of the children in the family.

The Cycle 1 objectives specifically included the functions of planning and evaluating programs, as well as delivering services and other activities. Planning and evaluation, as well as implementing programs, are more common characteristics of CBOs than of FBCs. Thus, we need to know whether CBOs’ experience with the CDI Small Grants Program improved their capacity in this area and what might be learned about the needs of these agencies and their communities.

As with FBCs, or Childcare Providers in general, CBOs focused on what might be called infrastructure issues. In their case, however, infrastructure relates to their ability to identify the needs of their communities and increase awareness of and access to their services as opposed to improving the quality of their facilities and equipment. This is reflected in the fact that the majority of funds awarded to these agencies was allocated to the categories associated with personnel, including Personnel and Contracted Services.

Also as with Childcare Providers, many of the CBOs used a portion of their funds to acquire computers and related technology. Intended uses for this equipment included general management functions, data analysis, and management of client and donor databases. The fact that these agencies did not have this equipment prior to CDI Small Grants indicates the kind of capacity limitations under which such agencies may be operating.

CBO grantees reported that their activities pursuant to their awards enabled them to accomplish their goals of needs identification and outreach with respect to the target population. Some grantees reported that they were able to improve their ability to generate new services and enhance agency finances by engaging persons with grant writing expertise. The grantees saw these changes as positive – meaning that the grantees believed they were thus better able to deliver quality care for the children in their programs.

3. Role of First 5 LA as Partner

After reviewing CDI’s background, structure, and grantee experiences, it appears that the initiative was intended to target agencies referred to as Community-based Organizations (CBOs). Nevertheless, the majority of agencies that actually received funding in Cycle 1 fell into the category of Family-based Childcare Centers (FBCs), the same type of Childcare Provider agencies that were funded under the Child Care I and II Initiatives. The precise reasons for this are unclear. It may be the result of factors associated with promoting the initiative, the application review process, and/or the relative numbers of applications received from the two types of agencies. It may also be a reflection of the considerable capacity needs of small neighborhood (mainly family-based) Childcare Providers. Either way, it is still possible to obtain information about the desirability of partnering with both types of agencies and ways to improve that process.

As to FBCs, it is clear that they provide a valuable role in their communities. It is also clear that many of them lack the resources to go very far beyond being purely custodial services akin to babysitting. The majority of Small Grants monies received by these agencies were used for capital improvements and equipment purchases. However, grantees regarded the $25,000 award limit as an award cap rather than a guideline. In other words, some grantees took the "up to $25,000" to mean that they could spend the grant on anything related to operations consistent with First 5 LA policies, as long as the...
total spent did not exceed $25,000. Consequently, approximately 45% of the average grantee's award was used for things like hiring part-time personnel and acquiring disposable supplies, rather than on capital and equipment resources, which would have directly supported capacity-building activities.

A related issue for grantees seems to be how they should regard the $25,000 funding limit. Based on the finding that only about 50% of the average grantee's funds were used for items that directly affected their long-term, sustainable capacity, more selective review of applications could result in nearly twice as many agencies benefiting from the initiative, or in twice as many dollars allocated to each grantee supporting capacity development. For example, instead of using money to buy items such as school supplies, which could be paid for with other funds, the money could be invested in long-term strengthening of the organization. Examples might include hiring a highly qualified teacher, hiring a consultant on resource development, or upgrading play equipment and space.

A further issue relates to the way funds are distributed and the reporting requirements of the grantees. Given that the CDI Small Grants was designed with CBOs conducting year-long direct-service projects in mind, funds were distributed over that period and grantees were required to submit Mid-Year and Final Reports. In some cases, the result was that funding did not match the timing of expenditures, which impeded the improvement process of grantees. Furthermore, it created extra work on the part of both grantees and First 5 LA personnel. First 5 LA personnel stated that these agencies require technical assistance in “dealing with funding agencies” as well as in completing applications. The amount of technical support required by the grantees significantly outweighed the $25,000 size of the Small Grants, according to both the grantees and First 5 LA Program Officers. Restructuring the process to more accurately reflect the needs and benefits of such a program would help reduce the burden on the grantees and the overhead resources required to administer and monitor it.

As to First 5 LA partnering with small CBOs, the fact that CBOs generally expressed satisfaction with the process probably reflects the original intent of the initiative. However, as noted earlier, Cycle 1 had an unintended outcome of supporting a smaller number of grantees in this category relative to those in the FBC category. In order to partner with both types of agencies more effectively, First 5 LA may wish to consider how best to promote its goals, respectively, for FBCs on the one hand, and CBOs on the other, and create funding frameworks and processes based on these discrete approaches. Many, if not most, CBOs did not specifically target the 0-5 population and were not in a position to tailor programs narrowly directed at that population's needs. Nevertheless, that target population is often affected by other services the CBO provides to its community, including ESL classes or job training for parents. Should First 5 LA choose to continue to pursue enhancing the capacity of CBOs in the context, for example, of a framework that aims to strengthen the supportive environments for children 0—5, it could consider broadening its definition of the types of small-scale CBO programs eligible for funding.

CDI Small Grants appears to provide a de facto needs assessment. A case in point is the grantees' choice of funding uses. FBCs often use the funding to enhance the facility and to acquire durable equipment for physical improvements, transportation, or cognitive development, which will improve the provider's ability to attract and care for more children, thereby increasing revenue. In contrast, CBOs tend to fund structural improvements that will enhance a provider's ability to manage its activities, or to pursue additional funding, thereby increasing its ability to provide other services, including those that directly and/or indirectly address the 0-5 population. With respect to initiating other types of programs, First 5 LA might wish to consider the grantees' historical uses of funds based on what they believe are important to their programs' sustainability. Determining which uses of the funds actually result in greater sustainability may qualify as a fundamental criterion for funding in the future.
Finally, First 5 LA might wish to attend to grantees’ desire for more opportunities to share information and experiences among themselves. The focus group discussions conducted to collect data for this evaluation also served to bring grantee personnel together for mutual learning in the context of their common experiences. During these discussions, several grantees expressed their understanding that this type of exchange had been intended to be a part of their grant process, but they were disappointed that it did not occur. Such gatherings provide an opportunity for peer, as well as expert, technical assistance, thereby enhancing the capacity building objectives of the initiative.
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CHAPTER 2
Cycle 5 Phase I

Application and Selection Process

The next two chapters present the results and conclusions of Semics’ evaluation of CDI Small Grants Cycle 5, conducted in two phases. The first phase focuses on the application and selection process, and the second investigates the capacity building results of the funded projects themselves. While specific grantees will be highlighted in brief case studies, this evaluation took a ‘big picture’ approach, and the grantees were evaluated Cycle-wide, en masse. This chapter focuses on the funding application and grantee selection process (Phase I) of Cycle 5, while Chapter 3 presents the evaluation findings for Phase II, when awarded funds were disbursed and funded programs were implemented.

Cycle 5 of the CDI Small Grants program awarded approximately $1.25 million to 55 agencies selected after an intensive multi-stage review process. All of these grantees were new to First 5 LA and had not been funded in prior Cycles. The funding period began in April, 2005, and ended in April, 2006. Cycle 5 was intended to be both a continuation of and an improvement on the first four funding cycles. As articulated in the Small Grants Application Guidelines, the final round of grants was “designed to build the capacity of community organizations such as neighborhood associations, Community-based Organizations or collaboratives, faith-based organizations or civic agencies to increase the delivery of programs and services for young children and families.”

To accomplish the goal of building capacity more effectively than the previous four cycles, Cycle 5 was administered with a different emphasis. The most visible change from the prior funding cycles was the switch to The Koltnow Group when Community Partners stepped down during Cycle 4. In their new role, The Koltnow Group performed similar implementation functions to those of the former strategic partner, but recommended funding specific capacity strengthening projects while prohibiting specific spending categories deemed to have not contributed significantly to the capacity strengthening outcomes of previous cycles. (The details, consequences, and outcomes of the changes between funding Cycles 1 through 4 and Cycle 5 are discussed extensively in Chapter 4.)

After the Cycle 5 review process, the agencies ultimately awarded the up-to $25,000 grants to 23 Community-based Organizations (CBOs) and 32 Childcare Providers. These organizations were located throughout Los Angeles County, with all Service Planning Areas (SPAs) represented. The CBOs offered a broad range of non-custodial services to children, families and communities. The Childcare Providers were defined as providing either early education for pre-kindergarten children, a custodial service for the same age group, or a combination thereof. Of the Family-based Childcare Centers (FBCs) and Center-based Childcare Centers (CBCs) included under Childcare Providers, more CBCs were funded in Cycle 5 than had been in Cycle 1. (About one third of all funded Childcare Providers in Cycle 5 were CBCs, vs. about one fourth in Cycle 1.)
Evaluation Approach

The purpose of the interim study of Cycle 5 was to assess the results of the application and selection process to determine how it contributed to the ultimate program objectives planned for Cycle 5. Employing a "program theory" approach, the assumptions and activities that comprise the intermediate stages used to accomplish desired outputs and outcomes are assessed to affirm or, if necessary, improve the process. In addition to providing a framework for the larger assessment of Cycle 5 results, the interim study findings were originally intended to assist decision makers in optimizing the process of conducting a possible sixth cycle of Small Grants funding, given that approximately $1.6 million remained of the original $10 million allocation for further Small Grants after Cycle 5.

During the Cycle 5 application and selection process, Semics staff attended meetings between the process consultants (The Koltnow Group), First 5 LA staff, and Commissioners on the CDI Liaison Group. All available documents were collected and reviewed, including the database maintained by The Koltnow Group and the Final Implementation Report submitted at the end of the grantee screening and selection process. Additional process information was obtained from targeted organizations through two focus groups. One group was composed of successful applicants and the other of representatives of organizations that attended "How to Apply" workshops conducted by The Koltnow Group and chose not to submit applications. The following data sources were used in the course of this review:

1) Documents and databases generated by The Koltnow Group in connection with their administration of Cycle 5, including, but not limited to;
   • Cycle 5 Funding Guidelines and Application
   • "How to Apply" workshop materials
   • Fact Sheets presented to First 5 LA to report progress
   • Access database on agency contacts during the process
   • Final Implementation Report, submitted May 2005
   • Applications submitted by the 55 Cycle 5 grantees

2) Relevant Commission Meeting Minutes pertaining to the Small Grants CDI and Cycle 5 in particular

3) Meetings with First 5 LA staff and the Commission Liaison Committee


5) Focus Group Discussion with randomly-selected Cycle 5 grantees, conducted May 12, 2005

6) Focus Group Discussion with randomly-selected attendees of the Cycle 5 “How to Apply” workshops who chose not to submit an application, conducted June 9, 2005.

Findings

The Cycle 5 funding solicitation and selection process aimed for a number of objectives, including: (1) the distribution of remaining CDI Small Grants funds; (2) a distribution ratio of approximately 60:40, CBOs to Childcare Providers; and (3) direct funding toward more specific “programmatic activities” than in earlier cycles. Post-implementation data indicates that the solicitation and selection process at the beginning of Cycle 5 fell short of the first two of these objectives but did increase the focus of funding toward program activities. This last objective is discussed in depth in Chapter 3. With regard to the factors contributing to the outcomes of the first two objectives, the following characteristics of the selection process are discussed in detail below: (1) Agency Type, (2) Workshop Attendance, and (3) Agency Size.
1. Agency Type

Table 7 compares the stated intentions for Cycle 5 with the actual results of the solicitation and selection process for the distribution of funds. In the case of available funds, the observed discrepancy between intended and actual can be explained by taking account of First 5 LA’s administrative expenses (approximately $1.55 million over four cycles) which were charged against the total initiative allocation for CDI Small Grants. After accounting for these administrative expenses, the awarding of approximately $1.25 million to 55 grantees reflects slightly more than one-third of the remaining total funds available, which was $3.45 million.

Table 7: Comparison of Cycle 5 Intentions to Actual Results

<table>
<thead>
<tr>
<th>Factor</th>
<th>Intended</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Funds</td>
<td>$5 million</td>
<td>$3.45 million</td>
</tr>
<tr>
<td>Total awarded</td>
<td>$5 million ($3.45 million)</td>
<td>$1.25 million</td>
</tr>
<tr>
<td>Number of Grantees</td>
<td>Approx. 140*</td>
<td>55</td>
</tr>
<tr>
<td>Award date(s)</td>
<td>March-December 2004</td>
<td>April 2005</td>
</tr>
<tr>
<td>CBO/Childcare Provider ratio</td>
<td>60/40</td>
<td>44/56</td>
</tr>
</tbody>
</table>

*Assuming approximately $25,000 per grant.

The 55 grantees represent the end of a process which began with more than 1,000 requests for information. During the application process, The Koltnow Group conducted 14 information workshops attended by 433 participants. (This does not necessarily represent 433 separate agencies as more than one person per agency may have attended.) Additional support was provided by phone. Following the outreach and assistance process, a total of 221 applications were received.

Tables 8 and 9 below indicate the type, number, and percent of applicants that were included at each stage of the review process. The Level 1 Review, conducted by The Koltnow Group staff, was to ensure compliance with application requirements. The Level 2 Quality Review was conducted by Koltnow and outside experts in the field and examined congruence between proposed activities, the needs of the population, and First 5 LA goals. The Level 3 Review consisted of site visits conducted by Koltnow staff to verify the credibility of the organization’s proposal. It should also be noted that applicants were afforded one or more opportunities to respond to problems noted in the compliance review by re-submitting their applications. Several of the participants in the grantee focus group expressed appreciation for being allowed a “do-over” at this stage.

Table 8: Applicants’ Progress Through CDI Small Grants Cycle 5 Review Process

<table>
<thead>
<tr>
<th></th>
<th>CBOs</th>
<th>Childcare Providers</th>
<th>Total</th>
<th>All Applicants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>69</td>
<td>31.20%</td>
<td>152</td>
<td>68.80%</td>
</tr>
<tr>
<td>Passed Level 1</td>
<td>50</td>
<td>30.70%</td>
<td>113</td>
<td>69.30%</td>
</tr>
<tr>
<td>Passed Level 2</td>
<td>26</td>
<td>36.70%</td>
<td>45</td>
<td>63.30%</td>
</tr>
<tr>
<td>Passed Level 3</td>
<td>23</td>
<td>41.90%</td>
<td>32</td>
<td>58.10%</td>
</tr>
</tbody>
</table>

Table 9: CDI Small Grants Applicants’ Progress Through Cycle 5 Review Process, By Agency Type

<table>
<thead>
<tr>
<th></th>
<th>CBOs</th>
<th>Childcare Providers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>69</td>
<td>100%</td>
<td>152</td>
</tr>
<tr>
<td>Passed Level 1</td>
<td>50</td>
<td>72.40%</td>
<td>113</td>
</tr>
<tr>
<td>Passed Level 2</td>
<td>26</td>
<td>37.70%</td>
<td>45</td>
</tr>
<tr>
<td>Passed Level 3</td>
<td>23</td>
<td>33.30%</td>
<td>32</td>
</tr>
</tbody>
</table>
These tables point to some assumptions made with respect to the intent of Cycle 5 and the nature of the agencies that applied. Of particular interest is the number and percent of different types of applicants that passed the Level 1 Review. First 5 LA personnel had previously expressed concern about working with smaller agencies -- particularly that Childcare Providers, being generally unfamiliar with the grant application process, have problems complying with application requirements. But in Cycle 5, the percentage of applicants able to comply with these requirements was virtually identical between CBOs and Childcare Providers.

