AN EVALUATION OF A FOUNDATION'S GRANT PROGRAM TO LIBERAL ARTS COLLEGES

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A DISSERTATION

Submitted to

Michigan State University

in partial fulfillment of the requirements

for the degree of

DOCTOR OF PHILOSOPHY

Department of Administration and
Higher Education

1980

ABSTRACT

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Recognizing the paucity of evaluation data on foundation grant programs and the impact of grants, this case study investigated grant administration and decision-making of a major private foundation, the Northwest Area Foundation. Specifically, we studied the grant review process of the Foundation's Independent College Program as it affected 22 college and university grant recipients from 1975-1979.

After reviewing the historical relationship between higher education and private philanthropy, we employed a qualitative study design to scrutinize grant selection and evaluation. Our four primary data sources included Foundation administrative records, declined and awarded grant proposals, Foundation project documentation, and the author's personal experience and records as the Independent College Program evaluator.

Three separate analyses were executed on grant selection and evaluation: a content analysis of Foundation documentation of the grant review process, a comparison of declined and awarded proposals of the same funding periods, and a comparative evaluation of failed and successful projects.

The first analysis of Foundation documentation revealed more strengths than weaknesses in the grant review process. Primary findings showed the Independent College Program grew from a sound data base, that the Foundation took unusual precautions to guard against conflict of interest in grant decisions, it showed early and continuous leadership in providing applicants with proposal information and guidelines, it exhibited a strong evaluation capacity and commitment, it responded to evaluator advice by modifying grant review policies and procedures, and it used multiple sources of information upon which to base grant proposal judgments, i.e., site visits, Advisory Committee's assessment, special selection criteria, pre-grant negotiations, Board of Directors' review and staff investigations.

The grant review documentation also revealed that the Foundation deviated from its funding principle adopted in 1973 by later endorsing an open funding policy that contradicted its educational program's avowed goals. Foundation documentation also uncovered contradictions

in the use of certain declared and undeclared proposal selection criteria.

The second analysis comparing declined and awarded proposals in the same funding periods confirmed the strengths of the Foundation's overall selection procedure, despite the defects cited above. Using Norton Kiritz's nationally recognized criteria of proposal assessment, Foundation-awarded proposals scored consistently higher in every proposal component over Foundation-declined proposals. Several independent measures of proposal quality produced results in the same direction, indicating the grant review process, and the decisions by the Foundation staff and Advisory Committee, consistently singled out the more meritorious proposals for funding.

In the third analysis, we applied Edward Suchman's evaluation methodology to judge quality of grant project outcomes. For our sample of educational grantees, we coded project effort, performance, efficiency, and process. The findings revealed that well over half of our sample managed to achieve their desired purposes, judged by Suchman and Foundation criteria, although the 1975 grants proved decidedly more effective than 1976. The evaluation analysis revealed the centrality of carefully specified applicant guidelines, project evaluation criteria, and a clearly defined funding focus.

The cumulative project outcomes of the Foundation's

Independent College Program indicated it at least partially satisfied its professed objectives. However, since the Foundation strayed from its overall goals for the Program by adopting an open funding policy in 1976, it diluted its instructional outcomes and weakened the achievement of the grant program's ultimate goal. Separate recommendations for Foundation grant management and the operation of higher education grant projects are offered.

Affectionately dedicated

to PHILIP and LAURA

ACKNOWLEDGMENTS

My greatest thanks go to Professor Paul Dressel, my adviser and dissertation committee chairman, not only for providing me with the impetus and opportunity to study foundation evaluation, but for his expert direction throughout my entire doctoral program. His ideas and evaluation knowledge, so generously shared, contributed significantly to the refinement of this research and made the study a valuable and absorbing experience. I am also indebted to Professors Gwen Norrell, Vandel Johnson, and Richard Featherstone for serving on my guidance committee.

It would be no exaggeration to say that this study would not have been possible without the full cooperation I received from the staff of the Northwest Area Foundation. They allowed me complete access to Foundation records and documents and displayed an uncommon openness to organizational evaluation. I would especially like to thank Martha Butt, Paul Olson, John Taylor, and Trudy Byrum in this regard.

I feel a special appreciation to Peri-Anne Warstler for her unusual talent in rapidly expediting a manuscript with uncomplaining patience. I also extend special thanks to Ruth Frye for her coordination of my efforts and her

watchful helpfulness throughout my program.

Finally, I cannot overstate my gratitude to my husband and daughter, who not only persevered with me throughout the research and writing, but sustained my morale as well with constant encouragement and humor.

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RATIONALE FOR THE STUDY

The Problem

Both supporters and detractors of American philanthropic practices agree that freedom from external pressures enjoyed by private foundations gives them opportunities and influence out of proportion to their resources. Although foundation grants represent only a small fraction of private giving in the United States, and a minor portion of the American economy, foundations play, and are capable of playing, a special and significant role. In fact:

> . . . unlike a business enterprise, (a foundation) is not subject to the discipline of the market-place, nor, like public agencies, of the ballot box . . . . It enjoys less constraints by the usual forms of accountability to society than does perhaps any other type of institution.[1]

But foundations cannot escape the egalitarian temper of

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[1]Pifer, Alan, quoted in Goulden, Joseph C. The Money Givers. New York, Random House, 1971, p. 12.

our times that encourages critical assessment of established American institutions, their operating policies and procedures. Most studies of foundation behavior focus upon fiscal, ethical, and public reporting responsibilities; rarely, have the actual funding decisions, those pertaining to grant selection and evaluation, been scrutinized closely.

In 1970, an investigation of foundation policies by The Commission on Foundations and Private Philanthropy concluded that the majority of foundations need to reassess their own grant-making and follow-up procedures. Most foundations, claimed the Commission, seem to find the process of conceiving and making grants more worthy of their time and resources than evaluating their success or failure.

The Commission based these conclusions upon finding that showed:

> . . . 41 per cent of all foundations . . . never take any steps to monitor their grantees or follow-up their grants . . . . Over half of the foundations never make field visits or use any other device for periodic personal checks on grantee activities; 72 per cent never require periodic reports as a requirement for payment of installments of the grants; 91 per cent never require independent auditing of the grantee's expenditures.[2]

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[2]Commission on Foundations and Private Philanthropy. Foundations, Private Giving, and Public Policy. Report and Recommendations. Chicago, University of Chicago Press, 1970, p. 91.

As late as 1978, foundation writers still attributed the public and private distrust of foundations to their reluctance to monitor grant activities or work toward improving performance. A recent survey of Chicago corporate giving programs suggests little has changed since the Commission Report. It found that less than one-third of the grant-makers reported regular evaluations or follow-up of grantees; 92 per cent infrequently or never conducted on-site visits (Donors Forum, 1978).

The scant attention private foundations have given to the internal administration of the grant-making process prompts this study. With the absence of strong external constraints of governmental regulation or public accountability, foundations must regulate their own efforts to improve and monitor granting practices.

Yet, many factors account for foundations' historical disinclination to critically examine their grant behavior. First, foundation executives frequently complain about the continual pressure to make new grants and launch new projects, leaving little time to seriously review and evaluate past activities. And, to keep up with yearly funding cycles, foundation staff seldom have sufficient time to formulate careful judgments on the merits of new proposals and the continuing capabilities of the grantees to carry them out. So, often, the immediacies of administration take precedence over grant monitoring and evaluation.

The traditional aura of privacy around foundations acts as another force discouraging appraisal of grant behavior. Donald Young writes:

> Emphasis on privacy argues against the use of social science analysis in foundation programs and projects, and imposes no need for evaluation of accomplishment.[3]

Isolation, and little communication among foundations, assure independent appraisals of proposals, but, at the same time, preclude learning from each other's mistakes and successes.

A third factor causing foundations to neglect assessment of funding practices grows out of the classical hands-off view between the grantor and grantee, especially between higher education and foundations. Almost universally, foundation writers before 1960 expressed great timidity about following up on grant holders' activities, and exaggerated the needed independence of the grantee. Project autonomy became confused with project accountability, foundation control with foundation counsel. Essentially, monitoring and evaluation were viewed as undue interference into the grantee's internal affairs.

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[3]Young, Donald R. "Support for Social Research." In F. Emerson Andrews, Ed. Foundations: 20 Viewpoints. New York, Russell Sage Foundation, 1965, p. 46.

In the 1960s, public exposure and criticism pressed foundations to justify their policies and learn how their grants contributed to social welfare. Foundation observers, like Merrimon Cuninggim, went so far as to say:

> . . . it never made good philanthropic sense for a foundation to send off a check and then forget about it . . . . In their own programs of follow-up, foundations must do better than this; they must take an affirmative attitude toward surveillance, so that first the foundation, and later the larger society, may learn something useful from the grants . . . .[4]

Similarly, John Nason (1977) writes about learning from past decisions and making better future choices through evaluation.

A final reason for the relative disregard for evaluation by grant officials stems from the difficulties inherent in measuring an on-going and flexible program, and the subjectivity of program variables. Arnold Zurcher (1970) claims, as a trustee, the most exasperating frustrations come from the inability to discover objective criteria for measuring the product of a foundation's grants. Referring to grants to educational institutions especially,

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[4]Cuninggim, Merrimon. Private Money and Public Service: The Role of Foundations in America. New York, McGraw Hill, 1972, p. 237.

Zurcher explains that the social values inherent in them do not lend themselves readily to quantification and statistical measurement.

Warren Weaver, officer and trustee of several major foundations, found from his personal experience that, often, grant results are simply unprovable.

> . . . there just are no measurable indices of success that are not open to the question: What would have happened if the grant had not been made?[5]

Whatever the methodological or administrative difficulties, foundations need to improve and tighten up grant selection and evaluation practices. All foundation watchers agree that giving away money effectively is a complicated business. They concur with F. Emerson Andrews that,

> . . . the efficiency of a foundation is measured by the benefits resulting from its grants, not by the number of dollars given . . . .[6]

Furthermore, one test of foundation utility lies in its record of positive achievement, which depends, in part,

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[5]Weaver, Warren. U.S. Philanthropic Foundations. New York, Harper and Row, 1967, p. 223.

[6]Andrews, F. Emerson, Ed. Philanthropic Foundations. New York, Russell Sage Foundation, 1956, p. 129.

on its grant selection and evaluation procedures.

Specific evaluation of the actual grant review process, and its social consequences, have been urged by various foundation administrators, such as Nils Wessell, past president of the Alfred P. Sloan Foundation:

> A foundation should be prepared to evaluate not only the grant itself, but the grant-making process. Once . . . the entire process becomes open to examination, it is quite reasonable to ask, not only whether the grant itself met its objectives, but, whether, in the light of the full knowledge then available, the grant-making process itself was wisely and prudently conducted. Were the institutions, and the persons within those institutions, wisely chosen? Cound the foundation have anticipated difficulties that arose during the conduct of the supported activity? Was the task truly worth undertaking?[7]

Orville Brim, Jr., concurs that foundation executives need process information that relates administrative purpose or management to foundation program consequences (1973). Process information on grant procedures can strengthen the basis upon which foundations make their disbursements. Furthermore, evaluation of individually funded projects themselves can supply the necessary record of foundation accomplishments.

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[7]Wessell, Nils Y. "Sloan Foundation Innovates." Foundation News, May/June, 1970 (Vol. 11, No. 3), p. 106.

Purpose of the Study

This research investigates a major foundation's grant program of higher education projects, and gauges its effects upon the success or failure of individual grant experiences. Since all awarded grants are, in some sense, already certifications of worth, our examination begins with those antecedent judgments and decisions about funding itself, and devolves into an assessment of whether they result in desirable grant outcomes. In short, we depict the pattern of means to ends -- of proposal review and selection to project consequences.

We explore the question of the effects of foundation funds upon grant recipients, and whether the foundation studied here succeeds in administering its funds in ways that strengthen its grant-holders and their ability to accomplish the purposes for which the grants were made.

Research Site

Of the multiple fields of private philanthropy, the field of education receives, by far, the largest contributions from private foundations. Foundation administrators, studied by Zurcher and Dustan (1972), select education as the most favored substantive program area. Grant-giving statistics show about one-third going to education, particularly colleges and universities (Rudy, 1970).

This study investigates the grant-making behavior in education of a major American foundation, the Northwest Area Foundation (NWAF), serving philanthropic needs of eight states in the northwest quadrant. Its broad programmatic focus traverses such diverse fields as:

> . . . arts and humanities, education, environmental and physical sciences, human services, medical sciences and health, and the social sciences.[8]

We follow The Foundation Directory and define a private foundation as:

> a nongovernmental, nonprofit organization, with funds and programs managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare, primarily through the making of grants.[9]

Traditionally, the Northwest Area Foundation has committed a major portion of its annual distribution to education. We will devote exclusive attention in this study to Productivity Grants made to liberal arts colleges and

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[8] Northwest Area Foundation Annual Report. Saint Paul, Minnesota, 1979, p. 5.

[9] The Foundation Directory. Edition 6. New York, Columbia University Press, 1977, p. ix.

universities, incorporated in the Foundation's Independent College Program.

At the program's inauguration in 1973, its special purposes were described as:

> . . . ways of assisting independent colleges to control escalating costs while maintaining educational quality.[10]

We study here the foundation's record in precisely this area of educational grant selection and evaluation over a four year period, from 1975-1979.

Review of the Literature

A review of the basic foundation literature revealed a moderate number of general texts on private and corporate philanthropy. Alan Jones' (1972) thorough search in the 1960s found nearly three-fourths of these sources were simply reportorial, i.e., descriptive, historical, or biographical. The remaining books and articles, including many journalistic accounts, pressed specific viewpoints, either critical or supportive of foundation work.

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[10]Northwest Area Foundation. An Approach to Keeping Independent Colleges Independent. Saint Paul, Minnesota, Independent College Program, 1973-1975, p. 8.

Our search for foundation literature on grant selection and evaluation produced a meager number of references. In Jones' literature survey, he located no books at all on the assessment of foundations or its programs. A later bibliography compiled by the Council on Foundations in 1974 listed scattered articles, reports and chapters on evaluation, but, again, very few books.

Most current writings in the general field of philanthropy do mention the need for assessment of foundation grant behavior, and more recent general texts on foundation management routinely plead the case. Orville Brim, Jr., (1973), in an article aptly titled, "Do We Know What We Are Doing?" asserts that hardly a half dozen published reports exist on any substantial efforts at evaluation of foundation activities. Our literature review brought us to the same conclusion.

There exist a few studies of merit, like Suchman and Rieker's study (1969) of the Maurice Falk Foundation Medical Fund, the Struckoff study (1970) of the New Haven Foundation, and a few other internal foundation evaluations, not publicly distributed. Brim cites serious scholarly unpublished reports of funding programs from the Rockefeller Foundation, Ford Foundation, Alfred P. Sloan Foundation, and John and Mary R. Markle Foundation. Russell Sage has conducted various evaluation experiments, both short and long-term, one based entirely on an intensive examination

of foundation documents and records.

Brim (1973), more than any other foundation writer, makes the most persuasive case for the need to link evaluation knowledge to foundation decision-making. His argument builds on the fragile position foundations hold in American society, their vulnerabilities brought on by their unique tax status, their new competition for funding areas with the federal government, and their political detractors and social critics.

Knowledge gained from evaluation, states Brim, should have more than personal interest to foundation administrators, for it may help sustain foundations in American life. He sees a very important role for evaluation research on foundation behavior, informing the policies and techniques, and providing insights from inter-project comparisons.

At a more local and personal level, Brim argues there exists no pool of shared knowledge among foundation executives on many of the most crucial day-to-day aspects of their jobs, no codified information available about grants and their outcomes.

> The fact is that . . . tens of thousands of decisions about what areas to go into, how the site should be selected, which persons should receive money to do the work, when it is time to change, and how a project should be administered, are based on such information and personal

> predilection as the administrator may have accumulated at that stage of life.[11]

Other foundation authors voice similar complaints. Zurcher and Dustan's research (1972) revealed the greatest frustration felt by foundation administrators was caused by the failure of a foundation to evaluate performance and measure what it does.

With the idea that foundations develop the skill of constant self-improvement, increasingly, other writers, such as de Bolman (1970), Mahoney (1976) and Whiting (1970) strongly urge the regular use of well conceived assessment techniques. Whiting, for example, argues that since foundations have sponsored change in organizations by large sums of money, they need to exercise the responsibility that flows from such activities through some public accountability. He goes so far as to say he considers it wasteful and irresponsible for a foundation to make a grant and then stand back and not monitor its progress toward declared goals (Whiting, 1970). Mahoney urges foundations to focus beyond the needs of daily management and view evaluation as an internal planning and programming tool designed to improve grant-making

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[11]Brim, Orville G., Jr. "Do We Know What We Are Doing?" In Fritz F. Heimann, Ed. The Future of Foundations. New Jersey, Prentice-Hall, 1973, p. 218.

decisions.

In summary, many decisions about funding rely on little or inferior information about the consequences of action. Generally, the way in which a foundation makes decisions remains a mystery and lends no understanding to the total enterprise itself. Through this inquiry into a foundation's grant-making behavior, we provide basic knowledge about internal foundation administration and its impact upon higher educational institutions.

As background to our evaluation of the Northwest Area Foundation's educational funding program, we present in Chapter II a descriptive account of the historical and current relationship between private foundations and higher education institutions. Chapter III describes the methodology employed in our study, and Chapters IV and V present our analysis of the grant review process and findings on proposal selection. In Chapter VI, we describe the grant evaluation process and our assessments of college outcomes. Our conclusions and recommendations for future study comprise the final chapter.

CHAPTER II

BACKGROUND FOR THE STUDY

Introduction

For the past eighty years of foundation philanthropy, its relationship with higher education has changed significantly, from its former dominance in the founding of the early colonial colleges, to its diminished status in educational budgets of today. Whatever the pattern, historical perspectives on this relationship and on the primary areas of discord and harmony between the two parties provide an inter-organizational context in which to consider the impact of a foundation's grant program upon liberal arts colleges.

Since the emergence of the first U.S. private foundations at the beginning of the twentieth century, university and college officials have publicly praised professional philanthropy, while consistently criticizing it on several counts: inequitable distribution of grants among their institutions; political maneuvering in grant-getting; attempts to control academic programs; and an exaggerated concern for funding innovation, yet fear of controversial

subjects.

Further, private foundations through the years have been accused of using their funds to dictate study areas, thereby weakening the purposes and priorities of higher education. According to these critics, foundations are to blame too for diluting the academic instructional force, by making faculty highly mobile and independent, and for imposing financial burdens on educational institutions as by-products of short-term grants.

For private philanthropy, the relationship between financial sponsorship and institutional autonomy appears less troublesome today than it did earlier in this century, when foundations were charged with infringements into the legitimate sphere of higher education. But, even now, project autonomy at times becomes confused with academic freedom, and the same charges, less strenuously stated, of inequity, interference, politics, and conservatism follow the foundations from one decade to another.

The classic "hands-off" view of the relationship between the grantor and the grantee explains the minimal grant appraisal efforts present in foundation administration, and the uneven evaluation expectations among foundations today. Especially in higher education grants, foundations have shown an historical reluctance to "intrude" into scholarly endeavors.

The original conception of the foundation grant as

a gift requiring no reciprocal counteraction or mutual return, assumed little, if any interaction between the donor and donee. Foundations rarely displayed expectations of tangible results, and colleges and universities,[12] on their part, recognized few obligations of accountability. But, as Paul Dressel (in press) has observed recently, maintaining institutional autonomy depends upon responsible and successful performance and public evidence of accountability. In short, these kinds of historical misunderstandings and conflicts reveal assumptions in past interactions between foundations and higher education that continue to effect their contemporary relationship.

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[12]Because of the cumbersome phrase "colleges and universities," throughout this discussion our references to universities are intended to apply to colleges as well. In later chapters where we examine the grant selection process and evaluate project outcomes, the majority in our sample are colleges, so we will revert to that use.

History of the Relationship Between Higher Education and Private Philanthropy

Individual Philanthropy

Over a span of some 350 years, private philanthropy through individual donors shaped early American higher education, as the primary and on-going source of its development and stability. Predating the rise of private foundations, came the dramatic philanthropic creations of single private colleges by wealthy benefactors. With few exceptions, the original colonial colleges were largely the product of voluntary giving, beginning with the founding of Harvard College in 1636.

Early private philanthropy promoted the diffusion and diversity of these colleges, and provided the financial support for their nourishment and expansion as the nation grew. College benefactors were prompted by desires to establish and sustain these institutions and support traditional educational goals, not to effect changes in education philosophy or programs (Curti and Nash, 1965). Donors of this era regarded the actual existence of the colleges as more significant than the particular curricula they dispensed. The achievements of colonial college philanthropy, then, rest not in the departures it pioneered, but in the base it created for later expansion.

In the 86 years between the Revolutionary War and the passage of the Morrill Act, individual philanthropy financed a fifty-fold increase in the number of American colleges, including women's institutions. It was only after the Civil War that the conception of the modern university grew, and the use of gifts by donors for their own educational approaches. During the latter half of the nineteenth century and into the twentieth, philanthropic donors pressed for a redirection of the classical curriculum toward more utilitarian training for the emerging class of merchants and entrepreneurs. The great fortunes of this new elite were put to use in reorienting the educational preparation of the nation's college students.

The Rise of Philanthropic Foundations

General patterns of private giving moved from relatively small-scale donations to a period of lavish gifts in the hundreds of millions. Historians of organized philanthropy document the rise of philanthropic foundations in the United States only after the rapid industrialization that took place in the later half of the nineteenth century, resulting in vast accumulations of personal wealth. Foundations as distinctive American institutions, then, are a relatively new development, evolving from the early 1900s to the present day.

For the effective distribution of such massive funds, individual donors obviously needed the aid of autonomous agencies. The private foundation, then, created for this purpose, steadily increased its numbers and grew diverse in type. With its growth came the realization that colleges and universities represented social institutions well suited for the translation of private wealth into educational and cultural advantages. Foundation aid to education reflected the American belief in study and learning, and a faith that they could be marshalled effectively for the betterment of society.