As noted above, applicants that did not initially pass Level 1 were given one or more opportunities to re-submit. As can be seen in Figure 3, an analysis of the percentages of applicants from each cohort indicates that Childcare Providers were more likely to submit a complete application on the first pass than were CBOs (22% vs. 14%). Further, of those that initially failed to meet submission requirements, an equal percentage (67%) of each cohort ultimately passed Level 1 review. These results suggest that Childcare Providers were as capable of participating in the application process as CBOs.

A majority of Childcare Providers that passed the Level 1 Review (60%) were eliminated in the Level 2 review process. This suggests that the purposes for which funds were requested were not consistent with the guidelines described for Cycle 5. It should be noted that 48% of CBO applicants were also eliminated at this stage. Overall, 23% of all applicants that passed the Level 2 process were eliminated during the Level 3 site visit review. A considerably higher percentage of Childcare Providers (29%) than CBOs (12%) failed to pass this review, suggesting that conditions in these sites for various reasons were not deemed as conducive as those in other sites to fulfilling the applicants’ stated goals.

As to the process itself, both groups of focus group participants (grantees and those that attended workshops but did not apply) indicated that they found the application burdensome. It has been suggested that legal requirements may contribute to this, as insurance coverage and recordkeeping expectations at First 5 LA exceeded what many applicants had put in place and, therefore, additional effort was needed for these applicants to qualify for funding.
2. Workshop Attendance

The following figure depicts the relationship between attendance at the “How to Apply” workshops and funding probability by agency type.

Of the 221 agencies that submitted applications, 60 (27%) were received from those that attended workshops. Among the 69 CBO applicants, 26 (38%) attended workshops. Of those, however, only eight (31% of workshop attendees and 12% of total CBO applicants) were ultimately funded. The probability of funding was slightly lower than that of non-workshop attendee applicants (35% the cohort and 22% of the total). Only 34 (22%) of the 152 childcare applicants had attended workshops, of which 12 (35% of the cohort and 8% of the total) received funding. Of the 118 childcare applicants that did not attend workshops, only 20 (17% of the cohort and 13% of the total) were funded. These figures indicate that the impact of workshop attendance on an agency’s probability of receiving funding was ambiguous. On the one hand, it seems to have increased the probability of receiving funding among childcare applicants. But this was not the case among CBOs.

Perhaps the most significant aspect of this data is that 81% of all applicants were unable to pass the initial compliance review on first submission. This would seem to confirm comments from focus group participants, including those that received grants, that the process was overly complicated, particularly given the maximum size of the award, $25,000. To the extent that complexity does explain the low initial compliance pass rate, such complexity (noted above) was partly a result of legal requirements at First 5 LA. However, this complexity could also be due to the application form itself. The Koltnow Group’s Final Implementation Report indicated that considerable time and effort had been spent developing the application, and that there was a desire not to make it “too simple”, suggesting that it could have been simpler than it was.
3. Agency Size

As noted above, an additional change to the application guidelines in Cycle 5 (compared to previous CDI Small Grants cycles) was an increase in the eligibility cap based on an agency’s annual budget size (from $250,000 to $1 million). A comparison of the annual budgets of Cycle 5 applicants versus grantees indicates that those with larger budgets in each cohort had a higher probability of being funded than those with smaller budgets. These findings are depicted in Tables 10 and 11.

**Table 10: Cycle 5 Applicant Annual Budget**

<table>
<thead>
<tr>
<th></th>
<th>Childcare Provider</th>
<th>CBO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(n=198)</td>
<td>n</td>
<td>pct.</td>
<td>n</td>
</tr>
<tr>
<td>&lt; $50,000</td>
<td>61</td>
<td>44.2%</td>
<td>14</td>
</tr>
<tr>
<td>$50,000 to $100,000</td>
<td>42</td>
<td>30.4%</td>
<td>9</td>
</tr>
<tr>
<td>$100,001 to $200,000</td>
<td>12</td>
<td>8.7%</td>
<td>11</td>
</tr>
<tr>
<td>$200,001 to $250,000</td>
<td>3</td>
<td>2.2%</td>
<td>6</td>
</tr>
<tr>
<td>Greater than $250,000</td>
<td>20</td>
<td>14.5%</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>138</td>
<td>100%</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Koltnow Cycle 5 database

**Table 11: Cycle 5 Grantee Annual Budget**

<table>
<thead>
<tr>
<th></th>
<th>Childcare Provider</th>
<th>CBO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(n=55)</td>
<td>n</td>
<td>pct.</td>
<td>n</td>
</tr>
<tr>
<td>&lt; $50,000</td>
<td>9</td>
<td>28.1%</td>
<td>4</td>
</tr>
<tr>
<td>$50,000 to $100,000</td>
<td>11</td>
<td>34.4%</td>
<td>4</td>
</tr>
<tr>
<td>$100,001 to $200,000</td>
<td>0</td>
<td>0.0%</td>
<td>2</td>
</tr>
<tr>
<td>$200,001 to $250,000</td>
<td>1</td>
<td>3.1%</td>
<td>2</td>
</tr>
<tr>
<td>Greater than $250,000</td>
<td>11</td>
<td>34.4%</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>100%</td>
<td>23</td>
</tr>
</tbody>
</table>

As shown in Tables 10 and 11, agencies with annual budgets of more than $250,000 accounted for only 20% of all applicants but 40% of grantees. This is particularly the case with Childcare Providers; those with budgets over $250,000 accounted for only 14.5% of applicants but 34.4% of grantees. A variety of factors may have contributed to this outcome, including the greater resources available to larger agencies and more experience developing successful applications. The documents reviewed from the funding selection process do not reveal the basis for scores given to each applicant. Therefore it is difficult to explain precisely why a disproportionately high number of larger-budget organizations ultimately were funded compared to smaller-budget applicants in Cycle 5. This outcome appears significant from a process evaluation perspective and, as such, is discussed further below. (See “Phase I Conclusions” below.)

**Cycle 5 Phase I Conclusions**

Based on this assessment of the Cycle 5 application and selection process, we noted that First 5 LA appears to have fallen short of reaching its intended objectives with respect to the disbursement of remaining funds and the ratio of CBOs to Childcare Providers funded. This finding appears to be based on apparent shortcomings in the design of the process itself and in its underlying assumptions. For example, the change from a relatively open funding approach (in which applicants were given room to decide for themselves what they intended to do toward building their capacity based on their own definitions) to a more goal-oriented approach for awarding funds is a factor that lead to a higher degree of selectivity and a reduced overall level of funding relative to expectations. Also, while Cycle 5 identified goal areas and desired levels of participation for the CBO sector, the continued willingness to entertain proposals from Childcare Providers resulted in applications being received by more than twice those of CBOs.
The Final Implementation Report for Cycle 5 concluded that “an effective outreach strategy to CBOs was in place,” but that the consultants “did not have the time to outreach to qualified CBOs” as a result of “the tremendous response to the initiative by family Childcare Providers”. However, there is evidence that the lack of CBO response is less the result of the effectiveness of outreach than the cap of $25,000 in funding combined with the complexity of the application and the nature of programmatic goals. Our conclusion is that CBOs generally had more expertise in accessing funds and more resources at their disposal. Consequently, they not only understood the amount of work that would be required to gain the funding, but also that the funding would not have a huge impact relative to their larger operating budgets. On the other hand, Childcare Providers, who typically had smaller operating budgets and fewer options for grant funding than their CBO counterparts, were eager to obtain the grant given the relatively larger impact it could make for them. Further, they were more willing to invest the effort and were perhaps unaware of the total investment they might have to make to obtain the grant.

Nevertheless, evidence from the Cycle 5 funding process suggests that grantees with larger operating budgets had a higher probability of being selected for funding. While this result is not inconsistent with First 5 LA’s lifting of the budget cap of eligible applicants, it raises larger questions about First 5 LA’s intended purpose for CDI Small Grants, and perhaps for funding of smaller agencies generally.

What is the difference between agencies with smaller budgets and those with larger budgets (beyond the budgets themselves)? A closer look at the “larger” small grantees in Cycle 5 suggests that these organizations not only share First 5 LA’s objectives regarding child development, but already have the ability to meet those objectives. Capacity development for these agencies (primarily CBOs) is not as strong a need as the “smaller of the small,” and therefore these agencies are better positioned to achieve specific milestones related to child development while also pursuing capacity goals. It seems that, in Cycle 5, First 5 LA was trying to move towards funding those organizations in which program objectives could run side by side with capacity development as a dominant priority.

The question remains: Is there something important about the “smaller of the small” agencies that First 5 LA should try to support? If there is something important that First 5 LA should try to support, should First 5 LA change its application criteria accordingly? For example, as an alternative, First 5 LA could move the other direction by selecting more organizations that cannot yet meet its program objectives, and provide funding and expert support to lift the organizations up to meet them.

Whether or not such a focus on capacity development is a viable option, and how to go about supporting it effectively, are matters beyond the scope of this report. However, we commend a process of planning at First 5 LA in which these questions are made explicit, the choices and their implications are discussed, and decisions are made with as much consideration of pertinent data from First 5 LA’s experience as possible.

For purposes of evaluating the outcomes of Cycle 5 (see Chapter 3, below), Semics preferred to use a capacity building framework in spite of the shift noted above. This preference was taken because (1) a decision to step away from capacity building in Cycle 5 was not the intention of First 5 LA, and in any case was not feasible given the number of Childcare Provider grantees; (2) capacity building was an important part of First 5 LA’s intentions for CDI Small Grants from the beginning; and (3) outcomes of Cycle 5 could then be more readily compared with those of Cycle 1.
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CHAPTER 3
Cycle 5 Phase II

Introduction

Semics began its evaluation of the CDI Small Grants Cycle 5, Phase II, in early 2006. The scope of the evaluation was designed to build upon the study of Cycle 1 (presented in Chapter 1 of this report) and the study of Cycle 5’s application and selection process (“Phase I”), presented in Chapter 2. This chapter will investigate the degree of success of Cycle 5 in achieving the larger goals of CDI Small Grants, as well as cycle-specific objectives with regard to building agency capacity.

Evaluation Approach

As noted earlier in this report, the outcomes of Cycle 5 (like those of Cycle 1), were assessed using the following definition of capacity:

Organizational capacity is an agency’s **efficiency** and **effectiveness** in achieving its mission.

Capacity strengthening is thus a material and sustainable increase of organizational efficiency and/or effectiveness.

Applying this definition to the stated objective of Cycle 5 — “increas[ing] the delivery of programs and services for young children and families” — we can say that more **effectively** improving the welfare of children 0-5 and their families through program or service delivery requires one of the following:

A) Providing a better program/service to children 0-5 and their families (greater quality)
B) Providing the program/service to more children and families (greater quantity)
C) Providing more of the program/service to the same number of children 0-5 and their families (greater quantity)

Increasing **efficiency** means improving organizational functioning of the agency so that less time, money and/or fewer resources are used to achieve a given level of program/service delivery. In other words, efficiency means achieving the same (or higher) level of organizational output with the same or fewer resources. Those resources thereby freed up can be used to increase the quality, quantity and/or **sustainability** of the programs directly serving the target population. Within the context of First 5 LA’s intended outcomes for Cycle 5, this primarily takes the form of enhancing business operations, for example, through strategic planning or board development. In short, increasing the capacity of organizations to deliver their program/service to children 0-5 and their families can be accomplished through improving an organization’s functioning so that more resources can be put toward program delivery.
Evaluation generally requires that the impact made upon an organization’s capacity be measurable or otherwise verifiable; it must demonstrate an increase (or decrease) in the organization’s ability to deliver its service above (or below) an existing, known level in such a way that the result can be confirmed and (if desirable) replicated. The impact must also be sustainable. While the immediate ability of an agency to do something in the present may be affected by disposable or short-term inputs, the capacity of that agency to create change in a target population requires effort over time. Therefore, a change in capacity must be a long-term change in an organization’s service delivery capabilities. In this evaluation, capacity was considered to have increased when that increase was both maintainable over a reasonable period of time (i.e. at least through the Cycle 5 funding period but especially beyond it), and when there was verifiable evidence, either qualitative or quantitative, demonstrating the increase.

Findings

The conclusion of the Semics evaluation is that Cycle 5 did increase the capacity of many of the agencies funded under the CDI Small Grants program, but that the capacity-related outcomes for most CBOs were less sustainable than for most of the Childcare Providers. Overall, relative to the intended outcomes of the Small Grants funding approach, agency capacity was enhanced in Cycle 5, but to a lesser degree than intended.

Based upon data collected from site visits, an anonymous survey questionnaire, focus group discussions, and applications and Final Reports from the grantees, our evaluation findings will be presented below in six segments. (1) The evaluation methodology section details the sources of data used in the Cycle 5 analysis, as well as the indicators that form the basis by which capacity building in the grantee agencies was assessed. (2) The grantee characteristics provide a picture of the types of agencies that comprised the Cycle 5 pool of funded organizations. (3) An evaluation of the uses of funds by the grantees will reveal the needs deemed most critical by the agencies themselves. The section on sustainable capacity building supports the conclusion that, ‘Yes,’ the capacity of the grantees was generally increased by the Cycle 5 Small Grants, with some caveats. Finally, because the assessment of capacity is as much a qualitative exercise as a quantitative one, (6) grantee observations are included as well.

These findings were determined from a process of collecting and analyzing data based on a conceptual understanding of capacity building tied to our original definition in this report: Capacity building is a process that focuses on creating a material and sustainable increase in the efficiency and effectiveness of an agency in achieving its mission.

1. Evaluation Methodology

In order to assess whether or not capacity was enhanced in the grantee agencies as a result of First 5 LA funding, the impact of CDI Small Grants was analyzed using basic quantitative indicators, qualitative observation and grantee feedback. Since capacity building is herein understood to be an increase in the efficiency and/or the effectiveness of the programs in Cycle 5, there must be changes in the quality, size, or operation of the program for capacity building to be a confirmed result. We argue that a larger program is capable of reaching more families and thus has the potential to be more effective in positively impacting the lives of children ages 0-5. Similarly, a program of higher quality can also more effectively impact the target population. A more efficient organization conserves resources through better organizational functioning and thus has an increased capacity to deliver its services, either with higher quality, or for a longer period, or for more children and/or families.