But philanthropic giving through foundations differed significantly from previous patterns of giving to American higher education. First, it did not seek to establish new institutions, but to strengthen existing ones. Increasingly, after 1920, foundation giving shifted from palliative and charitable motives to preventive and constructive ones, with benefactors viewing their wealth as a way to initiate societal and educational reforms that they themselves proposed. In addition, foundation giving moved from support for instruction to research and discovery, and from general endowment to concentrated funding for specific projects (Brubacher and Rudy, 1968).

Again and again, private philanthropy found its natural ally in the college or university. Because of the many commonalities in viewpoint and ideals between these two

new social institutions, early American foundations and colleges developed a mutually dependent and beneficial relationship. Writing in 1930, Frederick Keppel pointed to the similarities between the two institutions in structure and personnel. He observed that the responsibilities of the trustees in both organizations control finances and the direction of activities. In addition,

> in both, important decisions are based on group rather than individual judgment and derive their significance from this fact . . . permanent foundation executives have had their training in universities . . . (and) whenever a foundation needs temporary help, it turns uniformly to the university.[13]

Ernest V. Hollis (1938), an authority on university-foundation relations, observed that the values emanating from both organizations, as well as the administrative devices directing both, are strikingly parallel. More contemporary accounts by Morison (1964), Raffel (1965), Kunen (1969), and Zurcher (1972), emphasize the parallel backgrounds of foundation and university personnel, their mutual dependence and desire to conform to the prevailing sentiments of the time.

With the rise of the major American foundations of

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[13]Keppel, Frederick P. The Foundation: Its Place in American Life. New York, Macmillan Co., 1930, pp. 10-11.

Carnegie, Rockefeller, and Russell Sage, foundation spending on higher education became an expected and traditional category of expenditures, and often the largest recipient of all funding areas. The private foundation literature cites countless examples of educational accomplishments directly traceable to philanthropic support: in medical education, in pension systems and salary improvements for faculty, in systematized college financial records, in general education surveys, student aid, and in higher education for Blacks and women.

Through conditions philanthropists imposed upon their donations, these major foundations were instrumental in defining the American college and exacting standards non-existent before. Our current distinction between secondary and college level instruction, as well as the elevation of the quality of the undergraduate curriculum and admissions standards, originated from guidelines established by early educational philanthropy (Rudolph, 1977).

Foundations, then, like individual philanthropy before them, were no longer content with using their endowments to preserve and strengthen traditional educational patterns. By judicious placement of their donations and grants, they promulgated specific educational reforms.

Nevertheless, the startling growth of private foundations after 1940 was not enough to carry the major burden

of expenses for higher education, as it once did. Even the giant foundations found themselves unable to keep pace with accelerated educational costs. For example, annual appropriations to higher educational institutions moved from 15th in the early days of Carnegie philanthropy to 140th by 1940 (Curti and Nash, 1965).

For most foundations, the possibility of acting as a dominant force in American higher education dissolved with their loss of financial power over these institutions. Very few private foundations could give on the colossal scale of the Ford Foundation, as in its $210 million to 630 private liberal arts institutions as income investments to raise faculty salaries. Since most foundations could only provide a small percentage of the colleges' financial needs, they turned to more narrow, specialized funding of pilot projects.

In those instances where foundations continued to assist private liberal arts colleges, they often insisted that the colleges strive to serve a region and a clientele that no other college served, and that they pursue a unique institutional mission (Danforth News and Notes, 1969).

Over the decades, colleges and universities have gained inestimable advantages from their relationship with private foundations, but, simultaneously, have experienced definite liabilities and frustrations.

Curti and Nash (1965) write that while foundations were the chief support of early higher education, they also permitted a proliferation of inferior colleges of low academic quality, by scattering their resources too thinly and indiscriminately. Our next section elaborates some of the most frequent conflicts that disturb the foundation-higher education relationship.

Unequal Educational Funding

Over the years, foundation critics have pointed to the inequitable distribution of grants among higher education institutions and among the academic disciplines themselves (Hollis, 1940; Flexner, 1952; Goulden, 1971; J 1973). According to these critics, foundations unfairly favor prestigious educational institutions, those that already have ample endowments, so the concentration of funds reach only a few colleges and universities. To support their argument, they cite Hollis's findings that up until 1940, 73 per cent of all foundation giving to higher education went to 20 universities and that over 800 American colleges did not receive a cent (1940).

A Council for Financial Aid to Education study (The Committee on Private Philanthropy, 1977) confirms the unbalanced nature of funding, citing more than three-fourths of all reported gifts go to private institutions.

Data from 1972-1973 show private colleges receiving 78 per cent compared to 22 per cent for their public counterparts. And, among private institutions, the major ones receive over half of the total gifts.

A recent survey undertaken by American College Testing (1975) reports that for the four years analyzed between 1963-1970, most large foundation grants went to a small number of colleges and universities. Of the 295 colleges in the sample, five received more than 28 per cent of the funds and 25 received over 60 per cent.

Russell Kirk (1961) asserts that foundation grants favor science over the humanities each year by overwhelming percentages, and John Robottom (1976) documents the paucity of philanthropic funds allocated to community colleges. Furthermore, foundations' current preference for funding research efforts over instruction works to the great disadvantage of liberal arts undergraduate colleges competing with research universities.

Foundation officials do not dispute unequal funding of educational institutions. They justify this distribution by claiming that funding cannot be uniform since the quality of scholarship and productivity of higher education institutions are not uniform. The best researchers and scholars congregate at the more prestigious institutions, where there is an abundance of facilities and resources, and a successful record of past performance.

Concentrating funds in these strategic institutions, say foundation officials, increases the probability that grant achievements will be forthcoming.

Politics in Grant-Getting

Aside from the distinct advantage or disadvantage of what institution you represent as an aspiring grant applicant, it also counts who you know (Landau, 1975). Personal contacts with foundation officials and trustees, rather than the grant proposal's merit, sometimes increase chances of obtaining funds. Three studies document the importance of foundation contacts in grant-getting.

The first, by a vice-president of one of the most prominent fund-raising firms, analyzed ten successful grant applications; he found that only two were carried out without trustee-to-trustee contacts between the foundation and the colleges (Goulden, 1971).

A "proposal-success" study undertaken at San Diego State University of both faculty who had been awarded and declined grants found successful proposers had made many more agency contacts than had unsuccessful ones, but that the contacts were less personal and more proposal-related in tailoring requests to foundation suggestions (Sladek, 1977).

The third study of the role of personal contacts in

winning grants was undertaken at The University of Michigan (Jones, 1972). The results showed that of 38 awarded grants from private foundations, all but four involved some personal bond between the university recipient and the foundation. In most cases, personal friendships or mutual memberships as consultants or trustees brought the two parties together originally.

Use of University Development Officers

Related to the politics of grant getting is the current practice of employing university public relations or development officers in negotiations with private foundations. In the early colonial colleges, private philanthropy was so crucial to their existence that its solicitation was usually entrusted only to the highest administrative level. It was not until 1918 that Harvard became the first academic institution to employ a professional fundraiser (Curti and Nash, 1965); today, many colleges and universities hire private firms to build and conduct special financial campaigns.

Use of development officers as liaisons between higher education institutions and private foundations receives criticisms from officials at both institutions. Some university critics disdain the entrance of businesslike salesmanship and financial promotion in an academic environment. One of the most vocal critics, Jacques

Barzun (1968), decries this relationship of intellect to money, and its influence in making the college president a fund solicitor as well. He summarizes the characteristics of a university president as

> . . . demoted from educational leadership . . . a public relations man, a fundraiser, a bureaucratic troubleshooter, . . . absentee landlord, and traveling salesman.[14]

Other critics write that the college president's success is often measured by the money he attracts (Demerath, 1967).

Barzun, the academic, is joined by Warren Weaver (1967) and other philanthropoids in viewing development staff with suspicion and distaste, as "salesmen for their institutions." Weaver concedes that the coordination of a university program of financial support is sufficiently extensive and complex to warrant a separate office and specially trained personnel. What disturbs him is the use of these officers interposed as university representatives to foundations, in place of the faculty grant originators.

John Russell (1977), for years assistant to the president of the Carnegie Corporation, goes further and

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[14]Barzun, Jacques. The American University. New York, Harper and Row Publishers, 1968, p. 112.

admonishes development personnel to stay on their campuses and out of foundation offices; instead, he advises them to erect a comprehensive information system and program of financial support of use to their presidents. Others are offended by the manipulative attitude toward donors and foundation officials conveyed by university fund-raisers, detracting from the dignity of higher education administration.

The common practice of submitting grant applications dreamed up to fit particular foundation guidelines, and shoddy money-raising behavior, have produced, in some institutions, a code of ethics on educational fund-raising. Colleges and universities have found that unethical conduct by development personnel has other negative consequences; since proposals are often fashioned around the predilections of the donors, and designed not to offend or provoke, this frequently eliminates innovative ideas or risky ventures, and discourages imaginative grant writing.

The university fund-raising literature elaborately advises development officers on how to shed this reputation and most effectively approach private foundations. The most current materials emphasize preparation and research rather than the cultivation of personal friendships and manipulation of contacts (Landau, 1975).

Foundations also instruct development officers to carefully screen the many funding sources available and

then identify and match their institution's educational programs to foundation interests and objectives. Knowledge of the current grant patterns, claim the foundation officials, will greatly enhance the professional fund-raisers' approach to foundation support (Broce, 1964).

University development and fund-raising activities tend to be centralized, and under the close direction of the president. Less often, the development office is decentralized under each major dean or school. However it is structured, foundations complain that colleges and universities have no clear policy on forwarding proposals.

Some institutions insist upon a formal approach with clearance from central administration and negotiations carried out by development personnel. Others encourage an informal approach, permitting inquiries directly from faculty members. Both approaches sometimes occur within the same institution, causing misunderstandings and confusions.

University administrators admit they lack clearly established procedures for deciding how much responsibility to give development officers and whether they should represent the university's side in negotiations with foundations. Even less clear to them is the role of the grant originator himself, and at what point he should enter into the negotiations -- at the beginning, after the preliminaries are over, or not at all. Whatever is decided,

both sides agree that clear and consistent institutional policy should direct the behavior of both foundation and university officials.

Foundation Dependence Upon Universities

Despite foundation reservations about how universities go about applying for funds, historically, foundations have demonstrated a strong dependence upon higher education programs, knowledge, and scholarship. From the earliest days of foundation philanthropy, until the present, education consistently remains the largest single area of foundation giving. We described earlier that foundation administration often derives its staff, trustees, and special advisers, and much of its ideas and program legitimacy, from university and college campuses.

McGeorge Bundy expressed foundation dependency this way:

> The oldest and strongest of the ties that connect (the Ford) Foundation to other parts of society are those that bind us to the world of education. We depend upon learned men for advice and special study on nearly every subject we take up. More deeply still, we have supposed, from our very beginning, that the health and strength of American education was in and of itself of central importance to the national well-being (1968).[15]

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[15]Bundy, McGeorge. The Ford Foundation. Annual Report 1968, p. xvii.

And, Burton Raffel (1965) pointed out,

> . . . to whom would the foundations turn, in administration and in program, if the universities were not there?[16]

Frederick Keppel's observation made in 1930 needs little modification today:

> The foundations have learned by experience that one of the most satisfactory ways of disposing of their burdens of responsibility is to lay them upon the universities as operating agencies . . . .[17]

Both higher education and private foundations are engaged in similar objectives of advancing human knowledge and understanding. But the current degree of dependence between them varies by size and type of institution and is often far from reciprocal. In spite of the rapid growth of private foundations after 1940, the large universities have grown even faster, and came to rely heavily on legislative appropriations and federal grants. Small liberal arts colleges find themselves heavily dependent upon foundation support, but universities today view

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[16]Raffel, Burton. "A Critique of American Foundations." Foundation News, May 1965 (Vol. 6, No. 3), p. 47.

[17]Keppel, op. cit., 1930, p. 11.

foundation money only as an enticement, not a necessary or significant portion of their budgets.

The relative independence, then, of the universities, contrasts with the real dependence of small colleges, to produce inconsistent grant-making behavior among foundation officials. Depending upon the particular grant applicant at hand, the authority of the program officer's role diminishes or increases, thereby affecting the equality with which all grant applicants are treated. To complicate the relationship even further, psychologists believe,

> . . . the root of much of the resentment of the academic, scientific, and scholarly community toward the foundation officer lies in the nature of his position, which requires him to be their judge and evaluator. When he rejects a proposal, it is interpreted as an adverse ruling on both the applicant's ideas and his capabilities. And since foundations have to decline more than 90 per cent of all proposals, the foundation officer constantly increases the number of disappointed and resentful applicants (Nielsen, 1972).[18]

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[18]Nielsen, Waldemar, The Big Foundations. New York, Columbia University Press, 1972, p. 324.

University Autonomy and Foundation Control

Just as foundations have been perceived as overly dependent upon higher education, ironically, they have been charged also with exerting undue influence over university personnel and programs. Especially before 1965, writers of both the left and right expressed unanimous concern over the "foundation scheme to entrap colleges" (Candler, 1909); the use of foundation money to control the choice of research topics (Laski, 1968; Millett, 1952); foundation power exerted over the entire educational/social system (Wormser, 1958); and the intensification and imposition of foundation bureaucracy at the expense of university scholarship (Whyte, 1956).

In the early part of the twentieth century, successful attempts by the General Education Board and the Carnegie Corporation to raise the academic standards of the nation's colleges brought accusations of "standardizing higher education." Candler (1909), writing in this heyday of American philanthropy, made wild allegations that these foundations used "dangerous donations and degrading doles" in a vast scheme for capturing control of American colleges. Equally vehement were the charges by René Wormser (1958) that foundations aided John Dewey in destroying the American educational system, and succeeded in bringing most campus research under the influence of socialist foundation trustees.

In the early period of foundation philanthropy, the United States lacked any clearly constituted authority empowered to establish and enforce educational standards. The major foundations took it upon themselves to exercise that coordinating influence. One author likened it to foundations discharging functions performed in other countries by the Ministry of Education (Morison, 1964). Despite the critics of this precedent, writers agree that these early foundation efforts resulted in higher curriculum and student admission standards, improved academic bookkeeping, desirable new teacher pension and insurance plans, and developmental support for graduate and professional education.

Until recently, the question of university autonomy has been shaped by the classical relationship between foundations and educational grantees, that is, once the grants were made, foundations kept hands off. This implied that any later contacts between the donor and the recipient involved improper control, and that giving money and giving orders were necessarily entangled. As we discuss later, this traditional "hands off" policy of foundations transforms, with time, into the desirability of "hands on."

Dangers to university autonomy were feared not only from direct foundation interference in university affairs, but from compliant and eager faculty themselves who allowed

the temptation of money to shape their proposals. And university administrators were rumored to deliberately change the direction of a program or blow up an idea into a project in order to comply with a foundation's latest area of interest, only to move on to other activities when foundation support evaporated.

Harold Laski (1968) accused foundations of promoting the "executive professor," one who possessed skill at getting grants, rather than one who had command over his academic discipline. He argued that foundations didn't consciously attempt to control universities, but that it happened anyway just because vast funds were within reach. Other university-based critics (Kirk, 1961; Wormser, 1958) charged that foundation grant procedures caused university research to be brought down to a common level, oriented toward the practical and utilitarian, instead of the scholarly and theoretical.

Another version of this complaint objects to foundations taking the initiative and deciding themselves what projects are worthy of support, forcing academic grant writers to adjust their proposals to those interests, or be denied. Freedom of investigation, from a faculty point of view, involves funding grantees for what they want to do within the foundation's categories of giving, instead of what the foundations want the university grantees to do. Some go even farther and agree with Jacques Barzun

(1959) that foundations should fund ideas, as he puts it, "without strings, promises, or hopes." (The new John D. MacArthur Foundation (News and Comments, 1979) exemplifies Barzun's ideal philanthropy; they offer to fund scholars for a minimum of six years in any projects, and without obligation or pressure to produce anything.)

Historically, a continual tension has existed between foundations and higher education around this question of which institution should determine the nature of the sponsored projects -- the academic community or the philanthropic. As foundations gained experience and maturity through years of grant-making activity, they no longer perceived of themselves as passive selectors and agencies transferring funds to the public, but as institutions with the responsibility of transforming educational abstractions into societal realities.

Large sums of money came to be known as available for the support of certain policies but not others. To foundation officials, this method of operation coincided well with the emerging role of their institution in society. But to university people, it looked very much like the arbitrary exercise of power by foundation bureaucrats.

From the earlier conception of granting money <u>to</u> a university, the private foundation moved to a conception of granting money <u>through</u> a university. This shifted

the passivity to the university that became thought of as ". . . merely an agency for enabling the foundation to influence the whole of the culture" (Hollis, 1940).

Rarely, have charges of foundation interference over higher education programs been investigated formally. Commonly heard criticisms in the 1950s and early 1960s of controlling behavior by foundations have been replaced by fears of federal government intervention.

One research study (Jones, 1972) of the relationship between philanthropic foundations and The University of Michigan, looked specifically into charges that private funds were wrestling control over internal educational programs. From Jones' financial analysis of The University of Michigan's grant history, and his extensive interviews with grant recipients, he rejects these allegations as extremely improbable. The fact that private funds averaged only 2.75 per cent of the total institutional budget over a 45 year span supports his conclusions.

Jones grants that autonomy could be an important issue for those colleges receiving almost 50 per cent of their budgets from private foundations. His investigation did support the claim that foundations gave greater support to research than to instruction, that grants were unequally distributed among the various disciplines and colleges within the university, and that personal friendships and foundation contacts greatly increased the chances of

funding. In most cases, Jones reports no further contacts were made between the university and the foundation once the grants were received, making influence attempts by foundations difficult at best, and project evaluation impossible.

Basil Whiting (1970), writing about the grantor-grantee relationship, was never as convinced as his predecessors of the "hands off" policy required of foundations. He argued that, obviously, freedom of action is necessary for intellectual progress, but that prevailing attitudes regarding all foundation grants as the same and requiring the same treatment are misguided. Many grants, Whiting claims, are essentially agreements to certain settled purposes and the performance of certain services, hence, the issue is not the grantee's freedoms, but his overall effectiveness.

Whiting tries to reconcile the need to respect academic freedom with the need to monitor grant projects. As a foundation officer himself, he takes the position that it would be grossly irresponsible to stand back and watch a grant project fail, when advice or additional assistance could mean success. Just as foundations came to believe they should less passively dole out money without ideas, they also came around to the notion that they could actively judge a grantee's efficiency and fidelity to purpose without unduly interfering with his freedoms or

internal institutional operations. This foundation activism showed itself in the 1970s in grants to demonstrate ideas, provide services, train people, and experiment with new solutions.

When the foundations redefined their societal responsibilities to include advancing social progress and justice, they simultaneously committed themselves, unknowingly at first, to the evaluation of those projects. Foundations desired to see certain actions accomplished, and they could only ensure these accomplishments and the quality of their execution if they were kept aware of how the grantees were going about them. Whiting concludes that when a foundation supports action, it inescapably assumes responsibilities that overlap those of the grantee (Whiting, 1970).

As the private foundation portion of the higher education budget decreased over the years, so did the concern about the possible invasion of university autonomy by philanthropy. Foundation support in the 1980s represents a mere fraction of what it once was seventy years ago. Small struggling liberal arts colleges, however, may find their dependence increasing, yet not in any position to be critical of their benefactors.

Another criticism of the influence of private foundations is their perceived threat to the traditional decentralization of university structure. Just as

centripetal forces centralize authority within the university, W. Allen Wallis (1964) argues that matching centrifugal forces operate to diffuse to outsiders the authority formerly within. Once the university assumes responsibility for various societal tasks, observes Wallis, it inevitably reduces its autonomy and decentralization. Due to external obligations, organizational arrangements produce outside client loyalty, divided assignments, and new delegations of authority.

So the argument goes that foundation grants increase the mobility of faculty supported from outside, relieving them of instructional activities and other internal academic responsibilities. A mobile faculty tempts university administrators to locate its important decisions and controls more centrally. Controlling influences then pass to the less changing and more predictable administrative center of the university, creating a greater concentration of authority.

Occasionally, foundation sponsors operate in a way that supersedes university administrators, by dealing with individual faculty or departments as entrepreneurs, responsible more to them than to the universities. In these instances, administrators object to their limited "broker" role processing pay-outs and tracking grant disbursements. Divided loyalties and conflicts of interest undoubtedly arise when university faculty members

have external sources of financial support. In addition, departmental boundaries become confused when foundations require that grantees focus upon a problem or social issue rather than upon their traditional disciplinary fields.

Some large grants to individual departments bestow independence and power that may disrupt expected relationships with other departments or colleges. In Jones' study (1972) of The University of Michigan, a dramatic case of long-standing foundation interference in affairs of the Astronomy Department is as startling as it is rare. The few documented cases of this direct interference resulting from foundation grants show it to be the exception rather than the rule.

In recent years, theoretical fears of losing academic autonomy from foundation practices have shifted to practical realities in relation to federal authorities. Furthermore, government influence was likely to be more disruptive than philanthropic, since federal grants, from the beginning, emphasized public service, addressed public needs, and more probably detracted from higher education's central purposes of teaching and basic research. Even though other social institutions exist that could assume some of these public responsibilities, universities have not shown the ability to be selective in accepting only those sponsored activities compatible with their basic purposes.

Educational Innovation Versus Sustenance

Many of the same foundation critics who feared the loss of university autonomy at the hands of private philanthropy, surface again on the issue of proper funding areas. The question was and still is: Should the foundations fund innovation or essentials in higher education? Should the university or foundation decide where and to what problems funds should be applied?

A chief tenet permeating the foundation literature calls for the use of "venture capital" in risk-taking educational experiments. Historically, the insistent emphasis on innovative funding has been used as a basic reason for the existence of foundations, and often stands as its contemporary rationale.