The clearest quantitative indicators of increased efficiency and effectiveness include the number of children served, the number of families served, and the size of the annual operating budget. An increase in any of these categories suggests
that either a greater number of children and/or their families are being served by the agency or project, or that those served are receiving a higher quality or higher volume of services.

In order to ascertain whether grantees in Cycle 5 made progress on these three indicator categories (children served, families served, and annual operating budget), four primary research sources were employed. First, the Final Reports of the grantees were analyzed to assess their programmatic achievements, and to garner the comments of the grant recipients with respect to capacity building. Second, Semics surveyed each of the grantees regarding the sustainability and measurability of the program enhancements funded by the grant. Third, two focus groups were convened with Cycle 5 grantees to understand, in their own words, the experiences and perspectives they bring to capacity building. Fourth, site visits contributed to a more in-depth and comprehensive analysis of three programs: one Community-based Organization (CBO), one Center-based Childcare Center (CBC), and one Family-based Childcare Center (FBC). (Case studies based on these site visits can be found on pages 57 - 68 of this report.)

2. Grantee Characteristics

General Statistics

Information about the 55 grantees in Cycle 5 was taken from two primary sources: the Applications and Final Reports of the grantees, and The Koltnow Group's Final Report and database. Not all of these sources contain information from 100% of the grantees. For example, while all of the grantees' applications were reviewed by Semics, 51 of the 55 Final Reports were received (92.7%). Furthermore, Semics assumed that the information contained in The Koltnow Group's Final Report and data are accurate.

As noted earlier, there are two primary categories of grantees: Community-based Organizations (CBOs) and Childcare Providers. The latter category is comprised of Family-based Childcare Centers (FBCs) and Center-based Childcare Centers (CBCs). They all share a common target population, children aged 0-5, but Childcare Providers (FBCs and CBCs) provide direct services to children, while CBOs tend to provide a service that is non-custodial or targets the families or communities of small children.

The total Cycle 5 grantee pool had 32 (or about 58%) Childcare Providers and 20 (or about 42%) CBOs. Of the Childcare Providers, 20 were FBCs (62% of the Childcare Provider grantees or 36% of the entire Cycle 5 pool) and 12 were CBCs (representing 38% of Childcare Providers and 22% of the total grantee pool, respectively).

Table 12 (below) describes the various types of services provided by the funded CBOs as well as the number of Small Grants awarded in each category.

Table 12: Types of Services Provides by CBOs Funded in Cycle 5

<table>
<thead>
<tr>
<th>Type of CBO Service/Organization</th>
<th>CBOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health (e.g., health education, drug/alcohol prevention, environmental health, clinic services)</td>
<td>7</td>
</tr>
<tr>
<td>Early childhood development, family literacy, parenting skills</td>
<td>5</td>
</tr>
<tr>
<td>Alternative Therapy (e.g., occupational, equestrian therapy)</td>
<td>3</td>
</tr>
<tr>
<td>Special Needs Population (e.g., children with developmental disabilities)</td>
<td>3</td>
</tr>
<tr>
<td>Services for a Specific Population (e.g., children with incarcerated parents, mothers, young mother &amp; children in transitional housing)</td>
<td>3</td>
</tr>
<tr>
<td>Arts (e.g., therapeutic arts, dance)</td>
<td>2</td>
</tr>
</tbody>
</table>
A corresponding table for the types of services provided by Childcare Providers would contain only one or two categories of activity – physical equipment and supplies upgrades, and programmatic improvements such as staff training on child development and the introduction of new, learning-oriented curricula. These activities were delivered by a large majority of Childcare Providers, whether FBCs or CBCs.

**Annual Budget**

The other basic commonality shared across grantee types is that their annual operating budgets were required to be below $1,000,000 (a change from the first four funding Cycles, in which the maximum annual operating budget was $250,000). However, the vast majority of FBCs had budgets below the former maximum of $250,000, while a larger portion of CBCs and CBOs (compared to FBCs) were operating on budgets of over a quarter million dollars. Grantees were asked to identify their budget size as belonging in one of five different categories, less than $50,000, between $50,000 and $100,000, between $100,001 and $200,000, between $200,001 and $250,000, or more than $250,000. **Figure 5** represents the relative percentages of each budget size category for the 55 grantees in Cycle 5, with the aggregate number (N=55) of CBOs and Childcare Providers funded in each.

![Figure 5: Breakdown of Grantees by Annual Budget](image)

The maximum annual budget size was increased from $250,000 in the first four Cycles to $1,000,000 for Cycle 5 to encourage more applications from CBOs relative to Childcare Providers. **Table 13** below details the grantees’ budget sizes by agency type. It is clear from the 11 CBOs (47.8%) with budgets over $250,000 that the effort to attract more CBOs through this eligibility modification had been partially effective, although the desired CBO to Childcare Provider grantee ratio was not achieved. It can be concluded from this that were it not for the raised ceiling on applicants’ annual operating budgets there would have been far fewer CBOs funded in Cycle 5.
Table 13 also shows the comparative smallness of the Childcare Providers' budgets, with 65.6% (N = 21) operating on less than $100,000 per year. The CBCs funded (N=12) account for all ten of the childcare grantees with operating budgets over $250,000.

The difference between the budget sizes of the CBOs and the Childcare Providers suggests that the up-to $25,000 Small Grants should have had a proportionally greater impact on the capacity development of the latter group – especially the Family-based Childcare Providers. However, the rudimentary functioning of FBCs prevented them from achieving a desirable level of sustainability from their grants. (The effects on agency capacity will be discussed later in this report.)

Number of Children Served

The Cycle 5 application form asked grantees to identify the number of children they had been serving at the time they applied for CDI Small Grants funding. Childcare Providers are limited by their licensing requirement to serving a specific number of children, usually no more than 14. However, CBOs offer a wide variety of services, are not custodial in nature, and frequently target parents, neighborhoods, or communities; therefore, CBOs do not have a maximum number they can serve. Table 14 represents the size of the 55 Cycle 5 grantees by the number of children served, as identified on their Small Grants applications.

Table 14 – Grantee Size as Number of Children Served by Agency Type

<table>
<thead>
<tr>
<th># of Children Served</th>
<th>CBOs</th>
<th>Childcare Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 (start-up)</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>1-5</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>6-9</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>10-20</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>21-50</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>51-100</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>101-300</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>&gt; 300</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23</td>
<td>32</td>
</tr>
</tbody>
</table>

All 11 of the Childcare Providers who served more than 20 children at the time of application were CBCs. Among FBCs, 6 (or 30%) had fewer than five children in their care, and 15 (or 75%) had fewer than ten total. On the other side of the spectrum, 13 (or 65%) of CBOs served numbers of children in the tens or hundreds. Regardless of the number of children served, the Small Grants funds were intended to be used in ways that would benefit equally all children within each grantee program, during the funding period and beyond.
Organizational Structure

Several sub-variations exist in the characteristics of the Cycle 5 grantee pool that should be noted. In the application process grantees were asked to indicate whether they operated on a non-profit or a for-profit basis. The vast majority of the CBOs funded are non-profits and an equivalently large percentage of the Childcare Providers are for-profit. As noted in the section of this report regarding Cycle 1 findings, there are very few grants available to for-profit agencies. For this reason, the childcare grantees frequently commented that the First 5 LA CDI Small Grants were the only source of grant funding available to them. It should also be noted that the Childcare Providers identified themselves as “faith-based” when applicable. This distinction did not adversely or favorably affect any organization’s eligibility to be considered for funding, but was noted by the grantees frequently and, as such, appears to be an important part of the grantees’ perceptions of their own identity and commitment to their populations.

3. Funding Allocations

Compliance

This evaluation found that grantees generally complied with the guidelines and budgets required as part of Cycle 5. In other words, grantees either followed their approved plans closely or made First 5 LA-approved changes to their budgets and/or projects.

An analysis of the Cycle 5 Final Reports, of which 51 out of a possible 55 (93%) were reviewed for this evaluation, revealed that 33 (approximately 65% of the grantees) adhered closely to the budget for which they were initially approved. Those projects that were modified considerably (more than a $1,000 change as stipulated by the funding guidelines) were done through a mandated budget modification process. In some cases, such changes were due to unforeseen circumstances, such as finding no actual need for an assistant teacher or reallocating funds from equipment purchasing to workers’ compensation insurance costs. In other budget modification cases, expenses had been miscalculated or inaccurately estimated.

The high level of compliance is largely due to the responsive efforts of the First 5 LA Program Officers (POs) whose guidance was in great demand from the grantees. For example, one PO put significant effort into assisting small grantees with the writing of their final reports.

Expenditures by Budget Category

Included in the requirements of Cycle 5 for all applicants was a list of expected expenditures within eligible categories defined by First 5 LA. Specifically prohibited categories of spending for Cycle 5, even though approved in prior cycles, included the following: transportation (e.g., purchase or lease of vehicles); capital projects, including land acquisitions or the construction of a new facility; capital improvements, including the renovation or remodeling of a program operator’s primary residence that increases the equity or value of the applicant’s home (e.g., an extra bathroom); and equipment, except when deemed part of a programmatic effort. These restrictions were intended to prevent abuse of the grant through investments that increase personal assets rather than improving a program. They were also designed to focus funding on program elements such as durable goods and curriculum enhancements.

The amount of money requested per category of funding reveals the needs which the grantees found most pressing, consistent with First 5 LA’s proscriptions. Similar to Cycles 1 through 4, fundable budget categories included the following:
1) **Personnel**: Grantees were allowed to use the Small Grants funds to hire addition program staff, provided those new hires were part of the funded project itself.

2) **Contracted Services**: Many of the agencies hired specialists or consultants to facilitate specific areas of capacity building, including resource development, curriculum development, or strategic planning.

3) **Equipment**: Though capital improvements were not permitted, grantees were able to spend awarded funds on program related equipment, or on items that improved the organizational functioning of the agency. Such items included computers for an organization’s directors or tricycles for daycare children.

4) **Supplies**: Expenditure on supplies went mainly towards books, arts and crafts materials for programs, and also to marketing materials and printing expenses.

5) **Training Expenses**: To attend workshops or conferences.

6) **Other**: Items such as Workers’ Compensation Insurance and accreditation expenses.

The data concerning budget allocation was collected from self-reported sources, the application, and the Final Reports. Budget categories were not always rigidly defined, and there was some overlap between them. For example, specialists hired to teach continuing seminars to young mothers are either personnel additions or are providing contracted services, depending on the grantee. Similarly, supplies and equipment can be overlapping categories.

As **Figure 6** depicts below, a majority (66%) of overall funding awarded to CBOs in Cycle 5 went to personnel. Sixteen of the 23 (70%) funded CBOs hired staff or increased the hours of existing personnel with Small Grants funds. Four of these 16 hired staff to create, run or assist with a development or grant writing program of work. All 16 hired program-related staff, including program directors, literacy facilitators, and camp supervisors. Of the remaining 34% of the grant funds, 17% was spent on contracted services, primarily comprised of consultants. These specialists were hired to develop curricula, train boards of directors, raise development capital, or work with the target population directly. The program-related consultants were hired to directly improve the effectiveness of programs, either through better coordination and direction, a more appropriate curriculum, or through actual contact with the children or families. Development and strategic planning consultants were also hired to provide support for improvements in the grantees’ overall organizational functioning.

**Figure 6: Cycle 5 CBO Expenditure by Budget Category**
Based on this information, CBOs identified as their most critical need the services of teachers, program directors, resource development specialists, and other staff. Where the staff was hired for project-specific work, their services generally were discontinued after the expiration of Small Grants funding. For example, child literacy specialists hired to read to children around Los Angeles County were not able to continue doing so when the Cycle 5 funding period ended. In a few cases, portions of the grant were used to raise capital and increase agency resources so that funds could then be generated to continue the program after the end of the grant period. Funding of new personnel could only be said to increase capacity if it created conditions for a program to continue operating (and operate better) for a period of time longer than the year funded by CDI Small Grants. This would include staff who improve project delivery through outreach or curriculum development, or who bring new funds into the project for continued operation.

The relatively low CBO expenditures on training costs – 3% of the total amount awarded to CBOs – indicates that the grantee’s main focus in capacity building was not on improving the skill sets of existing staff. The 4% expenditure on “other expenses” is primarily for marketing and outreach costs, including the printing of brochures and newsletters.

Childcare Providers identified different priorities through the budget proposal and allocation process compared to CBOs. As Figure 7 shows, equipment was the single largest budget category (44%). This is due to the fact that many of the Childcare Providers needed considerable facility improvements to bring their agencies in line with accreditation requirements, or to make their programs more effective and age appropriate. These improvements included, for example, canvas awnings to cover part of the outdoor play area and thereby protect the children from sun exposure. Eight of the 32 Childcare Providers (25%) bought outdoor playground structures with the Small Grants, many of which could not have been afforded otherwise. The playground structures and/or outdoor classrooms cost up to $25,000 by themselves and represented 37.3% of the total equipment expenditure for all Childcare Providers in Cycle 5, excluding installation costs and associated items such as protective floor mats and canopies.

These structural/programmatic improvements were made by the grantees in order to allow small children to better learn motor skills and to be safer while playing.
Fifteen of the 32 Childcare Providers hired teaching staff and assistants. The $184,463 (26% of the total) spent on personnel were explained as being part of a bi-lingual curriculum or another program component. However, the reality for most of these providers (including 20 FBCs) appears to be that the owner-operators needed additional operating staff. When asked what aspect of the Small Grants results they would not be able to sustain, five out seven FBCs reporting said that their newly hired staff would be discontinued.