Standard justifications, such as the need for pluralism and diversity among educational institutions, have been challenged by the foundation-government relationship. The original raison d'etre of philanthropy rested on the premise that there were spheres of activities in which the federal government had little or no active role, e.g., higher education. Now the federal government has become very active in all of the traditional areas of foundation activity, including higher education, and their expenditures in these areas are considerably larger than foundations can ever hope to contribute.

This leaves private foundations with less contemporary

relevance, some say an almost anachronistic existence. But because foundations are less constrained by internal and external demands than federal agencies and other social institutions, this leaves them in a more flexible position to engage in experimental and innovative ventures, and to enter into controversial funding areas more readily than others.

Foundation observers have argued over the years that the unique capabilities and characteristics of private foundations provide them with a distinctive and functional claim to existence. It also obliges them to use this institutional uniqueness in the service of experimental and risky programs. At the same time, both university and philanthropy-based critics disparage the foundations' recurrent emphasis upon innovation and change, since it reduces attention and funding to regular educational commitments. Keppel (1936) showed early concern for the pattern of foundation funding that supported new undertakings, often at the expense of the "essential and unsensational parts" of university operations.

Accusing foundations of working under the principle of "compulsory newness," Barzun (1959) claims that by funding the wrong areas, foundations neglect central academic concerns and fail to buttress existing scholarly pursuits. Other university critics (Calkins, 1963; Goheen, 1972) are disturbed by what they see as an exaggerated

fascination by foundations with novelty and piecemeal reform.

By continually inducing higher education to do something new or different, Calkins worries that the basic financial structure of education can be undermined.

> The danger is that necessary institutions started by one generation may not be supported and strengthened by the next, but, instead may be drawn away from their basic purposes into undue preoccupation with novelty, reform, and the latest fad for human improvement.[19]

Goheen insists that the foundation's change-driven focus ignores the multiple ways open to philanthropy to sustain and improve academic standards of excellence, the quality of curricular programs, and educational efficiency and stability. These critics view the foundations' pursuit of innovation as one-sided, simplistic, and neglectful of the broad middle ground between risk-taking and more conventional giving.

The recurring theme at a national symposium of foundations and universities in 1962 stressed the necessity of reintroducing some balance into the principles of

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[19]Calkins, Robert P. "Foundations and Education: Facts and Opinions." Foundation News, November, 1963 (Vol. 4, No. 6), p. 5.

foundation funding. Innovation for innovation's sake must be reduced, claimed the participants, accompanied by an increased trust in the judgments of universities. In 1977, small colleges insisted that foundations reorder funding priorities to include the basic need of institutional sustenance. Instead of nurturing growth, they asserted the evolving role of philanthropy should guarantee the stability and quality of diverse educational institutions.

The question of how to best use venture capital returns us to the fundamental controversy over control: Should the foundations serve the purposes of higher education, or should they try to define them? Emotions run high on this subject. As an anonymous university critic wrote in Foundation News:

> If foundations judge universities to be incompetent, they should spend their funds elsewhere. But if they think universities are competent, then the universities should be left to run their own houses.[20]

The foundation, like the university, has its own sense of public responsibility and service. Thus, it may propose projects that don't always coincide with higher

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[20]"Foundations and Universities: A Small Symposium." Foundation News, May, 1963 (Vol. 4, No. 3), p. 10.

education's current definition of basic purposes. Since foundation resources are small in relation to the demands made upon them by higher education, foundation administrators frequently prefer to fund limited experimental undertakings. Foundations insist they do not have the kind of budgets that would permit broad support for on-going academic operations. That kind of general purpose support has characterized corporate foundation giving, committed to sustaining a system of diversified higher education (Curti and Nash, 1965).

Educational Innovation Versus Playing-It-Safe

While one set of foundation critics chastized private philanthropy for funding less essential experimental projects, another criticized foundations for not taking enough chances with controversial subjects or risky ventures. Private philanthropy has been commonly characterized as funding safe, conventional educational projects and institutions, rarely gambling on truly innovative enterprises, despite its claims. The insulation of philanthropy permits risks, including those projects whose benefits may emerge far in the future, if at all. However, these "timid billions," as one critic called them, have abdicated their risk-taking role, for their concern with self-preservation and traditionalism (Embree, 1949).

In the early 1950s, the Ford Foundation declared its intention to abide by "the principle of ferment," i.e., to select innovations that would surely agitate change and thought, even if generally disapproved by the public. This foundation support would call attention to neglected societal problems and would prompt other agencies into action. So saying, Ford sponsored experimental projects on television instruction and teaching machines. Yet, later, they were accused of pushing these new techniques onto higher education institutions that were unconvinced of their usefulness, and disinterested in their application.

More contemporary grants contradicted Ford's principle of risk-taking, as in a $210 million dollar grant in 1965 to 630 liberal arts institutions. This time the foundation carefully avoided any introduction of change in those recipient campuses, which only brought out the "playing-it-safe" critics once again. Even in the most current foundation literature, studies like that of Stanley Katz and Barry Karl (1979) conclude that Chicago philanthropic giving patterns are essentially traditional, uninnovative, and unrelated to the obvious needs of citizens.

Throughout their history, it looked as though private foundations would meet criticism in any direction they might take. If they funded "safe" projects, they were labeled conservative and unventuresome. Some of those safe projects, when they proposed general purpose support,

quieted certain critics. But others charged that the only distinctive feature of foundations was their unique opportunity to innovate, so if they rejected this function, they may just as well go out of business.

On the other hand, if foundations fund innovative projects, critics blame them for neglecting educational essentials and for producing a whole array of connected budgetary, personnel and procedural problems for higher education.

Grant-Related Problems of Foundation Sponsorship

Confusion of Higher Education Purposes

In 1936, Frederick Keppel charged that foundations unwittingly destroyed the general balance of higher education institutions by their large grants. Echoing this charge, modern day critics insist that funding benefits are often overwhelmed by the residual hardships. Barzun and others objected to the confusion of aims and workings of higher education brought on by foundation activities, to the weakening of focus and dilution of educational objectives caused by the lure of money. Jones (1972) cited examples of foundations approaching The University of Michigan with ideas they were prepared to finance, the difficulties in turning them down, and the marginal relevance these ideas held to internal institutional

goals.

Projects of no intrinsic interest to higher education only assist the social purposes of the foundations, say university officials. They create new academic programming, projects, and facilities that must sustain commitment and personnel later when the grants terminate. For their continuation, they sometimes drain needed resources from traditional university expenses.

Added Financial Burden for Higher Education

University administrators are quick to point out the variety of financial burdens imposed by short-term foundation grants, in overhead costs, salaries, equipment and building maintenance. Back in 1930, Flexner maintained that by indiscriminately accepting foundation support, universities "became poorer and weaker, rather than richer and better," and that ". . . the asset of today becomes a liability tomorrow."

The foundations counter that they are not paying a university the total bill to do something they want them to do, but paying part of the cost of something the university itself wants to do. Requiring the university to share the costs by either paying overhead or matching funds provides some measure of protection against losing academic autonomy, since the university presumably

would not put up its share unless it was fully behind the project. If the university shows reluctance to assume its responsibility for part of the costs, say the foundations, then the university's commitment is put into question.

The infinite financial needs of higher education, estimated as a total yearly expenditure of $42 billion, forced private foundations, in recent years, to become increasingly selective in the activities they sponsored. With what Earl Cheit (1973) calls the "new depression in higher education," colleges and universities, for their turn, will have to pay greater attention to management and expenditure control. They no longer have the luxury of time, personnel, and resources to embark on projects that have only tangential relevance to institutional priorities.

The increased selectivity, then, works both ways -- the foundations, hoping to spark a limited but significant innovation, and the universities, hoping to attract foundation funds to special but essential purposes.

Just as a high proportion of federal money going to higher education is not "aid" but rather a purchase of services by the government, so have the foundations redefined the foundation-grantee relationship as more contractual than gratuitous. Most foundations now consider the award of a grant not as a gift, as it once was

thought, but as an agreement between two mutual parties, joined in partnership to accomplish a common goal. Because, historically, philanthropic donations were considered unilateral transfers and not exchanges between two parties, higher education officials never expected to make financial outlays of their own. And, foundations, for their part, resisted the notion that they could require something in return from universities, even in the form of project results. This historical relationship delayed long the idea of external review, accountability, and evaluation.

Adopting what economist Kenneth Boulding (1962) called the rule of exclusion, foundations have attempted to maximize their behavior and decide what they will not fund, and what they will expect of those they do. Over time, foundations have moved from a position of altruism to one of utility, with the expectation of reciprocal transfers of resources. But the universities have not caught up with current foundation thinking. The most common and vigorous complaints still heard today concern the payment of overhead and resistance to the notion of project evaluation.

Dislocation of University Faculty

A frequently voiced criticism of foundation funding of higher education projects points to an inevitable

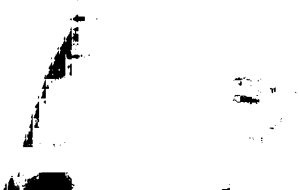
strain on teaching resources, caused by increased faculty attention to research. Because of outside sponsorship, grant-getters frequently find themselves relieved of teaching responsibilities or reassigned and promoted to administrative positions.

The dominant and successful professors become those who attract grants, an output almost as significant as the publications they spawn. Once the grants are awarded, say university administrators, individual faculty commit too great a portion of their time to grantor activities, at the expense of their university commitments.

The project approach used by the federal government, and to a lesser extent by foundations, has concentrated attention upon research rather than instruction. This allows faculty to act as entrepreneurs responsible to outside agencies, to move to other universities taking their grant money with them, and to divide their loyalties between two employers. This redistribution and dislocation of university faculty, and its effects on undergraduate teaching, are the subjects of countless articles on the drawbacks of federal and foundation funding.

Cumbersome Foundation Procedures

In the past, universities have expressed dissatisfactions with the administration of foundation grants, especially with ambiguities around submission of proposals,



financial reporting, and grant renewal. They called for streamlining procedures and standardizing the pre- and post-award administration of foundation grant-making (Committee on the Administration of Non-Federal Support, 1974).

Higher education had become impatient with the burdensome time and effort it took to generate grants, the endless meetings and paper work, the interim progress and financial reports, the arrangements necessary to contract consultants, solicit faculty cooperation, and produce evaluation reports.

Now that these same institutions have been exposed to federal reporting requirements, they look more kindly on the relatively simple demands made by foundation grants. In a survey of 1,251 higher education institutions, more administrators felt federal support had become less flexible in the last eight years, and that private philanthropy had become more flexible. Given a choice, private funding was preferred, in most cases. Federal sources were viewed as imposing rigid constraints and guidelines and overwhelming bureaucratic procedures. On the other hand, private sources were considered more responsive, personal, less bureaucratic and demanding, and willing to give attention to special cases (Commission on Private Philanthropy and Public Needs, 1977).

Public Policy Orientation of Foundations

Societal expectations that private foundations anticipate areas of social change and finance institutional adaptations to this change have compelled philanthropoids to divert their educational objectives toward those of public policy and social action. In earlier years, private philanthropy disclaimed any serious or pervasive role in public policy development. Gradually, however, foundations have set aside traditional notions of charity for their new identity as independent, nonprofit, "third sector" policy makers.

The current focus of foundation activities, conferences, and writings concentrates upon this public policy role, and reveals foundations' decreased reliance upon higher education to help define it. The topic of the Annual Conference of the Council of Foundations in 1978 centered upon foundation participation in policy formation, and, in the same year, the Rockefeller Foundation phased out Education as one of its independent funding areas and adopted others more policy-oriented, e.g., Conquest of Hunger, Population and Health, Equal Opportunity, and International Relations.

Foundation News, the central journal of private philanthropy, enjoys quoting historians like Barry Karl and Robert Bremmer on the point that one of the most primary responsibilities of private foundations is

defining public policy questions on a long-range basis (Foundations and Public Policy, 1978). Some foundations have come to resemble applied social science research agencies, with a sharply defined problem focus, designs for research efforts, and a desire to direct public opinion. The old belief that education would cure all social ills has been replaced with the foundation's new surge of pride in itself, its belief in its new policy identity, and its active engagement in long-term public policy activities.

Some foundation officials have come to feel they represent a great national resource of information and advice that have operated on the sidelines too long. Direct challenges hurled by Congressional officials like Senator Hartke to either demonstrate their uniqueness or go out of business, have hurried foundations into the public arena (For Foundation Administrators, 1976). Above all, foundations are eager to disprove Waldemar Nielsen's (1972) conclusion that

> . . . if the justification for foundations in the United States rests on the financial transfer role which most of them serve, they could probably be replaced with only minor damage to voluntarism . . . .[21]

Currently, foundations wish to be viewed not as agents

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[21]Nielsen, op. cit., 1972, p. 405.

of continuity and status quo but as agents of change. One important way they reacted to governmental intervention into their funding territories was to increase concentration on the production of knowledge for government follow-up sponsorship. Another contemporary reaction challenges "third sector" colleagues to fund projects government cannot do and which independent agencies are in a position to do well, namely, the examination of the limits and defects of government itself.

Foundation Sponsorship of Higher Education Today

The Foundation Center estimates there currently exists 21,500 United States foundations. Their grants in the 1970s totalled several billion dollars, but represented only four per cent of the country's total annual expenditures for education. The last two decades have surfaced many new and worthy claimants for foundation funds, but, somehow, yearly giving for educational purposes still leads all others, averaging $592 million. After education, the Foundation Directory (1977) lists, in descending order of size of expenditures: health, science, welfare, humanities, international activities, and religion.

The financial demands of higher education continue to soar, while the sheer magnitude of federal programs greatly diminishes the current relationship between

universities and private foundations. Compared to philanthropic grants to education of $592 million in 1977, government and states contributed $24 billion. Private giving has receded to the point where it is now well under ten per cent of the higher education operating budget (Commission on Private Philanthropy and Public Needs, 1977). The needs of higher education, once almost entirely met with private sources, are now almost entirely met with public funds. The complexities and conflicts in the government-higher education relationship dominate many educational volumes, are the subject of study at 22 colleges and universities and of a special Sloan Foundation Commission.

Summary

We have traced the linkages between private philanthropy and higher education from the foundation heyday of the early twentieth century to the present day. From the establishment and nurturance of early American colleges, foundations moved to the investigation of root causes through research, and, later, to the more contemporary idea of social action based on knowledge. Inevitably, the size of philanthropic gifts to higher education, and the size and number of the institutions themselves, significantly changed the relationship between donor and recipient.

Ironically, many of the academic fears of bureaucratic intrusions from foundation grant-making have not materialized, but have entered, to some extent, into higher education's relations with federal funding agencies. Research universities have found themselves far more dependent upon government grants than small liberal arts colleges.

Conversely, Jenny and Allan (1977) demonstrate that philanthropy remains twice as important to private educational institutions than to public. As financial conditions in higher education become more severe, private institutions will need additional resources of almost any kind. College administrators contend that reduction in philanthropy would result in operating deficits and losses in educational quality. The Committee on Private Philanthropy (1977) argues that withdrawal of support of private institutions will seriously jeopardize their survival, and that, inevitably, funding priorities will have to be reordered away from innovation and toward the basic needs of institutional sustenance.

Our sample of educational institutions sponsored by the Northwest Area Foundation falls into this category of private liberal arts colleges and universities. In Chapter III, we describe the methodology we employed to evaluate their grant activities and the Foundation funding program supporting them.

CHAPTER III

METHODOLOGY

Qualitative Study Design

This investigation employs the intensive case study to evaluate the granting practices of a major American foundation to liberal arts colleges. The methodology we adopted was one characterized by Weiss and Rein as:

(a) process-oriented qualitative research;

(b) historical research; and

(c) case study or comparative research.

> . . . the first characterization emphasizes the type of data which are collected, the second emphasizes the method's concern with the development of events through time, while the third emphasizes the utilization of a single case or small set of cases as a basis for generalization to a larger class.[22]

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[22]Weiss, Robert S. and Rein, Martin. "The Evaluation of Broad-Aim Programs: Difficulties in Experimental Design and an Alternative." In Weiss, Carol H. Evaluating Action Programs. Boston, Allyn and Bacon, Inc., 1972, p. 243.

The foundation literature was categorized earlier as primarily descriptive, historical and biographical, essentially devoid of theoretical direction. This fact, together with the paucity of evaluation data on foundation programs, call for an exploratory research design that can furnish a wealth of information on program features not now available and rarely studied systematically. The interpretive and descriptive nature of a case study analysis often reveals uncommon insights and richness in detail by focusing upon internal pivotal processes and illuminating the organizational context in which decisions occur. It permits study in depth of the relations among parts of a social system and between the parts and the whole.

Besides its usefulness for internal program improvements, our foundation case study furnishes preliminary evaluation data that can be used to establish a baseline for a future staging design, when the next round of educational grants terminate. Sequentially acquired grant information could be gathered on a continuous basis, and grant holders compared at different time periods.

Presumably, consequences of foundation-supported projects are numerous and multi-dimensional; qualitative study makes it possible to appraise varied outcomes, the extent to which programs realize their initial objectives, initiate adaptive strategies, and experience unintended

side effects.

Case study research does not have a set of clearly delineated dependent and independent variables, and does not create laws and conclusions that apply beyond the subject matter described. Rather, it provides clues for subsequent research and often precedes more quantitative investigations. This case study should result in alternatives to foundation management practices in grant selection and evaluation, whose usefulness can be tested in future research.

A weakness of interpretive designs, like the case study or ex post facto analysis, derives from the absence of an explicit comparison group. A critical examination of a broad funding approach like the Foundation's Independent College Program, and the educational grants under its sponsorship, unfortunately, preclude use of a rigorous experimental design.

Weiss and Rein discuss the underlying difficulties in the development of absolute criteria to judge these kinds of programs.

> It is not that the aims of the programs are unformulated . . . but rather that they may be specified in many different ways . . . . The administrators of a broad-aim program are apt not to know in advance exactly how the system change they hope to achieve will manifest itself.[23]

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[23] Ibid., p. 237.

Because of this, even if firm objectives are enumerated before the changes are introduced, program administrators will, nevertheless, direct increased program energies to those areas that show early promise of success, whether or not they were part of the initial aim.

Any attempt, then, to evaluate the success of these kinds of fluid and flexible programs by careful experimental design, requiring no alterations mid-program, becomes highly unworkable and untrustworthy. Both experimental and quasi-experimental approaches call for static and controlled conditions. In the case of a foundation grant program, the situation is chiefly uncontrolled. Freedom from certain accountability constraints permits foundation administrators to modify, influence, or even terminate programs mid-stream when not living up to their original purposes, and often project directors, intentionally or unintentionally, stray from early intentions.

An ideal experimental design of a foundation grant program would demand that normally rejected proposals be funded on a random basis, and approved projects turned down in their place. However, foundation selection of grant applicants, is based, ostensibly, upon merit and promise, and anything but randomly assigned.

Also, in experimental studies, negative results are not very helpful. Yet, a recognized and expedient strategy of foundation administration is one that pays

strict attention to negative aspects of an applicant's track record as a guide to future grants. Obviously, program failures may be constructive for they narrow the field of funding directions and applicants.

When we considered a survey design requiring questionnaires on grantee opinions, we realized the responses would lack information on the internal workings of the grant review process. Also, it would put college grantees in an awkward position at best to ask them to judge the merits and demerits of their foundation sponsors. As Joseph Kiger puts it: "Those who live in lively anticipation of foundation favors are understandably loath to give forthright, unbiased, constructive criticism."[24] Responses from rejected applicants present even greater challenges to objectivity.

In short, there exists no neat and definitive scientific method for evaluating a foundation's on-going grant activity. After reviewing various research approaches, the intensive case study appeared the most feasible and appropriate to the characteristics of the subject under examination. The Foundation's excellent program and administrative records provided necessary information from all major parties participating in the grant review process.

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[24]Kiger, Joseph C. Operating Principles of the Larger Foundations. New York, Russell Sage Foundation, 1954, p. 106.

The Sample

Our sample of higher education grant recipients includes 12 1975 Productivity Project grantees and 10 1976 grantees, totaling 22 colleges and universities listed below:

1975 Grantees	1976 Grantees
Augustana College	Drake University
Carleton College	Graceland College
Coe and Cornell Colleges	College of Idaho
Concordia College	Morningside College
Gustavus Adolphus College	Mount Mercy College
Hamline University	Reed College
Lewis and Clark College	College of St. Benedict
Luther College	St. John's University
Macalester College	St. Olaf College
University of Puget Sound	St. Scholastica College
College of St. Catherine	
Wartburg College	

The Independent College Program, under which these grants fall, represents a departure from the usual Foundation policy of making grants only for experimentation and demonstration. The Board of Directors authorized their staff:

> . . . to assist private colleges within the Foundation's eight-state region to preserve educational quality standards of colleges while controlling the rapidly accelerating costs.[25]

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[25] Northwest Area Foundation Annual Report. Saint Paul, Minnesota, 1978, p. 25.

College recipients for both years were awarded three-year grants.

Data Collection

Data pertaining to our review of the Foundation grant process, and individually supported projects, have been drawn from four primary sources:

(1) Foundation files and records of critical documents relevant to the review process, i.e., Board of Director minutes, grant guidelines, Advisory Committee transactions, staff memos on grant deliberations, selection and evaluation criteria statements, Foundation annual reports and publications, newsletters, press releases, site visit reports, requests for proposals, Foundation correspondence with applicants, evaluation reports, actions on approved and declined proposals, grant agreements, and educational program planning documents;

(2) A sample of declined proposals from the same granting periods;

(3) Foundation project folders on each of the 22 college and university grantees, including their original proposals, evaluation plans, progress reports, Foundation and evaluator correspondence, and Foundation site visit reports;

(4) Personal experience, observations, and research of the Foundation evaluator.

Using these Foundation and grantee documents, we examined administrative deliberations on grant-making to liberal arts colleges, as they affect both proposal selection and project outcomes, and the influence of one upon the other.