**Project Distribution by Capacity Category**

In Cycle 5, applicants were asked to identify, or categorize, their funding request by the type of capacity building which their proposed project would advance. As identified by The Koltnow Group, these categories (and subcategories) of capacity were as follows:

1) Organizational Structure:
   a. Strategic Planning
   b. Fiscal Management
   c. Board Development and Training
   d. Accreditation
   e. Licensing and/or Non-Profit Requirements

2) Program and Service Development
   a. Program Development and Implementation
   b. Program Evaluation
   c. Instructional Curriculum Development and Evaluation
   d. Marketing and/or Outreach
   e. Parent/Family Involvement and Education

3) Staff Development
   a. Staff and/or Specialized Consultant Recruitment
   b. Staff Development and Training

4) Resource and Fund Development
   a. Networking and/or Collaborative Development
   b. Resource Acquisition and Development
   c. Fund Development

Applicants were free to select as many classifications of activity as they thought applicable to their projects. Those 55 applicants in Cycle 5 who eventually became grantees selected a combined total of 219 categories, or roughly four categories per grantee. To simplify its assessment of capacity strengthening outcomes, Semics adopted a single, broad definition of capacity. This framework groups capacity under two main categories: Efficiency and Effectiveness. As previously noted, efficiency concerns the organizational functioning of the grantee with regard to its use of resources, while effectiveness is the success of the program in achieving desired results in a target population. Effectiveness can be increased through an expansion of the program, providing services to a larger group of people (quantity), or improving the program delivery itself (quality). **Figure 8** below depicts these relationships:
The projects of all 55 grantees in Cycle 5 were reviewed to classify their expenditures using the framework shown above. Some judgments were made as to which types of activity belonged in which categories. Projects were not limited to a single category, but were included in each category in which they had allocated Small Grants funds. For example, all grantees that hired development specialists or strategic planning consultants were counted in the efficiency category. Similarly, all grantees that spent funds on marketing and outreach or staff training were placed in the effectiveness category. In some cases, grantees were counted more than once, reflecting a conclusion that they had used their funds to advance their capacity in two or more ways (based on our definitions). Table 15 shows the frequency of occurrences in which CBOs and Childcare Providers funded in Cycle 5 utilized their funds for one or another type of capacity building.

**Table 15: Cycle 5 Grantees’ Capacity-Oriented Uses of Funds**

<table>
<thead>
<tr>
<th>Grantees:</th>
<th>Frequency Counts:</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Total # Occurrences</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBOs (N=23)</td>
<td></td>
<td>12</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>% of all CBOs</td>
<td></td>
<td>52.2%</td>
<td>56.5%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Childcare Providers (N=32)</td>
<td></td>
<td>10</td>
<td>31</td>
<td>11</td>
</tr>
<tr>
<td>% of Childcare Providers</td>
<td></td>
<td>31.3%</td>
<td>96.9%</td>
<td>34.4%</td>
</tr>
<tr>
<td>% of Cycle 5 (N=55)</td>
<td></td>
<td>40.0%</td>
<td>80.0%</td>
<td>32.7%</td>
</tr>
</tbody>
</table>

As Table 15 shows, 52.2% of CBO projects funded in Cycle 5 included expenditures intended to expand an existing program. This was generally realized through outreach and marketing using newsletters, or expanding an existing program to new sites. Also, 56.5% of CBOs used their Small Grants funds in part or in full to increase the quality of their programs, primarily through the hiring of experienced program directors or health specialists. Curriculum development also was used to increase the effectiveness of a program through better service delivery. Seven CBOs (30.4% of the total) allocated at least some of their funds for resource development or strategic planning. These investments were intended to increase the sustainability of program improvements.

Childcare Providers were almost universally focused on improving the quality of their programs but with the ultimate objective of expansion. These efforts included the purchase of equipment, such as playground items and awnings, supplies, such as books and gardening tools, and program-related technology, such as computers and age appropriate
software. These grantees also hired assistants and specialists, for example a carpenter to teach a woodworking class at an FBC. Almost one third of Childcare Providers (31.3%) included a budget line for marketing their programs, including newsletters and website development. These efforts to “get their name out” were perceived by childcare grantees as a way to increase enrollment through higher visibility and a wider reach among potential users seeking program information. Efficiency-related investments among FBCs tended to be basic, such as buying a single computer for the owner. However, among CBCs, which tended to be larger than FBCs, strategic planning was more likely to be part of their investments.

Those Cycle 5 grantees who focused on improving the quality of their programs were comprised of 71.1% Childcare Providers (31 out of 44). Because more than 70% of Cycle 5 grantees that sought to invest in service quality enhancements were Childcare Providers, it is important to note in a more general sense how these Childcare Providers spent their grant funds, particularly if some spending arguably did not increase agency capacity. (For example, supplies and assisting personnel generally cannot be retained after the end of the grant period.) Childcare Providers spent 12% of their collective Small Grants awards on supplies and 26% on personnel (compared to CBOs which spent 4% and 66%, respectively, on these two budget categories). While it may be argued that these expenditures were a matter of operational necessity from the perspective of providers striving to meet project goals each day, it is also plausible to conclude, to the extent that these uses did not contribute directly to quality enhancement, that the grantees fell short of the intended outcomes of Cycle 5 funding with respect to capacity development.

Moving beyond quality improvements, we now look at changes in quantity of services. Out of 55 grantees, 22 (or 40%) focused on increasing the size of their programs. Among Childcare Providers, 10 (or 31%) sought to directly increase enrollment in their programs, over half of which were FBCs. Similarly, 12 (or 52%) of CBOs in Cycle 5 used their grants to increase their reach so as to positively impact a greater number of children or families. As noted above, the additional Childcare Providers seeking to expand through program quality improvements puts the proportion of these grantees aiming to expand closer to the 50% level, similar to CBOs.

As a general tendency, CBOs focused on increasing service scale tended to focus their dollars on resource development. Five of the seven CBOs with budgets for the hiring of external grant writers as part of their Cycle 5-funded projects actually budgeted more than $10,000 of their grant awards towards increasing organization funds, with an average allocation of $14,330. By contrast, Childcare Providers tended to invest in increasing visibility in the community, as a means of increasing enrollment.

To test the appropriateness of the capacity categories used in this analysis of results, Semics administered a survey questionnaire to grantees on June 9, 2006. This survey provided self-reported data from the grantees regarding capacity categories. In the questionnaire, grantees could only select a single category as their primary form of capacity building. Based on 26 (47.3%) returned questionnaires, grantees did lend support to the use of capacity building categories in this evaluation. (See Table 16 below.) For example, two thirds of CBO respondents cited program quality improvement as their top priority; 100% of the Childcare Providers also placed themselves in the same category. This compares favorably with the 52% of CBOs and 97% of Childcare Providers that were categorized as quality enhancers by Semics prior to administering the survey. (Refer to Table 15 earlier in this section.)

### Table 16 – Grantee Self-Categorization into Capacity Categories

<table>
<thead>
<tr>
<th>(N=26)</th>
<th>CBOs</th>
<th>CBCs</th>
<th>FBCs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>8</td>
<td>7</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Quantity</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>7</td>
<td>7</td>
<td>26</td>
</tr>
</tbody>
</table>
4. Assessing Changes in Agency Capacity

The same survey cited above was used by Semics to assess the degree of grantee capacity strengthening directly attributable to CDI Small Grants. Guided by the definition of capacity building as a *material and sustainable increase in the efficiency and/or effectiveness of an agency in achieving its mission*, grantees were asked questions that were intended to provide some indication of the extent of capacity building achieved.

**Table 17** shows the average change in number of participants, and in the budget size, per agency type, that is attributable to Cycle 5 funding. (NOTE: Due to the wide range in the numbers of children served by CBOs, a calculated average would not accurately reflect actual changes in all their diversity. Thus the percentage increase in number of children served was not reported for CBOs in Table 17.)

**Table 17: Average Impact of Cycle 5 Small Grants by Indicator per Agency Type**

<table>
<thead>
<tr>
<th></th>
<th># of grantees reporting</th>
<th>% reporting by type</th>
<th>% increase in children served</th>
<th>% increase in families served</th>
<th>% increase in annual budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBCs</td>
<td>7/12</td>
<td>58%</td>
<td>32%</td>
<td>24%</td>
<td>12.6%</td>
</tr>
<tr>
<td>FBCs</td>
<td>7/20</td>
<td>35%</td>
<td>36.5%</td>
<td>35.5%</td>
<td>29.1%</td>
</tr>
<tr>
<td>CBOs</td>
<td>11/23</td>
<td>52%</td>
<td>-</td>
<td>14.3%</td>
<td>18.5%</td>
</tr>
</tbody>
</table>

The majority of the Childcare Providers experienced a tangible increase in the number of children enrolled in their programs, with five of the seven reporting CBCs experiencing an average 32% increase. Reporting FBCs experienced an increase in the number of children enrolled averaging 36.5%. CBOs also experienced a measurable increase in the number of children they serve with some reporting as much as a 400% increase. However, as many of the recipient CBOs have a target population that is defined by family units rather than individual children, the average increase of 14.3% in the number of families served by CBOs more accurately reflects the actual expansion of these projects.

Concurrent with an increase in enrollment, the annual operating budgets of the childcare grantees also increased. (NOTE: This section addresses *survey data only*; a broader analysis of grantee expenditure patterns is found below in Section 5, “Sustainable Capacity Building.”) The FBCs experienced an average increase of 29% in their operating budget, *not including* the up-to $25,000 Small Grants awards. For CBCs the average increase was 12.6%. The bulk of the new funds came from the tuitions paid by newly enrolled children. Parents of the newly-enrolled children had been attracted to the agencies through Small Grants-funded marketing, outreach and publicity, or attracted by word-of-mouth attention to the newly enhanced programs and facilities.

The CBOs’ budget increases, averaging 7.4%, were primarily due to funded projects that specifically focused on resource and funds development. Eleven (or 48%) of the 23 funded CBOs in Cycle 5 devoted some or all of their funds to this activity. The lower average budget increase for CBOs relative to the Childcare Providers is actually comparatively similar in absolute dollars, but in percentage terms was lower due to CBOs’ higher annual budgets (on average, ranging from $250,000 to $1 million compared to Childcare Providers’ average below $250,000).

In the survey of Cycle 5 grantees, we also asked respondents for information about changes in the number of staff, as one proxy for increased agency capacity. Even though most staff additions in Cycles 1 and 5 could not be prolonged beyond the grant period, it is undeniable that grantees in Cycle 5 viewed staff resources as critical to their capacity. The fact that many staff additions could not be sustained diminishes neither the contribution of the additional staff to agency performance during the grant period, nor their potential additional contribution if the staff had been retained long term.
From the grantees’ perspective, if additional staff had been retained, agency capacity would have been increased even more according to the definition used for capacity in this evaluation.

Table 18 – Cycle 5 Percent Reporting Staffing Level Changes per Agency Type

<table>
<thead>
<tr>
<th></th>
<th>Increased Staffing</th>
<th>Decreased Staffing</th>
<th>Unchanged Staffing</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBCs</td>
<td>14.3%</td>
<td>0%</td>
<td>85.7%</td>
</tr>
<tr>
<td>FBCs</td>
<td>57.1%</td>
<td>0%</td>
<td>42.9%</td>
</tr>
<tr>
<td>CBOs</td>
<td>16.7%</td>
<td>8.3%</td>
<td>75%</td>
</tr>
<tr>
<td>Total</td>
<td>26.9%</td>
<td>3.8%</td>
<td>69.2%</td>
</tr>
</tbody>
</table>

Table 18 (above) shows a high degree of consistency in the responses by the grantees to the survey questions related to staffing levels. In theory, an increase in the number of teachers and/or staff members should point to a greater capacity to implement a program, or a greater capacity to reach a larger number of children and families through a program. Many of the grantees are extremely small agencies in which sometimes the sole staff member is also the owner. Many Childcare Providers used the funds to hire assistants or part-time teachers – particularly FBCs but also CBCs. In the case of CBOs, newly hired persons tended to be short term contractors engaged temporarily for specific purposes, some operational and some developmental, such as for strategic planning or a capital campaign. (See Table 19 below for more information.) In some cases also, the personnel engaged for CBO work had been planned as short-term, a fact reflected in a 75% rate of unchanged staffing levels reported among CBOs in Cycle 5. The rate for Childcare Providers in Cycle 5 was only slightly less (71%) than that for CBOs.

To sum up, drawing from the survey responses regarding factors contributing to capacity, including organization growth, changes in staffing, increases in budget, and heightened enrollment, it is clear that capacity was increased. Based on grantee reports and testimony, the increased capacity translated in various concrete ways into tangible results for children aged 0 to 5 and their families, improvements to which the CDI Small Grants contributed importantly, if indirectly. These participant results were not tracked systematically in CDI Small Grants but, on a general level, included early learning (especially through Childcare Providers) and new skills and commitments among parents vis-à-vis the growth and development of their children 0—5 (especially through CBOs).

5. Sustainable Capacity Building

As noted earlier in this Report, in Cycle 5, funding was targeted to support increases in capacity, which are taken to mean improvements that not only increase agency performance in the grant period but also improvements that endure, such as accreditation projects and facilities improvement. This section presents findings regarding changes in Small Grants agencies that were durable. By this, we mean that a particular change in agency or program capacity was sustained beyond the period of CDI Small Grants funding. First, a caveat: From the standpoint of the durability of capacity improvements, the results for Cycle 5 cannot be known precisely, since we do not have the advantage conducting an ex-post check on the progress of grantees’ programs. However, the findings regarding grantees’ investments in durable goods and their effects on short-term capacity suggest that grantees did demonstrate some level of durable change in their capacities, but the types of their investments, and resulting effects, were varied. As a group, Childcare Providers achieved greater advances in this area than CBOs, in that many of them increased enrollment, thus generating new tuition income streams. However, for the most part, neither CBOs nor Childcare Providers were able to retain their added staffs beyond their Small Grant period – raising questions about how funding can best support planned program-wide change.
CBOs. As shown in the table below, the CBO expenditure pattern in Cycle 5 per budget category (previously shown in a pie graph chart earlier in this chapter).

Table 19 – Cycle 5 CBO Expenditure by Budget Category

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Total $</th>
<th>Personnel</th>
<th>Contracted Services</th>
<th>Equipment</th>
<th>Supplies</th>
<th>Training Expenses</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$370,435</td>
<td>$370,435</td>
<td>$93,600</td>
<td>$32,807</td>
<td>$22,941</td>
<td>$16,655</td>
<td>$20,829</td>
</tr>
<tr>
<td>% of Cycle 5 Allocation</td>
<td>66%</td>
<td>66%</td>
<td>17%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

CBOs’ greatest short-term need was for people to implement, run, or monitor their programs. Similarly, the budget category of Contracted Services was also used to hire individuals for smaller, more specific tasks. Together, Contractor and Personnel budget categories account for 83% of the CBO grant allocation. Table 20 shows the combined use of funds for personnel by Cycle 5 CBOs.