Evaluation Approaches Guiding Study

Two evaluation approaches have influenced the direction of this study. The first concerns the role of evaluation in program administration as elaborated by the sociologist, Edward Suchman, in his book, Evaluation Research (1967). As viewed by Suchman, evaluation, as an aspect of program administration, becomes an essential part of the entire administrative process, interrelated with program planning, development and operation.

He examines the relationship of evaluation to knowledge and action, finds them essentially connected, and concludes that the primary significance of knowledge lies in its guidance of action, with action rooted in evaluation.

Use of this approach in an examination of a foundation grant program provides a setting for testing various administrative procedures. "Evaluative hypotheses," says Suchman, "are largely administrative hypotheses dealing with the relationship between some programmic activity and the attainment of some desired action objective."[26] It is exactly this relationship between the Foundation's programmatic activity in awarding grants to liberal arts colleges and achievement of its goals for that program that motivates this study.

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[26]Suchman, Edward A. Evaluation Research. New York, Russell Sage Foundation, 1967, p. 133.

Another attraction of this particular evaluation approach for our study is its applied aspect, i.e., its main objective is to increase the effectiveness of internal program administration. Evaluation techniques can be put to use to streamline grant-making activities, weed out unproductive efforts, or make them more efficient. Program significance, rather than statistical significance, is stressed; an independent variable is interpreted as having a "significant effect" upon the dependent variable if the observed change is judged <u>administratively</u> desirable.

Suchman's evaluation scheme is easily adapted to a single organization setting, using his administrative criteria of input and output: the relationship, in this study, between foundation proposal selection and grant-making deliberations as <u>inputs</u>, on the one hand, and educational outcomes and social impact as <u>outputs</u>, on the other.

Using a progressive task sequence, similar to Suchman's, we examine in turn:

(1) The central components of the grant review process;

(2) The grant selection process;

(3) The grant evaluation process; and

(4) The cumulative impact of the above upon college grant recipients' achievements and Foundation program objectives.

Process or formative evaluation, as espoused by Daniel

Stufflebeam (1973), Michael Scriven (1973), and others, represents a second evaluation approach influencing the direction of this research. Advocates of process evaluation claim it provides decision-makers with information needed for anticipating and overcoming procedural difficulties, for informed decision-making, and for judging project outcomes.

In the foundation world, process assessment is rare, since foundation administrators seldom possess the needed objectivity, expertise, or time required. Scriven characterizes process investigation as yielding "dynamic hypotheses" since ". . . what is being called for is an analytical description of the process . . . (and) an interpretation."[27]

For our case study, we want the resulting detailed record of the Foundation's review process to provide information on how grant decisions are made, detect defects and strengths in the procedural design, and yield corrective information for its refinement. Chapter IV examines the central components and operation of the grant review process of the Foundation's Independent College Program.

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[27]Scriven, Michael. "The Methodology of Evaluation." In Worthen, Blaine R. and Sanders, James R. Educational Evaluation: Theory and Practice. Worthington, Ohio, Charles A. Jones Publishing Co., 1973, p. 70.

CHAPTER IV

THE GRANT REVIEW PROCESS: DESCRIPTION AND DOCUMENTATION

Introduction

Following Suchman's evaluation scheme that matches administrative input to the resultant output, we examine here the Northwest Area Foundation's grant review process and its influence upon the outcomes of grant projects. Using a variety of Foundation documents and external sources in piecing together the grant selection history of the Independent College Program (ICP), we begin by tracing the evolution and operation of the program over two of its funding periods. Next, we critically assess what the Foundation documentation reveals about the effectiveness of the grant review process itself, its strengths and weaknesses.

This analysis is preparatory to Chapter V on proposal selection, where we compare the actual proposals themselves -- 22 awarded proposals from our sample colleges against 22 declined proposals from the same funding periods. By this analysis, we assess the success of the review process in selecting quality proposals.

Evolution of the Independent College Program

In 1972, a comprehensive survey of 70 independent colleges in an eight-state region reinforced a 1971 recommendation by the Directors of the Hill Family Foundation* "to seek out ways the . . . Foundation could assist private liberal arts colleges to control escalating costs while maintaining educational quality."[28] This survey, initiated by the Foundation staff, studied college enrollments, finances, and faculty compensation from 1967-1972, as well as college administrator opinions and attitudes. Respondents agreed that, aside from enrollment and student financial aid problems, sharply rising instructional costs constituted the major threat to their institutions' financial stability, and they suggested the Foundation concentrate funding upon ways to improve the productivity and efficiency of the teaching-learning process. Institutional stabilization, rather than innovation, became fundamental to the Independent College Program's concern for private colleges. This represented a significant shift in the Foundation's traditional approach of supporting experimental demonstration projects.

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*The Hill Family Foundation was later renamed the Northwest Area Foundation.

[28]Northwest Area Foundation. "Minutes of the Board of Directors' Meeting." November, 1971, p. 1.

> The Program moved deliberately away from developing new pursuits in colleges to strengthening what they already had going. The Foundation asked colleges what their problems were and then funded their efforts to solve their own problems.[29]

In early 1973, the Foundation directors unanimously approved the concept of the Independent College Program (ICP), the appointment of an Advisory Committee to assist in the review of college grant proposals, and the installment of the first phase in Enrollment and Admissions. Later the program came to include a second phase of Productivity Grants, approved in April 1973, and a third phase of Deferred Giving. This study concerns the second productivity phase of college grants only.

Minutes of the directors' meeting granting approval to ICP included, in addition, consensus upon a guiding principle of educational funding for three to five years following the first phase of 1974 grants. The Foundation's program in higher education should focus on projects

> . . . which are directed to assisting independent colleges and universities to increasing income and slow down the rapid increase in expenditures of these institutions. Grants will not be made to independent colleges for other types of programs, except in unusual circumstances,

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[29]Northwest Area Foundation. An Approach to Keeping Independent Colleges Independent, op. cit., 1973-1975, p. 31.

during this period of emphasis on increasing income and productivity.[30]

In promoting this educational emphasis, the Foundation fully recognized its shift away from sponsorship of public or tax-supported institutions to the private higher education sector. News of this new focus prompted a number of statements of approval from the independent colleges themselves, and the Foundation came to be viewed as an institution with a major commitment to preserving the option of private education in our society.

Selection of the ICP Advisory Committee

In the Board of Directors' instructions to the Foundation staff, the Advisory Committee was to be composed of three highly qualified educators, selected by the Board and staff, with the Executive Director serving as chairman. This committee would review and recommend to the Board, through the staff, those college proposals most likely to satisfy the objectives of the overall program; the Board would retain its authority to approve or disapprove each recommended proposal.

This procedure used in 1973 to select the first ICP

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[30]Northwest Area Foundation. "Minutes of the Board of Directors' Meeting." February 9, 1973, p. 1.

Advisory Committee remained the procedure that the Foundation used in later years, i.e., the directors and staff propose an initial list of six or seven committee candidates who submit resumés and undergo individual interviews. Of this group, three are invited back to serve on the committee for a period of three years.[31]

Four individuals were selected in this manner, with the Foundation's Executive Director as the fifth member and chairman. The committee functioned by meeting for intensive joint sessions with the Foundation staff around funding periods, screening college applications, and making recommendations for grant approvals or declinations to the Foundation Board.

Grant Deliberations and Proposal Guidelines: 1975 Round

The ICP got underway in its first phase in December 1973 when the Board of Directors approved a total of 16 Enrollment and Admissions Productivity Grants for one-year periods,* totaling $596,300. The chronology of events which led to the second ICP phase of Productivity Grants,

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[31]The Advisory Committee selection procedure was derived from Foundation Board minutes, staff memos, and Foundation correspondence with Advisory Committee candidates.

*This round of one-year grants was described in the 1974 Applicant Outline as possibly renewable, if the institution achieved its goals and there was a need for continuation of the project.

our subject of study, began with a staff mailing in February 1975 of Productivity Guidelines for application to all 70 colleges within the Foundation region.

These proposal guidelines requested preliminary proposals on improving the teaching-learning process in higher education, and very explicitly asserted the Foundation's expectations that the Productivity Grants "reduce instructional costs while maintaining or improving acceptable levels of academic quality."[32] Proposals that sought greater quality per instructional dollar fell outside this productivity definition; proposals that sought current or improved educational service from fewer instructional dollars fell within its intent. The Foundation hoped to select only those colleges that already possessed qualitatively sound academic programs, so that cost reductions would not threaten already weak curriculum.

This 1975 productivity grant competition under ICP was open to all private liberal arts colleges located in the Foundation's eight state region, who have faculties, to quote from the guidelines, "that will assume a share of the responsibility for the colleges' financial survival, and administrators who are willing to make crucial decisions

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[32]Hill Family Foundation. "Guidelines and Application Procedures for the Productivity Program." Independent College Program, February 7, 1975, p. 1.

now, before the "depression" of the 1980s takes its toll . . . ."[33] Financial support to these colleges would be granted for three-year periods, a change from the 1974 one-year Productivity Grants.

The proposal guidelines also informed applicants of specific questions to address in their preliminary proposals on goals, means for achieving these goals, expected project outcomes, anticipated cost reductions, staffing of projects, timetables, and budgets. They described a period of revision for those preliminary proposals that met ICP productivity policies in the first screening. Final proposals then have to be more fully developed, contain program evaluation plans, and heed suggestions from the Foundation staff and Advisory Committee.

In June 1975, after staff investigations of each proposal, 14 preliminary proposals under the productivity concept qualified for a second screening. Forty-three colleges and universities originally applied in this round of grants; narrowing these initial proposals down to 14 promising candidates is the essence of the grant review process.

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[33] Ibid., p. 1.

Proposal Selection Criteria

A Board memo from the Foundation staff officer in charge of the productivity phase cites a common set of criteria employed for reviewing each of the remaining 14 proposals. Other Foundation memos imply these criteria were mutually agreed upon by the Foundation staff and the Advisory Committee. The first criterion on reducing instructional costs was given greatest weight, since it reflected the primary intention of this phase of ICP.

The six criteria for reviewing proposals included:

(1) The proposed project should have a high probability of reducing the cost of instruction without impairing the quality of academic service.

(2) The proposal's objectives must address real and compelling needs.

(3) The college must genuinely require Foundation assistance in order to implement the project.

(4) The project must have a high level of administrative leadership and support.

(5) The faculty must exhibit a climate of cooperation and willingness to change, in terms of the proposed project.

(6) The college should demonstrate strength as a liberal arts institution.[34]

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[34]Northwest Area Foundation. "Staff Memo to Board of Directors to Seek Authorization to Fund 12 Productivity Grants." May, 1975, pp. 2-3.

Other criteria that entered into the funding decisions were variety in demonstration projects, proposals within the Foundation's budget, and those that planned comprehensive revisions of academic programs. According to Foundation officers, productivity proposals recommended for funding complied with the criteria listed, while declined proposals exhibited less agreement with the criteria and received low ratings from the Advisory Committee.

Productivity Grant Declinations

In declining 29 of the original group of 43 college proposals, a Foundation staff memo offered the following rationales: the proposals either had little probability of reducing instructional costs, or the size of the requests went beyond the Foundation's budget for this program, the costs of the project were greater than the probable results, the proposals were poorly developed and written, or the colleges were requesting support for projects they could carry out with their own resources.[35] Letters of declination were sent to the 29 colleges, notifying them of the Foundation's decision not to fund.