Table 20 – Cycle 5 CBO Personnel Allocations by Number and Expenditure

<table>
<thead>
<tr>
<th>Personnel Type</th>
<th>Number of Persons</th>
<th>$ Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project/Program Director/Coordinator/Manager</td>
<td>11</td>
<td>$109,582</td>
</tr>
<tr>
<td>Other Administrative Staff (e.g. Administrative Assistants)</td>
<td>8</td>
<td>$31,000</td>
</tr>
<tr>
<td>Grants Writers and Development Staff (e.g. Development/Strategic Consultants)</td>
<td>6</td>
<td>$74,085</td>
</tr>
<tr>
<td>Program Implementation Staff (e.g. Program Facilitators, Physical Therapists)</td>
<td>22</td>
<td>$123,000</td>
</tr>
</tbody>
</table>

As noted earlier, the majority of new CBO hires did not continue beyond the grantees’ funding period with CDI Small Grants. This conclusion is supported by comments from the Cycle 5 grantee CBOs as stated in the survey questionnaires, Final Reports and focus group discussions. For example, five of the 12 CBOs (41.7%) that submitted completed questionnaires said that they would not be able to maintain staffing levels or hours. When asked what aspects of their program would not continue, one grantee commented that “longer hours for staff [are] no longer possible.” Four of the CBO grantees (33% of CBO survey respondents) indicated that their entire Cycle 5 Small Grants funded program could not continue past the funding year. Despite the clearly pressing need that these CBOs had for funding to pay staff salaries and hire program facilitators, these expenses were operational and not geared to sustainable capacity building outcomes, so did not last.

Which CBO expenditures in Cycle 5 did result in sustainable changes in capacity? Even without ex-post data, we noted that some uses of funds by CBOs had clear potential for creating durable changes in their organizations or programs. For example, as noted in the survey response discussion earlier, the 4% ($20,829) of CBO budgets spent on the category designated as “Other,” paid primarily for marketing materials, including the printing of newsletters and brochures and cameras for program documentation. Marketing and outreach had the potential to increase capacity through enhancing the reputation of an organization. They could also attract more children and families to program activities. Likewise, staff training could increase capacity. Once trained, a staff member would be able to make use of his/her new information and skills for the benefit of participants on an ongoing basis.

Moreover, funds used by the Cycle 5 CBOs to hire grant writers, strategic planning consultants and development directors had potential in principal for strengthening organizational capacity in a sustainable way. The $74,085 spent by CBOs collectively in this category was used to hire a total of six persons for organizational development purposes. Notably, two CBOs allocated their entire Small Grants awards for the salaries of newly hired development directors or consultants.
In one case, the new hire did not succeed in mobilizing new funding. However, in the other case, the new Director of Development did expand the base of donors, publicized the organization such that it became sponsored by a major Los Angeles sports team. As this CBO’s Final Report states, “the contributions have been enormous … we were able to raise more than a million dollars in 2005.”

**Childcare Providers.** Childcare Providers targeted some of their funding toward investments designed to expand future enrollment, translating into an ongoing stream of new funding. These targeted investments included facilities improvements, durable classroom and playground equipment, new and better publicity for their programs, and accreditation.

**Table 21** is a re-presentation of the childcare grantee Cycle 5 expenditure by budget category that was shown as a pie chart previously in this chapter:

<table>
<thead>
<tr>
<th>Table 21 – Cycle 5 Child Care Expenditure by Budget Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
</tr>
<tr>
<td>Total $</td>
</tr>
<tr>
<td>% of Cycle</td>
</tr>
</tbody>
</table>

Childcare grantees identified, through the budget request process, *physical equipment* as their greatest immediate need. Almost half (44% or $306,038) of all the Small Grants combined awards to Childcare Providers went to purchase computer equipment, playground structures, reading lofts, shade awnings and safety mats, among other durable items. Fifteen of the 32 childcare grantees (47%) purchased computers for the children in their program. Nine childcare grantees (28.1%) purchased playground structures or durable playground equipment. Much of the 12% ($82,728) spent on *supplies* was similarly durable, such as computer software, library books and toys (tricycles). Large, visible purchases of equipment also enhanced the public image and reputation of the agencies, as these items double as advertising for visiting parents of prospective new enrollees. One grantee commented:

> “On the physical aspect, [the] facility’s image has dramatically improved ... Apart from its aesthetic feature, it has attracted prospective clients with diverse ethnic backgrounds. The day care appearance has undergone an extreme makeover. Parents feel proud of what they see. To them, it’s a phenomenal growth.”

The 26% spent by Childcare Providers on personnel paid for the hiring of part-time assistants to help owners/directors of individual childcare programs. Sixteen (or 50%) of the childcare grantees hired support staff or increased the hours of existing staff. As with the CBOs, hiring these staff members did not by itself constitute sustainable capacity building because the grant paid their salaries only for the year funded and, in most cases, these hires could not be continued thereafter. One grantee remarked that following the end of the funding cycle, “I will not be able to sustain my part-time assistant.” This sentiment was repeated by many childcare grantees, and put some grantees in a bind because, as noted earlier in this section, they saw staff additions as a critical condition for providing more and/or better services for children.

However, for the Childcare Providers, the 32% average increase in the number of children served, as reported in the survey questionnaire (32% and 36.5% for reporting FBCs and CBCs, respectively), resulted in a proportionate increase in the funds available to these agencies on an ongoing basis. Each child added to enrollment increased the total amount of tuition funds coming into the organization. For this reason, although five of the Childcare Providers responding to the questionnaire (38.5% of respondents) indicated that staffing was the least sustainable program improvement from the
Small Grants, the potential nevertheless existed in principle for new staff of childcare grantees to be sustained. On the other hand, grantees in the focus groups and questionnaires indicated that they could not retain the additional staff despite their higher enrollment numbers. This finding may have important implications for the way in which Childcare Providers are supported.

Training expenses for Cycle 5 childcare grantees, as in the case of the CBOs, have the potential to produce sustained improvements in service delivery. How staff development activities translated into changed service delivery is not known, and is likely a function of each grantee manager's ability both to retain, and mentor, his or her staff over time.

In regard to accreditation, five of the 32 Childcare Providers (15.6%) allocated some of their grant funds to costs associated with becoming accredited. These included application fees, conference attendance fees and associated transportation costs. At the time of the grant's end in April, 2006, not all of these five grantees had completed the accreditation process but all of them had made some degree of progress on the way to becoming accredited. Those grantees who did become accredited in the grant period were then able to advertise their programs differently, and attract more families. Also, programmatic, staff training and facilities improvements that had been required to meet accreditation standards did improve the overall quality of the childcare centers and preschools (as attested by the grantees). In the words of one FBC grantee, “[My preschool] has been awarded accreditation by NAFCC. This process has helped us to go over every aspect of our program to ensure quality and safety for every child and family that we service.”

6. Grantee Observations

The impact of CDI Small Grants funding on grantees and their funded projects can be further understood from the grantees’ own impressions and observations. Following is an overview of the comments of the Cycle 5 grantees as reported in their Final Reports, the survey questionnaire, site visits and focus group discussions. Some comments from First 5 LA Program Officers, collected during a focus group discussion with six POs during Cycle 5, are also noted.

**General Reactions to Small Grants**

The overall sentiment expressed by all grantees is gratitude for the support provided by First 5 LA in the form of the Small Grants. For many grantees, their appreciation of and thanks for the grant monies was unqualified. Some comments representative of these feelings and opinions are restated below:

- “Thank you! This was a wonderful opportunity for us and we appreciate the support whole-heartedly.”
- “I would like to thank First 5 LA for giving the children in our community the opportunity to learn and play in a state-of-the art and modern environment.”
- “This grant has been so very helpful to the quality of the program that I can provide children and families. I am forever thankful.”

**The Application and Selection Process**

Most grantees in Cycle 5 felt that the application and selection process was overly complicated for a single year grant of up-to $25,000. This sentiment was echoed by the First 5 LA POs, and reinforced by a shared perception that the grant size and duration were insufficient to accomplish the desired outcomes. In the words of the grantees:

- “You cannot build capacity in a one-year period.”
• “I would like for the grant process to be a lot less complicated. Due to its complexity I lost money that would have benefited my program even more.”

• “It was a really intense process and it took me forever.”

The POs also felt that the Cycle 5 restrictions and guidelines were too limited and inflexible considering the size of the award and intended outcomes of the Small Grants. They expressed that First 5 LA did not have the capacity to properly implement the Small Grants in a way that could realistically achieve the intended goals:

• “We can’t prescribe what capacity building is for grantees and communities. Communities are at different levels. We can’t prescribe what they need or what we want them to accomplish when they’re at a different level.”

• “We, the staff, did not have enough time to dedicate to the need that we were presented with.”

• “I think that the whole application, grants process was too much for some grantees. These are Mom-and-Pops and now we’re asking them to take on insurance? That’s beyond what they know how to do. So I think our process is too complex for the level of functioning.”

• “Our requirements were way too strict.”

The requirements of the application process led some Small Grants applicants to hire external grant writers who sometimes charged considerable fees. Situations also arose where the grantees were not aware of all elements in their grant agreements, which complicated project implementation. In one situation, this resulted in a grantee having to return approximately $16,000 late in the Cycle 5 year.

Outcomes

The following comments express grantees’ perceptions of the ways in which CDI Small Grants funding helped them in furthering the mission of First 5 LA:

• “Children benefit from a more enriched program.”

• “The most positive impact is the self confidence of the children and the better literacy rates than before.”

• “The children are enlivened... the toddlers get the love and attention they need and it is shown by the smiles.”

• “We have more specialized equipment, this technology can improve the lives of our clients (children with disabilities) by allowing them means to communicate, learn more effectively and/or be more independent.”

• “The most significant change created by First 5 funding is the overall happiness of the parents, children and staff.”

Almost all of the grantees responding to the survey reported that they felt the capacity of their agency was greater as a consequence of CDI Small Grants. For most of the 55 grantees, the benefit of this capacity change was specific and immediate:
• “Getting the playground equipment was a real boost in moral of staff.”

• “The updated computer, internet access, special programs for teachers and resource books lifted the enthusiasm of the office staff and children.”

• “My facility was improved dramatically by the assistance of First 5 LA because of the new outside play structure, surrounding protective matting, and outside inside tables and chairs. The children are able to have more physical activity while learning motor skills, interaction, and mental skills.”

Comments from the Final Reports also speak to the tangible effect of changes made possible by CDI Small Grants funding:

• “The most significant change in my agency that the funding created was the addition of an Assistant Teacher. I was able to run my business more efficiently.”

• “I do believe the most significant changes at our preschool are the materials and supplies the grant provided to create a quality environment which supports learning opportunities for the children.”

With respect to sustainability, grantees’ comments were mixed. Some of the grantees discussed aspects of their improvements that are not sustainable, while others spoke to the breadth and depth of the increases in capacity.

• “As a result of the First 5 LA funding I was able to improve the way my agency operated as a business in many integral ways.”

• “The agency will be able to maintain some of our activities because now we have learned to network.”

• “Using the tools that were provided by this grant, we implemented a curriculum plan that will be reviewed during our NAEYC re-accreditation and annual reporting process.”

• “We are not able to maintain the momentum of the program. May women want to continue; their enthusiasm for the program generated more interest.”

• “The new staff can not continue to be employed because I can’t pay them the same amount of money as First 5 did.”

• “Sustainability, it’s an ongoing thing for CBOs. We’re always looking for the next dollar, we’re always looking for ways to expand and broaden.”

**Suggestions to First 5 LA**

Grantees had suggestions concerning how First 5 LA should continue to implement similar funding initiatives in the future. Many grantees expressed a desire to have more peer networking opportunities with other grantees:

• “I definitely think that capacity building can come in other forms and little organizations are starving for that kind of opportunity to be with their peers, to hear other strategies people are using.”
• “A concern I had that it seemed like you’re getting into this family of 30 organizations and we didn’t get to connect with any of the other organizations, no networking.”

• “There are some good things that did happen. We were able to use the First 5 network, because our grant was actually to serve other organizations, which is what we do. We actually are more of a systems design organization. They were very helpful that way. To get the word out and so in that way we felt virtually like a family. It was very useful. So I don’t want to discount the network. I was just saying, I think we had other expectations about physically meeting people face to face. But I think we really benefited from the network.”

The First 5 LA POs whom we interviewed also had the following suggestions about how to improve upon the Small Grants Program:

• “The reality is that these grantees take such an intense amount of time, and the reality is that we don’t have enough staff to do that...we don’t have the capacity to provide the capacity. We need more staff.”

• “What we kind of need is another agency, something that functions as a coach to provide the technical assistance that we don’t have the capacity to provide.”

**Cycle 5 Phase II: Conclusions**

During the grant period for Cycle 5, both CBOs and Childcare Providers broadly demonstrated an increase in their capacity – understood as an agency’s increase in efficiency and/or effectiveness in achieving its mission. Whatever the problems of definition of capacity building in the original grantee selection process for Cycle 5, there is little doubt that the grantees “got it right.” That is, despite (or perhaps because of) the fact that they had to go forward with limited policy guidance and implement changes based on their own best interpretations and understandings of capacity building, in the end, they achieved gains that were tangible, significant and effective. Their focus on meeting their most-pressing needs provides a roadmap for First 5 LA in understanding how these grantees might best be supported. That these changes contributed, in turn, to better outcomes for children 0—5 and their parents is definitely arguable, if not probable, based on grantees’ reports and focus group feedback. Thus, the grantees’ results in Cycle 5 ended up broadly fulfilling the objectives, or intent, of funding for that Cycle particularly, and for CDI Small Grants as a whole.

Having said this, grantees’ results were mixed with regard to achieving changes in capacity that were durable – that is, increases in service scale or quality that could be sustained beyond the period of CDI Small Grants funding. On the positive side, many Childcare Providers effectively implemented strategies to increase enrollment through investments in equipment, materials and other amenities that could “advertise” their programs better while at the same time beginning to improve early learning outcomes for the children already enrolled. Similarly, several CBOs designed and implemented new funding strategies for their existing programs that generated new funding streams, or at least created the potential for attracting new and different types of funding. In short, those Cycle 5 grantees who effectively increased their sustainability did so by changing their approaches to raising funds (not merely by raising more funds), and thus opened up new (actual or potential) streams of revenue.
On the down side, neither CBOs nor Childcare Providers were able (overall) to retain additional staff after their CDI Small Grants funds expired – even though these staff were considered critical to sustaining the agencies’ improvements in service. In a sense, the improvements made possible by First 5 LA funding awards had a double edge: they opened up new options in terms of service scale and quality in the immediate present, but required structural changes in the way grantees do business so that such changes could last more than one year. These structural changes may have been more demanding than some grantees could manage, given that they were already largely consumed with implementing service changes in the present in order to achieve their desired results within the first year.

Given this outcome – and the comments from First 5 LA Program Officers who said they had felt overwhelmed by the grantees’ existing capacity challenges – it is apparent that capacity building for the long haul is a process that takes time. Both First 5 LA and the grantees may have inadvertently overstretched themselves by expecting to both implement new levels of service and set the stage for these improvements to “go permanent” within 12 months. The potential is strong in CDI Small Grants for capacity development to be sustainable, but alternative approaches to supporting this development may need to be considered for future funding, and for grantee-level implementation. We will come back to this matter in the “Lessons Learned and Implications” section at the end of this report.
Case Study 1
Butterfly Garden Preschool

A Family-based Child Care Provider

The Grantee

The Butterfly Garden Preschool is a picturesque family-based child care center located in the Palms neighborhood of Los Angeles (SPA 5). Founded in February, 2004, by owner/director Adalgisa ‘Gisa’ Nico, the rapid expansion of this preschool to an enrollment of thirteen children by August, 2004, is evidence of the important role that this family-based child care agency plays in its surrounding community. Butterfly Garden Preschool now serves 18 children, divided into morning and afternoon sessions, two or three days a week.

Gisa takes a holistic approach to teaching the children in her care. She makes sure to provide each child with a large amount of one-on-one attention, explaining that “they have plenty of time to be a number. That’s how I see it. Especially when they’re babies, they’re two and a half, they’re three... They have all of their lives to go into a class of 30.”

The Project

Gisa used the First 5 LA Community Developed Initiative Small Grant funds, totaling $21,694, to “enrich the program by increasing the quality and programs offered to families and children.” Enrichment took multiple shapes, including:

- Hiring a nurse to teach parent workshops on subjects of interest to the parents themselves, as identified by a survey Gisa conducted. Five workshops were held in all, covering topics including literacy development and normal sexual development in children aged 0-5.
- Hiring of a part-time carpenter to teach the children how to build with wood.
- Finishing the process of Butterfly Garden Preschool becoming accredited with the National Association of Family Childcare Centers. Gisa attended various conferences as part of this process, and has also become
a member of the National Association for the Education of Young Children (NAEYC).

- Awnings to provide shade under which the children can play.
- A new playground to replace a dilapidated old one that also was too small for use by the children.
- A gardening program, providing a way for the children to learn about plants while beautifying the Preschool.
- New educational supplies and materials, with age-appropriate toys, books and manipulatives added to the program.

The Impact

*Butterfly Garden Preschool* was positively affected by the First 5 LA CDI Small Grants award. Many aspects of the program were enhanced, from the quality of the teaching, to the facilities, to the curriculum and the parents’ educational skills. Even the children can speak to an improvement, with one commenting that now his “favorite thing to do is to come here everyday.”

The most lasting impact of the CDI Small Grant, according to Gisa, will be the “outdoor and educational materials.” It is these enhancements to the Preschool’s program – the new playground, the shade awnings, the classroom supplies – that are “not consumables” and will thus “last forever.” Certainly the children in her care have noticed an improvement, with several commenting on the fact that the old playground was too small for them, but that the new one is bigger and more fun. Eating lunch under the shade of one of Butterfly Garden Preschool’s new green cloth awnings, several children also talked about how nice the shade is and how hot it used to be before.

*Under the tutelage and careful supervision of a carpenter, the Butterfly Garden Preschool children have learned about how to work with wood. This is the highlight of the day for many of the children.*
Case Study 1: Butterfly Garden Preschool

The children were excited to talk about some of the activities that they have done in the past year. These included building cars, airplanes and birdhouses in the new woodworking program, under the supervision of a carpenter made possible part-time by the First 5 LA Small Grant. A gardening program was also instituted so that the children could learn about plants and nature. They planted beans in egg cups and watered them as they grew into sprouts with leaves. None of the children remember a time when these fun programs had existed before, underscoring their value in the Butterfly Garden Preschool curriculum.

Gisa also appreciated the new skills she gained through the Small Grants process. She learned about grant writing at the technical assistance workshops conducted by the Koltnow Group, which she cited as the best part of the application process. “That’s a skill I will have forever,” she said enthusiastically, adding that the information she got at the NAECY conference will also always be hers to use in strengthening the Butterfly Garden Preschool program.

The parents also gained knowledge from the nurse hired with the grant funds to teach the parents about topics of their choosing, which ranged from literacy to science to child development. These parents are now able to facilitate their children’s own learning with the new knowledge these workshops provided them, as well as new interest in learning itself.

The grant also paid for the hiring of a designer to furnish the Preschool with a state-of-the-art website featuring parent newsletters, photo galleries, book lists, calendars and the philosophy of the school. Lastly, a proper sign erected at the entrance to Butterfly Garden Preschool.

Looking Back

The capacity of Butterfly Garden Preschool to serve children aged 0-5 and their families was increased in several important ways. Not only is the program now equipped to “take differently-abled kids,” but the program can better serve those children already enrolled. The educational materials purchased through the grant “keep the kids from fighting over toys,” and provide them a wide variety of educational stimuli which promote learning. The children are more enthusiastic about learning, boosting both their skills and attitudes as they ready for the transition to kindergarten.

The parents have noticed the improvements too, and “feedback from parents” is a key indicator of the success of the Small Grant. The sustainability of the program over time is increased by “the word of mouth that spreads.”
Case Study 1: **Butterfly Garden Preschool**

Enrollment grew by 39% during the Cycle 5 funding period, from 13 children to 18. The influx of new children increased the Preschool’s operating budget, allowing for further enhancements of the curriculum.

**Next Steps**

Gisa noted that “there aren’t any grants” (outside of First 5 LA) for family child care centers, and wishes there were more funding options. “This grant has been so very helpful to the quality of the program that I can provide children and families. I am forever thankful and hope to have future opportunities to apply for grants.”

Meanwhile, as the sole teacher at Butterfly Garden Preschool, Gisa has her hands full. Her program is poised to continue expanding, with one child saying, “I have a little brother [who’s] gonna come here when he’s a little older. He’s only one now. Too small now, but he’s gonna come when he’s older.”
CASE STUDY 2
Heavenly Vision Educational Center

A Center-based Child Care Provider

The Grantee

Heavenly Vision Educational Center, Inc. has operated in Compton, (SPA 6) since its founding in 1980 by the Heavenly Vision Missionary Baptist Church. Since then, in pursuing a mission of offering high quality preschool education to children in low-income families, enrollment for the Center-based Childcare Center grew from 30 to 115 children. There was also a waiting list of considerable length. The children are of mixed backgrounds and ethnicities, with over 75% speaking Spanish as a primary language, according to staff estimates. The Center is open seven days a week, every week of the year, from 6:00 am to 6:00 pm.

Executive Director Sandra “Sandy” Scranton-Lee, PhD, has been running Heavenly Vision since 1979. She describes the unique challenges that the Center faces, saying that “where we are, in Compton, it’s a community under siege.” The school has been forced by the crime in the area to erect metal gates around the entrances to protect the children and parents from the dangers on the street.

Under such circumstances, it might be difficult to focus on delivering Pre-K education effectively to the children at Heavenly Vision, but as Sandy explains, “We’re supposed to provide quality childcare for infants [to age] 5. That’s what we do.” There are five classrooms, each staffed by an English-speaking teacher and a Spanish-speaking one, into which children are placed based on age and developmental preparedness. There’s a low-income housing unit for senior citizens a few blocks down from the Center that is run by an affiliate organization. “The hope is,” says Sandy, “that if we get to them (the children) at this early age they won’t be needing [sic] that housing later on down the line.”
The Project

The biggest challenge facing Heavenly Vision Educational Center at the time they applied for Community-Developed Initiatives Small Grants funding was one of organizational functioning. According to Sandy, her program was awarded the grant "because our board was not doing the kinds of things a board should do. They were mostly arguing and fighting about who's gonna get what." This manifested itself mostly in a lack of fundraising activities pursued by the members of the governing board, who did not understand that fundraising was an integral part of their positions. The project for which Heavenly Vision was funded sought to address this problem.

The project was centered on a two-day board and staff retreat that was held at the Embassy Suites in Brea, CA in the second half of 2005. The CDI Small Grants Program funded transportation and accommodations for 19 board and staff members at Heavenly Vision. Facilitators were hired to train the participants in topics ranging from optimizing board composition and effectiveness, to strategic planning, to teamwork and communication skills. The retreat took place over a weekend, running from Friday evening through midday on Sunday. The First 5 LA funds permitted the hiring of two childcare assistants to assume classroom responsibilities over the Center’s children while the regular staff attended the training retreat.

The Small Grant also paid for parenting classes for some of the parents at Heavenly Vision Educational Center. Many of the parents are new immigrants and/or have received little advanced education, and are not extremely knowledgeable about parenting techniques, according to Center staff. The parent classes were run by specially hired parent educators who trained the participants about the importance of play in early childhood development, along with other topics.

Lastly, the grant monies paid for the purchase of two new computers and associated software for the administrative staff. The new machines replaced outdated equipment, and were intended to increase the efficiency of the day-to-day functioning of the organization.
Case Study 2: Heavenly Vision Educational Center

The Impact

Heavenly Vision Educational Center has a total of 28 board and staff members, including teachers, aides, and administrative personnel. With 68% (19 out of a total of 28) board and staff members in attendance at the training retreat, a high proportion of the organization can be said to have been affected by the CDI Small Grants funded project. Sandy said, “Oh, we got a great deal out of it.”

Sandy estimates that on a ten point scale (ten being highest), the organization was operating at a level of four in terms of organizational effectiveness before the retreat and the parenting classes. Since the training, she said that the organizational functioning level has risen to a seven. Moreover, organizational administration is more efficient as a consequence of “the little upgrades,” especially the new computer technology.

The teachers are more perceptive of the students’ needs now, and all of them rearranged their classrooms directly following the retreat to better serve their children. This included moving posters and pictures on the walls to lower heights where they are at eye level for the children. Cubbies have also been labeled to cater to children’s need for routine and system.

Building Capacity

Heavenly Vision’s capacity building project was different from most of the Childcare Providers in CDI Small Grants Cycle 5 in that it focused exclusively on the efficiency of the organization, rather than on the effectiveness of direct services offered to the children. Though Sandy Scranton-Lee defined capacity strengthening as “the process of either finding an area here to put more children in or another site to expand to,” this was not an outcome of the Small Grants process. The agency served just as effectively the same number of children as it had done prior to the start of the funding period.

However, beyond the number of children accommodated, at an organizational level Heavenly Vision also was able to become more efficient with First 5 LA’s financial support. For example, administrative staff members noted that performing the daily tasks required to keep the school operating took less time after the installation of the new computers.

Sandy also felt that the staff and teachers communicated better with each other as well as with the parents. This facilitated cooperation, creating a warm and healthy environment for the children, and the exchange of critical cultural and individual information about the children is made easier. Finally, the parent workshops helped to broaden the perspective of parents with respect to parenting techniques, as well as helping them to appreciate the importance of emotional support and the nurturing of creativity. These improvements promise to make a critical impact on the well-being of the children and their families if the training results in durable changes in parenting practice.

The issue of sustainability also invites attention. Sandy understands that for the positive impact of staff training to be sustained over a longer period of time it must be repeated at regular intervals. At best, the benefits coming directly
from the First 5 LA funded retreat can be expected to last for one year. The increase in organizational capacity owed to the new computers will last five or six years. The skills taught in the parenting classes will hopefully continue to be used by the parent participants, but without future classes the level of improvement will decrease over the next three years as children age out of the program and new children and parents enter it.

At the retreat, participants developed the key elements of a new Strategic Plan for the organization. The Strategic Plan provided a new structure and direction for the grantee over the next three years. After that time period, the skills needed to produce another Strategic Plan may be forgotten. Sandy Scranton plans to leave Heavenly Vision reasonably soon, and many of the improvements in communication and efficiency may leave with her. But as of mid 2006, she did not yet have a transition plan in place showing how she would encourage those who will take her place to maintain these improvements later.

There can be no doubt that Heavenly Vision Educational Center, Inc. benefited from the financial support provided by CDI Small Grants – particularly the parent classes, and the training and development of the staff and board. The challenge for this grantee is to take new steps that will translate the grant-funded improvements into durable effects that can sustain the increased effectiveness of the organization and can translate into improved delivery of services to children aged 0-5 over time.

**The Next Steps**

At the end of Cycle 5, Sandy implemented a requirement for a staff and faculty Spanish language training program for those who do not yet speak Spanish. With such a high percentage of children for whom Spanish is primary, this training program promises to further increase the effectiveness of the educational curriculum.

Indeed, continuous staff training is a key to continued capacity building at Heavenly Vision. In Sandy’s remaining time at the Center, she was planning to organize and seek additional funding to support a series of additional staff and board retreats that would build on the improvements already funded by CDI Small Grants.
CASE STUDY 3
The Emerald Chariot Foundation

A Community-based Organization (CBO)

The Grantee

Since its inception in 1998, the Emerald Chariot Foundation has pursued a mission of inspiring "children, youth and families to reach their highest potential by introducing effective methods of learning that support family literacy, create safer communities, and foster leadership." Founded and run by Executive Director Shelley Wax, the Foundation has focused on the distribution of books to underprivileged children in low-income neighborhoods. Many of the participants are foster youth. "It's the first time in some of these kids' lives that they've felt proud of themselves," she says about her program, adding that "sometimes we're all they've got for that day."

At various times between 1998 and 2001 Shelley presented several parent education seminars and workshops to youth and adults. The Foundation receives donated books through the First Book National Book Bank and the KCET Ready to Learn Program. This literacy program was originally offered at the request of the Training and Research Foundation Head Start, which was impressed with similar workshops that were conducted through the Housing Authority by Shelley. Under the title "Fun to Read," these workshops brought stories to life through performances.

The Project

The Emerald Chariot Foundation actually was not yet operational at the time of receiving a CDI Small Grant. The award was part of a larger "start-up" drive including a broad range of activities in order to get up and running. To effectively implement a Story Sharing curriculum, Shelley proposed a project that included staff development, resource development, curriculum and program development, and organizational development.

The Fun to Read program took the form of ten successive workshops which met with regular frequency over the course of the funding year. The original project was intended to reach 240 children, but expanded to 440 once it was up and running. Each of these workshops had approximately 20 children who were entertained as a group by costumed actors representing the characters in the books being read. For example, during the reading of The Cat in the Hat an actor dressed up as the Cat and helped the children connect to the story. Other stories read included Arthur’s Nose, The Adventures of Jimmy Neutron – Boy Genius, and Clifford’s Puppy Love. All of these books and workshops were paid for by the new organization's CDI Small Grants award.
Case Study 3: The Emerald Chariot Foundation

After Reading Roald Dahl’s *The Cat in the Hat* the children in one of The Emerald Chariot Foundation’s classrooms made paper hats like those in the story. A volunteer actor (not shown) also brought to story to life by dressing up as the Cat and entertaining the children.

Staff development for the Foundation began with the recruitment of staff members and included attending a variety of training workshops. Resource development was primarily comprised of networking with other non-profits in the L.A. area, and organization development focused on board development. Specifically, the grant funded the following expenses:

- A salary for the Program Manager.
- Literacy Facilitators to lead each session with the children, as well as actors to play the costumed characters featured in the books (plus 240 copies of the books themselves for the children).
- A Strategic Planning Consultant, to provide coaching services on organizational development and program sustainability.
- Staff attendance at various training conferences, including a non-profit management workshop, the Educate L.A. Funder Forum, the MotherRead Conference and the Family Literacy Support Network conference.
- Miscellaneous equipment for a program documentation and marketing effort, including cameras and brochures.
Case Study 3: The Emerald Chariot Foundation

The Impact

Both Shelley Wax, and Lisa McLucas, Program Coordinator, agreed that the impact of their program was considerable. McLucas commented, “You could see the change from when they first got there and wouldn’t do anything. They wouldn’t talk or be involved. Then they started getting excited and talking and reading. The impact was just awesome.”

The organization reached 440 children during the year, 200 more than originally intended. The staff distributed over 3,000 books to the low-income children in the program, with approximately 35 books total for each child, according to the agency’s Final Report. In addition the staff gave out coloring books and approximately 600 Christmas presents.

Wax cited a number of trends pointing to the success of the program:

- Development of English language skills by some of the 75% Spanish speaking children; Parental involvement, which increased over the year with some of the Spanish speaking parents learning basic English as well;
- Progress by some children’s reading ability;
- Increasing confidence in some children to read out loud in front of a group; and
- Increasing community awareness of the program and the development of a positive reputation as a place where children “learn to love reading.”

The Emerald Chariot Foundation partnered with the Fire Department which sent fire fighters to the program’s classrooms.
Case Study 3: **The Emerald Chariot Foundation**

**Capacity Building**

Did the CDI – Small Grants award build or strengthen this organization’s capacity to deliver its program to children aged 0-5?

In terms of program delivery, awareness building, networking and other activities during the year funded, CDI Small Grants did increase this agency’s capacity to deliver results. The program offered by the Foundation clearly had a positive effect on the children it touched. Letters of commendation from Head Start, Reading Is Fundamental, the Southern California Booksellers’ Association, and others, spoke to the importance of having programs like the Emerald Chariot Foundation.

Unfortunately, the Foundation ceased operations shortly after the end of Cycle 5 in April 2006. “The funding kept us alive. It made us able to go out and do the work we do,” explains Lisa. The grantee’s objectives may have been overly ambitious, since the demands of starting up and running the program effectively were consuming in and of themselves during the funding year. Setting the stage for continuity above and beyond this activity, in the same period and with limited additional funding, proved to be too much.

In short, the objective in CDI Small Grants of strengthening capacity may not have been achieved, but the intention of benefiting young children certainly was achieved, at least for one year.

**Next Steps**

Shelley Wax stated she was looking forward to future funding opportunities so that she can re-launch the program. The positive impact on the children who participated in the first year literacy groups highlighted the importance of funding to sustain the early positive results. Over time, she hopes to launch 17 new sites for the program and is debating the pros and cons of a yearlong program versus one lasting ten weeks. “I really hope First 5 LA does another grant like this,” says Shelley, “It really makes a difference.”
CHAPTER 4
Comparison of Cycles 1 and 5

Introduction

This chapter presents the results of the assessment of Cycle 5 as compared to Cycle 1 of First 5 LA’s CDI Small Grants Program. At the beginning of this report, we indicated that as a whole, this evaluation sought to answer the question: “How, to what extent, and in what ways did the Small Grants affect the capacity of the grantee organizations to fulfill their mission?” The changes made in the guidelines and structure of Cycle 5 vis-à-vis Cycle 1 raises a question as to whether the response to the basic evaluation question (above), based on cycle-specific results, is different for Cycle 5, or remains the same. As will be shown below, our summary comparison suggests that while small variations between the outcomes of the two cycles were perceptible, but relatively minor.

Funding Goals: Cycle 1 vs. Cycle 5

The fifth CDI Small Grants funding Cycle represented a number of changes in content and process focus from the earlier cycles. But Cycle 5 still adhered to the broad parameters of the CDI Small Grants Program, by focusing funding on building or improving agency “capacity,” as reflected, in Table 22, by the statements from the guidelines provided to prospective applicants in the two cycles (emphasis added).

Table 22 – CDI Small Grants Stated Purpose by Cycle

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Stated Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cycle 1 Funding Guidelines</td>
<td>The purpose of these small grants is to strengthen the capacity of smaller agencies to better serve communities, expectant parents, children age 0-5 and their families in Los Angeles County.</td>
</tr>
<tr>
<td>Cycle 5 Funding Guidelines</td>
<td>Community-Developed Initiatives (CDI) Small Grants are designed to build the capacity of community organizations such as neighborhood associations, Community-based Organizations or collaboratives, faith-based organizations or civic agencies to increase the delivery of programs and services for young children and families.</td>
</tr>
</tbody>
</table>

Source: Small Grants CDI Application Guidelines

Building or strengthening capacity was a consistent theme throughout the CDI Small Grants Program. In effect, CDI’s Small Grants funding approach can be viewed as an intervention designed to strengthen smaller agencies so that they, in turn, will better serve the needs of First 5 LA’s target population. On this basis, we have created a sequence of logic models including desired outcome(s), and activities and resources assumed to be associated with achieving those outcomes. A general model for CDI Small Grants, followed by models associated with the discrete processes used in Cycles 1 through 4 and Cycle 5, are shown in succession below.
Figure 9: First 5 LA Small Grants Process Logic Model

**Inputs**
- (Selected Agencies)
  - Commissioners
  - P & D Staff
  - Outside "Partner"

**Activities**
- Approve allocation of funds
- Direct, monitor & approve partner activities
- Develop materials, recruit applicants, provide technical assistance, manage compile review, recommendations
- Collect reports, provide technical assistance conduct site visits
- Direct, monitor & approve partner activities

**Outputs**
- Agencies funded consistent with funding guidelines & established process
- Projects & programs implemented
- Reports & Presentations

**Intermediate Outcomes**
- Improved services to children & families
- Projects & programs implemented

**Long-term Outcome**
- Enhanced community capacity
- Improved decision making re: First 5 LA funding policies
- Understanding what works & why
Figure 10: Cycle 1 - 4 Theory Model

Assumptions

- Smaller agencies providing services to young children and their families in Los Angeles County (both childcare providers and Community-Based Organizations) have capacity needs with regard to the quantity and quality of service they are able to provide.

- Grants of “up to $25,000” can make a meaningful contribution to addressing those needs.

- A generally open funding process will allow agencies to identify specific needs and propose specific capacity-building activities, to which First 5 LA can respond and contribute.

Inputs

- First 5 LA Commissioners
- First 5 LA Staff
- Outside Contractor

Activities

- Design an application and selection process consistent with the goals of the program and the characteristics of the target agencies.
- Create awareness of the program.
- Educate/assist potential applicants in the application process.
- Review applications and select grantees.

Outputs

- Agencies:
  - Expressing awareness of and interest in the program.
  - Participating in workshops related to preparing successful applications.
  - Submitting applications.
  - Getting funded.
  - Demonstrating that funds are used as requested and approved.

Intermediate Outcomes

- Agencies that have been funded for and have successfully implemented a variety of “activities” listed in the funding guidelines.

Long-term Outcome

- “Capacity” of “smaller agencies” in general to plan, deliver, review, and evaluate their services.
### Assumptions

- Focusing promotional material on CBOs, increasing outreach activities to this cohort and increasing agency budget cap eligibility from $250,000 to $1 million will generate more CBO participation.

- Eliminating capital improvements as a funding category and limiting equipment purchases to those explicitly associated with program activities would reduce the possibility of abuse and promote activities associated with intended long-term impacts.

- Targeting funds towards particular outcomes is a more effective way of improving children services than maintaining an open solicitation process.

### Inputs

- **First 5 LA Commissioners**

- **First 5 LA Staff**

- **Outside Contractor**

### Activities

- **Design an application and selection process consistent with the goals of the program and the characteristics of the target agencies.**

- **Create awareness of the program.**

- **Educate / assist potential applicants in the application process.**

- **Review applications and select grantees.**

### Outputs

- **Sufficient number of agencies expressing awareness of and interest in the program.**

- **Agencies participating in workshops related to preparing successful applications.**

- **Submitting applications.**

- **Getting funded.**

- **Demonstrating that funds are used as requested and approved.**

### Intermediate Outcomes

- **Approx. 200 grantees (assuming an average grant of near $25,000).**

- **60% would be CBOs and 40% childcare providers.**

- **Conducting activities such as strategic planning, curriculum development, program evaluation, staff and fund development.**

### Long-term Outcome

- **“New ways” of teaching and providing services as well as linkages between smaller agencies and larger communities and organizations.**
The key factors that differentiate the cycle-specific models were nuances in the definition of intended outcomes and the assumptions made about the needs and nature of the grantees. For example, the earlier cycles sought to address the needs of the funded agencies themselves and assumed that, by utilizing funds to strengthen the agencies’ capacity to serve their communities, the communities then served will be improved also. By contrast, Cycle 5 targeted specific agency-level short term outcomes relevant to First 5 LA program goals, rather than to agencies per se, such as new teaching modalities or community collaborations. The underlying assumption in this case was that assessing the results of these intermediate changes in agency activities will inform First 5 LA about how small grantees were adjusting their operations in ways that would more closely align their programmatic outcomes with First 5 LA’s Next Five Strategic Plan (2005 – 2009).

Table 23 below represents the articulated differences between the stated goals for Cycle 1 and the stated goals for Cycle 5:

**Table 23: Cycle-Specific Stated Goals**

<table>
<thead>
<tr>
<th>Cycle</th>
<th>Priorities/Goals</th>
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| Cycle 1  | • Improve agency capacity to plan, develop, and implement programs, projects, services and activities, and  
          | • Improve agency capacity to review and evaluate programs, projects, services and activities. |
| Cycle 5  | • Promote new ways of teaching and serving children ages prenatal through five and their families, and  
          | • Connect smaller organizations to larger neighborhood-based efforts, resources and organizations. |

Source: Small Grants CDI Application Guidelines

In order to accomplish this shift in intended outcomes, restrictions were placed on the types of activities and expenditures eligible for funding in Cycle 5. Table 24 provides examples of prohibited expenses for this last funding Cycle:

**Table 24 – Types of Expenditure Disallowed in Cycle 5**

- Transportation, e.g. purchase or lease of vehicles
- Capital projects, e.g. land acquisitions or construction of a new facility
- Capital improvements, e.g. renovation or remodeling of primary residence that increases the equity or value of the applicant’s home
- Equipment, except as part of a programmatic effort.

Source: Cycle 5 Application Guidelines

The purpose of these modifications and restrictions was to focus funding on the types of activities that would more closely align services for children 0—5 and their parents with First 5 LA’s program goals.

1. **Uses of Funds**

Budget items that were disallowed in Cycle 5 – particularly capital expenditures and facilities improvements, transportation and equipment not connected with a programmatic activity – had constituted the highest percentage of Cycle 1 childcare grantee budgets. Perhaps more than any other factor, this restriction on uses of funds marked the change in Cycle 5 relative to the earlier cycles. While childcare participation remained relatively high in Cycle 5 even with this restriction, the exclusion of these items from funding may partly account for the decrease in number of childcare grantees in Cycle 5 and, in particular, the elimination of childcare applicants at the second and third review levels.
This finding is supported by comments from focus group participants and workshop attendees in the *Final Implementation Report* written by The Koltnow Group.

Nevertheless, a spending comparison of childcare grantees in Cycles 1 and 5, shown in the chart below, reveals that expenditures on *allowable* durable physical items (see *Equipment* below) was always a priority for Childcare Providers.

In Cycle 1 the total amount distributed by First 5 LA was approximately $1.8 million for 80 grantees. In Cycle 5 this amount was approximately $1.25 million for 55 grantees. The average Small Grants size for Cycle 1 was $23,113; in Cycle 5, the average grant size was $23,283. Beyond this similarity, the expenditure pattern across cycles only varied slightly, and some of the shift resulted from a classification of the same types of expenditures under different budget category headings, rather than a material change in uses of funds.

Figure 13, below, compares the average expenditure per cycle for each type of grantee:
Childcare Providers decreased spending on Personnel, on average, by about $1,500 from Cycle 1 to Cycle 5. But CBOs increased spending on Personnel by an average of $1,500 from Cycle 1 to Cycle 5. For Contracted Services, there was an approximately $100 difference between Childcare Providers across cycles, and a $400 difference for CBOs. The combined differences for Personnel and Contracted Services are noticeable – meaning they are statistically significant and most likely reflect grantees’ adjustments to changes in the funding guidelines in Cycle 5. But comparatively, they are not dramatic. For Supplies, Training and Other categories, the variations are smaller still.

However, there was an increase of approximately $4,000 in funds dedicated to Equipment Expenses by Childcare Providers in Cycle 5 compared to Cycle 1. Concurrently, the decrease of about $7,500 in Capital Improvements suggests that a shift occurred in grantees’ expenditures towards Equipment given Cycle 5’s restrictions on Capital expenditures. Although spending for Capital Improvements and Equipment combined decreased by $3,500, the level of expenditure for Capital and Equipment still came out ahead of all other expenses for Childcare Providers, including Personnel, in both cycles. This trend suggests a persistent, high degree of need for these items among childcare grantees. The specific items purchased in these expense categories were not substantially different across the cycles, either. In Cycle 1 a Capital Improvement expense included facilities renovations (e.g. new floors and windows), among other purchases. In Cycle 5, Equipment Expenses included removing carpeting and installing linoleum, for example.

2. Grantee Characteristics

The generally high level of consistency of grantees’ uses of funds between Cycles 1 and 5 is partly attributable to the comparability of the types of agencies funded. Table 25, below, shows the relative numbers of CBOs and Childcare Providers awarded Small Grants in Cycles 1 and 5, respectively. Cycle 1 included 80 agencies, of which 52 were childcare organizations and 28 were CBOs. For Cycle 5 these numbers were 55 total grantees, of which 32 were Childcare Providers and 23 were CBOs.

<table>
<thead>
<tr>
<th>Table 25 – Ratios of Grantee Type per Cycle</th>
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<tbody>
<tr>
<td>Cycle 1</td>
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<tr>
<td>Cycle 1</td>
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<tr>
<td>Cycle 5</td>
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However, the relative size of funded agencies across cycles was less consistent. The raising of the eligibility ceiling with respect to annual operating budget in Cycle 5 arguably led to a decrease in the number of small grantees (with organization budgets less than $50,000) and an increase in the number of large grantees (more than $250,000). This and other changes in funding guidelines in Cycle 5 were designed to attract more CBOs in the application and solicitation stage. While the intended CBO/childcare grantee ratio of 60/40 was not reached in Cycle 5, the slight increase in the number of larger organizations was focused on CBOs. In fact, all of the grantees in the fifth funding cycle with annual operating budgets over $250,000 were CBOs.

Figure 14 depicts the number of agencies per organizational budget bracket for both of the cycles. (NOTE: Cycle 1 had 25 more grantees than Cycle 5.)

Cycle 5 can be said to have served a broader range of agencies with respect to agency size. However, in this sense Cycle 5 moved slightly away from the CDI Small Grants goal of serving small service providers.
3. Capacity Building Results

The core findings of evaluating Cycle 1 were that CDI Small Grants funding enabled:

- Family-Based Childcare Providers to create a more proactive learning environment for the children under their care, principally but not wholly through strategic investments in capital improvements and durable equipment upgrades; and

- CBOs to better identify the needs of their communities and increase awareness of and access to their services. This was reflected in the fact that the majority of funds awarded to these agencies was invested in critical human resources, both Personnel and Contracted Services, toward planning, needs assessment and outreach to their target populations.

Both sets of grantees put their dollars toward strengthening their respective service infrastructures. Childcare enhancements improved direct services and positioned providers to attract more families, thus increasing enrollment. Most CBOs funded in Cycle 1 did not target their services solely, or even directly, at the population of children 0-5 and their parents. CBO grantees reported that they were able to improve their ability to generate new services and enhance agency finances by engaging persons with grant writing and program planning expertise.

From a Circles of Influence perspective, the grantees’ results in strengthening nurturing environments (in this case, the quality and durability of grantees’ programs) was seen as setting the stage for the provision of new benefits – and achievement of new positive outcomes – for children 0—5 and their families.

In Cycle 5, Childcare Providers once again targeted their investments to both enhance the learning environment of children and expand future enrollment. These targeted investments included facilities improvements, durable classroom and playground equipment, new and better publicity for their programs, and accreditation. CBOs recruited staff and contractors to implement, run, or monitor their programs.
What stands out here is the high degree of consistency in the nature of results achieved in both cycles. Capacity building was largely achieved, if understood as providing enhanced infrastructures, and concomitant improvements in service delivery (that is, increased scale and/or quality) during the funding period. This was true for both Childcare Providers and CBOs. This result is consistent also with the definition of capacity building used at the start of this Report.

However, sustaining the benefit of capacity building beyond the funding period was a challenge that brought mixed results in both cycles. On the “plus” side, Childcare Providers’ preference for investments in durable goods and capital improvements (whether FBCs or CBCs) sought to create long-term value by meeting critical conditions for expanding enrollment, increasing tuition funding streams, and ultimately sustaining permanently expanded operations. Similarly, CBOs hired grant writers, strategic planning consultants and development directors for long-term growth.

The problem encountered by both types of grantees, broadly speaking, was the expense of maintaining additional staff. The grantees as a group did not have enough time, in one year, to both deliver improved services and set the stage with new outside funding to retain new staff beyond their CDI Small Grants awards. As a result, most grantees had to discontinue their respective CDI-funded staff levels after one year. In this context, Childcare Providers had an upper hand because the “leave-behind” of CDI Small Grants, after staff reductions, were durable facility improvements, whereas CBOs had relied principally on the skills of added staff. Unfortunately, those skills, and the work they could do for CBOs, left with the staff at the expiration of CDI funding.

In the end, it is safe to say with respect to both cycles that short term capacity was improved across most grantees, whether CBO or Childcare Provider, but also, that sustaining short term capacity improvements was problematic for most grantees. All considered, the greatest sustainable improvements were made among Childcare Providers. This was true first, because the childcare facility and equipment upgrades were permanent, and could be translated into better services and marketed to new families. Second, those Childcare Providers who were FBCs (making up all such Providers in Cycle 1 and most in Cycle 5) were relatively small, so they derived the greatest benefit of equal-value capacity investments across grantees (based on the up-to-$25,000 limitation).

4. First 5 LA’s Role in the Funding Process

For this evaluation, information about First 5 LA’s role and the grantee perceptions of First 5 LA were gathered through direct contact with grantees in focus group discussions, a survey questionnaire, and on-site visits to grantee agencies. Also, a focus group discussion was held with First 5 LA Program Officers (POs) who were responsible for assisting the grantees as well as ensuring compliance with CDI Small Grants requirements. These sources revealed a similar set of perceptions about the role of First 5 LA in the CDI Small Grants Program:

- First 5 LA’s Program Officers exerted vigorous, responsive effort and were very helpful;
- More technical assistance was needed. The POs noted that First 5 LA itself does not have the capacity to properly support the Small Grants grantees as much as is needed;
- With few exceptions, the grantees found the application process daunting;
- The grantees suggested that more frequent peer interaction would have been desirable and helpful as one alternative or complementary resource to First 5 LA technical support.
Conclusions: Cycles 1 and 5

The irony of the CDI Small Grants process can be seen in this: First 5 LA opted for CBOs, but Childcare Providers opted for First 5 LA. Despite persistent attempts by First 5 LA to target CBOs for Small Grants funding, the non-exclusion of Childcare Providers left the door open for a large influx of childcare applicants, especially FBCs, compared to CBOs. This irony in the process was matched by a parallel irony in the results. Cycle 5 was redesigned procedurally to move funding, and achieve results, toward CBOs as a corrective to perceived imbalances in the earlier cycles. In the end, results were achieved in capacity development more or less evenly across both CBOs and Childcare Providers. But the greatest impact was made on Childcare Providers.

The consistency in the uses of funds and in the types of agencies across Cycles 1 and 5 reveals that despite the restrictions placed on the types of items and activities eligible for funding in Cycle 5, the needs of the grantees did not change. To sum up, similarities between the two cycles suggest the following general conclusions:

- The needs of small Childcare Providers and Community-based Organizations are considerable and resist reprioritizing from funding guidelines changes.
- These needs are largely operational in nature, and CDI Small Grants investments did make possible many critical improvements in programs.
- For CBOs, the most pressing need is to hire staff with appropriate skills so they can achieve program results. For childcare grantees the most pressing need is for equipment and supplies for program operation, and secondarily, assistant staff.
- With respect to the fundamental requirement of sustainability in capacity building, childcare grantees ended with a higher prospective level of capacity based on their choice of installing durable facility improvements. But both CBOs and Childcare Providers struggled to retain CDI-funded added staff beyond their grant periods.
CHAPTER 5
CDI Small Grants Findings:
Some Lessons and Implications

At least two issues that surfaced from this evaluation were (1) the necessary time frame for agencies to sustain capacity improvements; and (2) the challenge of addressing the needs of childcare agencies.

Planning for Sustainable Capacity Building

As noted earlier, grantees may have experienced a case of “overstretch” in trying to immediately upgrade service delivery while at the same time implementing far-reaching changes to their organizations to ensure program sustainability all at once, and within a one-year time frame. The loss of staff after one year was one symptom, which may itself have created a setback in the capacity development of grantees, particularly CBOs. In addition, the $25,000 limit on the grant size was used not as a maximum, but as a target, which meant that many items and activities were funded that did not contribute to the CDI Small Grants goal of building lasting agency capacity. The absence of clear definitions or targets for capacity building, although giving grantees flexibility, also created ambiguity about what achievements were expected and how these might best be implemented.

All of this did not keep the grantees from achieving *de rigueur* results that were significant within the broad parameters of CDI Small Grants. However, it does point to the possible need at First 5 LA for an articulation of a coherent framework and strategy for capacity building based on achievable outcomes for smaller agencies. Such a framework could include flexible timetables, tighter definitions of allowable expenditures, and benchmarks for organizational or program development that can create a step-wise sequence of expected progress for CBOs on the one hand, and Childcare Providers on the other. The TA demands associated with such a framework may still exceed what First 5 LA POs might reasonably be expected to provide. If so, a TA strategy might need to be considered within the overall capacity building framework that might, for example, bring in a specialist to fill a gap in this critical service area.

Assisting Child Care Providers

The persistence and preponderant presence of childcare agencies in the CDI Small Grants Program, across all cycles, posed an unique and important challenge to First 5 LA. The stubborn return of childcare agencies to apply for new funding in cycle after cycle, despite arduous requirements and new rules (especially in Cycle 5) excluding uses of funds critical to their needs, was an unexpected development. Yet this very tenacity points to some important lessons that may be important for First 5 LA, regardless of the challenges they present.

First, in contrast to funding for small-scale CBOs, First 5 LA appears to have hit a “hot button” by providing discretionary capacity-oriented funds for small childcare agencies in LA County. Apparently, this is seen in the community as a “one of a kind” funding window that complements the technical support services provided by outside intermediaries such as Crystal Stairs, Connections for Children, and others. It provides a way to buy and install equipment deemed critical to providers so they can both upgrade services and attract higher enrollment.
Second, First 5 LA’s non-exclusion of childcare applicants in CDI Small Grants validated public expectations created by earlier funding initiatives and cycles. A brief retrospective regarding the funding experience of First 5 LA would need to acknowledge the preponderance of childcare applicants for funding in the earliest initiatives, particularly Child Care I and II. In CDI Small Grants Cycles 1—4 also, no blanket exclusions were made for childcare agencies. It is small wonder that Cycle 5 of CDI Small Grants received so many childcare applicants. Childcare agencies had come to expect that CDI was part of First 5 LA’s grant-making opportunities for them. Thus the overwhelming response of childcare agencies was, in spite of Cycle 5’s design, unsurprising. By the time it was rolled out, the only way Cycle 5 could have effectively reduced childcare applications was if it had been reconceived as part of an entirely new funding initiative of First 5 LA.

If for no other reason than its history and reputation as a key funder of childcare agencies, First 5 LA may wish to consider how best to approach supporting this group as a discrete strategic planning issue. The evident success of CDI Small Grants with regard to capacity development of childcare providers (both FBCs and CDCs) could represent an unique and perhaps timely opportunity to build on First 5 LA’s results in this area. It may be useful to note the added value of capital goods and equipment to these grantees (especially the very small providers), the varied options for restructuring funding draws and use restrictions, the challenge of retaining additional staff, and the alternative options for providing TA (including sponsoring grantee peer exchanges), among other things, as possible guideposts for future planning.

Other Lessons Learned

Perhaps one of the most important impacts of the CDI Small Grants program is the perceived value to small community organizations of the financial support received. The following quotations reflect the degree of gratitude and appreciation felt by Cycle 5 grantees:

- “Thank you! This was a wonderful opportunity for us and we appreciate the support whole-heartedly.”

- “My family childcare really could improve thanks to First 5 LA. Right now I am at full capacity. My rates have increased because the quality of childcare I am providing is the best thanks to the teacher, equipment and the materials...Now I even have a waiting list, parents waiting for an opening to have a child in my daycare. That makes me really proud and all this thanks to the help from First 5 L.A.”

- “First 5 LA was instrumental in helping [our CBO] identify the needs and begin the process to build a stronger, focused and able staff to continue the work of the organization.”

Last but not least, from the grantees’ perspectives, capacity building results cannot be easily differentiated according to whether they make agency performance more “efficient” or “effective.” From an analytic point of view, it may be useful to disaggregate our notion of grantee capacity in this way. These dimensions of capacity still can clarify the types of changes taking place within agencies. But they are usually “bundled” in one package in the minds of providers. As such, advances in capacity may be assumed to involve some combination of improvements in regard to both categories, rather than one or the other separately. Thus our analytic categories may do best to “give way” to the ways in which practitioners report on, and experience, capacity building in the real world.
APPENDIX

Opinions and Suggestions

Both POs and the Cycle 5 grantees agreed that the application process and the grant compliance requirements were too rigorous for the up-to $25,000 size of the grant.

- “The grant writing was very difficult. My grant took me almost a month to write and was, like, 12 pages long. It seemed like a lot for $25,000. I mean, I’m thankful for that, of course, but it was a lot of work.”

- “I would like for the grant process to be a lot less complicated. Due to its complexity, I lost money that would have benefited my program even more.”

- The POs unanimously agreed with the comments of one PO who said that, “It’s hard to balance accountability for us. I mean, we have to be able to show where the money went, but the structure of the Small Grants program was way too complicated for the size and length of the grant. These are ‘mom and pop’ places that don’t know how to do this stuff, and they don’t have the time to spare.”

Both POs and grantees felt that there was not enough support available for grantees considering the complexity of the application process and compliance requirements:

- One PO remarked, “First 5 LA doesn’t have the capacity to build capacity in these agencies. There isn’t enough staff here.”

- Another noted that, “I think we underestimated [the grantees’] need. Not us as individuals, but First 5 LA. I don’t think we thought these agencies would need that much technical assistance.”

- A grantee noted that, “Our Program Officer was hard to reach. We kept calling and she said that she was going to come out to our center, but then we never heard from her. That happened more than once.”

- Another grantee commented that, “Koltnow was great. She helped a lot, really walking us through the grant writing process. First 5 LA was great to work with too, but they were hard to reach and tended to leave us on our own.”

Some grantees felt that their POs were extremely helpful, however, and the POs themselves commented on the amount of time and energy they put into the Small Grants program:

- A grantee said, “My PO helped me write my Final Report because I hired a grant writer to write the application and didn’t know how to do the Final Report because of that.”

- A PO commented that, “For some of these agencies, we held their hand all the way.”
Some offered targeted suggestions:

- One PO opined that “We need to change the format of the Final Report so that grantees can do it. Some of them don’t speak English. We need to move question 2 to question 1 so that we get them to answer the question of what they did with their projects.”

- A grantee commented that, “I think the money should be given to us based on our projects, and not on the rigid schedule that First 5 LA used. I mean, it’s hard to buy a big piece of equipment and have it installed right away when you have to wait until the middle to get 40% of the money.”

All grantees suggested that the Small Grants be made renewable or that other comparable funding be made available to small community-based agencies in Los Angeles County. Several had productive suggestions as to what form this continued funding ought to take:

- A grantee said, “I know First 5 Ventura had this grant program around literacy with, like $500 grants. That would be perfect here. First 5 LA should do something like that, a one or two page grant for just books, for example. I mean $500 is a huge amount of money for home-based preschools like mine.”

Other grantees felt that the amount of money should be greater than $25,000. On the survey questionnaire administered by Semics, 16 of the 26 respondents (62%) indicated that “the impact of the grant would have been larger if the amount of money was larger.” Similarly, many grantees, 16 in all (62%), indicated that a greater impact would have been achieved if they had been “able to apply for a renewal of the grant for a second year.” Alternatively, 11 of the respondents (42%) felt that they would have benefited more from their CDI Small Grants if “the funding period was more than a single year.”