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[35] Ibid., p. 3.

Negotiations and Site Visits

After Advisory Committee deliberations eliminated 29 applicants, the Foundation staff made site visits to 10 of the 14 colleges remaining in contention. Foundation memos described these visits as staff assessments of college and project leadership and of the feasibility of the proposed projects. On the site visits, staff provided applicants with feedback for proposal revisions from the Foundation Advisory Committee, and encouraged use of outside evaluators and consultants. Letters preceding these visits reinforced the productivity criterion by requesting "special emphasis be given to the expected cost reductions that will result because of the project."[36] Foundation correspondence also shows that budgetary negotiations, bringing financial requests more in line with ICP funding guidelines, frequently occurred before the final grants were authorized.

Productivity Grant Awards

In May 1975, the staff presented 14 proposals to the Board of Directors for funding, but not for direct authorization. After further negotiations with the colleges,

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[36]Hill Family Foundation. Correspondence with Applicant Colleges. March 19, 1975, p. 1.

two more applicants were eliminated from the grant competition. Later in the month, by unanimous Board approval, over one million dollars in ICP grants to 12 colleges and universities were awarded, and letters of announcements were sent to the grantees. Each college received three-year grants, from September 1975 through September 1978. The names of the college grant recipients were listed in the discussion of the study sample in Chapter III; the Board had approved every applicant recommended by the staff and Advisory Committee.

The final funded projects fell into five basic categories, but all under the productivity rubric:

> . . . analysis of curriculum to cut out low enrollment, non-essential courses and majors; retraining and/or retiring faculty who are displaced through the review and restructuring process; reducing instructional costs through inter-institutional cooperation with a neighboring college; using student initiative for learning through use of computer-assisted and personalized systems of instruction; and using superior upper-division students in the teaching process to release faculty for teaching more students.[37]

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[37]Northwest Area Foundation. An Approach to Keeping Independent Colleges Independent, op. cit., 1973-1975, p. 29.

Grant Finalization and Evaluation

Even after notifying the colleges they had been awarded grants, the Foundation undertook a final stage of grant negotiation, albeit the last. Grant recipients were requested to meet individually with Foundation officials over the next several months to discuss the grant in depth, the evaluation plan, and any further project modifications suggested by the Advisory Committee. In letters to the colleges in July 1975, grantees were urged to submit a statement of specific project goals, the methodology for attaining these goals, and a timetable for project implementation. Clearly, this statement represented the beginnings of an evaluation plan.

In a second requested document, the colleges were to propose how they would evaluate the impact of the grant activities on the cost of instruction and the quality of the educational process, the two Foundation criteria for productivity effectiveness. Related to the cost of instruction, the colleges were invited to make use of the computerized accounting systems developed by the National Center for Higher Education Management Systems (NCHEMS). Several of the 12 colleges subsequently entered into a cooperative agreement to share cost accounting information for institutional comparisons.

The Foundation has a long history of promoting evaluation of their sponsored projects. For the evaluation of

the 1974 round of Productivity Grants, the Foundation employed the services of Daniel L. Stufflebeam and his staff at the Evaluation Center of Western Michigan University. Late in 1974, the Foundation decided, for various reasons, to hire an internal evaluation expert rather than rely on an external organization for future grant evaluation. It was the evaluator's responsibility to review college evaluation plans and guide and monitor 1975 grant projects in their evaluation activities.[38] The author replaced this evaluator in 1977, working with the college recipients primarily from her Michigan State campus office.[39]

In the grant finalization stage, after the colleges conferred with Foundation staff and the evaluator, and once the documents described above were deemed adequate for evaluation purposes, a grant agreement was drawn up, signed by both parties, and grant payments commenced. In several cases where the evaluation documents were not sufficient, further revision followed before the grant agreements were drawn and signed.

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[38]Northwest Area Foundation. "Staff Memo From Evaluation Associate on Productivity Evaluation for the Foundation." 1975, p. 1.

[39]Northwest Area Foundation. Correspondence with 1976 Grant Recipients Announcing the Services of Paul Dressel and Dora Marcus in Evaluation of Independent College Projects. April 7, 1977, p. 1.

The 1975 grant agreement specified the payment schedule, described Foundation expectations of refined evaluation plans, progress and financial reports, and reaffirmed project assessment criteria of lowering instructional costs while maintaining or improving educational quality.

Continuation of the Independent College Program: 1976 Round

In December 1975, with that year's productivity grant projects launched, the Board of Directors authorized the continuation of ICP, for another round of three-year grants. However, this time, they abandoned the programmatic emphasis held to earlier in the productivity phase, and approved instead an unrestricted grant competition. The 1976 college applicants could submit proposals in any priority area of their choosing, not precluding, however, previous priorities of the Foundation.[40]

This shift in funding emphasis was permitted by a Board approved decision to curtail future support of the productivity phase, as well as the other two phases of ICP, and move to less perscriptive funding arrangements. Together with this recommended change, the Advisory Committee was terminated and arrangements were made for the

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[40] Northwest Area Foundation. "Staff Memo to Independent College and University Presidents and Academic Deans." December 15, 1975, p. 1.

selection of a new and smaller committee.

From a field of seven candidates, two were selected to serve on the new Advisory Committee, retaining one hold-over of the previous committee to participate in the selection process for 1976 ICP grantees.

1976 Proposal Guidelines and Selection Criteria

The sole criterion specified in the 1976 Applicant Guidelines for judging college proposals was the "degree of observable improvement (they) promise for either the student or the institution."[41] Forty-one private colleges in the Foundation's region responded to the call for proposals.

The following ten criteria, taken from an Advisory Committee document, were employed to evaluate the 41 applications:

(1) Will the grant change the institution over the course of the next five years?
(2) Will the grant-supported project sustain itself beyond the lifetime of the grant, and have a lasting impact upon the institution?
(3) Does the grant prevent the college from dealing with real and serious problems?
(4) If the college is so concerned with the problem addressed in the proposal, what evidence is there that previous attempts have been made to solve the problem?

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[41] Northwest Area Foundation. "Guidelines for Application: Independent College Program." 1976, p. 2.

(5) The innovative element: Unresolved. Education is in trouble and needs new models. Is the application innovative in some respect? If innovation is left out of the criteria, other colleges will simply use the idea to get a grant. Perhaps it's unrealistic for the Foundation to expect innovation in such basic areas as admissions, retention, fund raising, etc.

(6) Is the budget reasonable and justifiable?

(7) Is the project integral to the mission of the college?

(8) Does the grant have broad acceptance by the affected constituencies?

(9) Is there evidence that the applicant college has asked the important contextual or environmental questions which would impinge upon the success of the project?

(10) Are evaluation plans present?[42]

1976 Grant Awards and Declinations

The new Advisory Committee screened the 41 applicants and recorded their brief narrative evaluations and letter grades on a rating sheet beside the names of each candidate, and then shared their ratings. Thirty one proposals were declined for basic inadequacies in budget, in clarity and focus, in feasibility, in degree of faculty involvement and in imagination.[43] Site visits were made to

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[42]Northwest Area Foundation. "Criteria: Independent College Program." June, 1976, p. 1; also selection criteria cited in: Northwest Area Foundation. "College Report on First Year of Productivity Grants." 1976, p. 4.

[43]Northwest Area Foundation. "Staff Memo to Board of Directors Recommending Funding Five Independent College Projects and Declining 31 Applications." July, 1976, pp. 5-12.

those remaining applicants that received preliminary approval by the Advisory Committee, to meet with college administrators and project directors and discuss proposal and budget modifications.

In the summer of 1976, ten ICP grants were awarded for a total of approximately one million dollars for three year periods, from September 1976 through September 1979. The names of the 1976 college grant recipients were listed in Chapter III under discussion of the study sample; again, the Board had approved all the Advisory Committee recommendations.

Post-award negotiations involving refinements of evaluation plans and clarification of project objectives occurred in the 1976 round of grants as they did in 1975, and similar grant conditions were stipulated in agreements signed by both the grantor and grantees. Unlike 1975, the 1976 recipients did not contract the services of NCHEMS.

Effectiveness of the Grant Selection Process Judged from Foundation Documents

The preceding section described the essential elements of the grant review process employed by the Northwest Area Foundation over the period of our case study, 1975-1979, as revealed by institutional documentation and the author's evaluation experience with the Foundation. Our

examination now extends beyond this description over time to what Foundation records tell us about the effectiveness of that process itself, and, in Chapter V, about the quality of college proposals it produced. In Chapter VI, we estimate the quality of project outcomes.

Based upon a content analysis of Foundation applicant guidelines, proposal criteria, reports, staff memos, surveys, Board of Director minutes, and other documents transmitted during grant selection, we present our conclusions on the deficiencies and strengths of that process. These conclusions are bound by the limits of our available data, by our ability to detect connections and interrelations among the data components, and by the necessity to verify statements with the Foundation written record.

Strengths of the Selection Process

The commendable features of the Foundation's grant review process for the 1975 and 1976 rounds of grant competition fall into eleven categories. As we discuss each, we refer the reader to the sources of evidence for these assertions in the footnotes.

(1) College Needs Assessment: In keeping with current evaluation theory that recommends a needs assessment before embarking upon new educational or social

programs,[44] the Foundation initiated a comprehensive survey of all the independent liberal arts colleges in their region before committing resources to a new funding area.[45] To quote from a Foundation publication:

> The answer (from the survey) we received loud and clear, was that the major threat to the survival of private education is an economic one. We were told that the colleges must find a way to increase income, decrease expenses, and conduct the business of education in a more efficient manner.[46]

Therefore, the college productivity phase of ICP was established on the basis of institutional data and recommendations of the private colleges themselves as a major commitment "to help preserve the option of private education in our society." This action by the Foundation and the manner in which it was decided, have been commended by the private colleges themselves and by Foundation

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[44]Ball, Samuel and Anderson, Scarvia B. The Profession and Practice of Program Evaluation. San Francisco, Jossey Bass Publishers, 1978, Chapter 1.

[45]Northwest Area Foundation. Survey of Independent Liberal Arts Colleges in an Eight-State Region. In Formative, Final Report on the Independent College Productivity Program. Western Michigan University Evaluation Center, January, 1975, pp. 246-277.

[46]Northwest Area Foundation. "College Report on First Year of Productivity Grants," op. cit., 1976, p. 1.

evaluators, and have provided focus for ICP's grant review process. The survey's careful research and the persuasiveness of its data also formed the basis for the recommendation by these evaluators to continue productivity funding after its first trial in 1974.[47]

(2) Foundation Board Structure and Code of Conduct: Possible conflicts of interest in awarding grants have long aroused suspicions among hopeful applicants and the general public itself. In response to this concern, the Northwest Area Foundation established an unusual two-board structure, consisting of the Board of Directors (an operating board) entirely independent from the Board of Trustees (an ownership board).[48]

This structure was introduced years ago to circumvent any conflicts of interest or undue owner influence over grant selection and other Board allocation decisions. Few private foundations have adopted these safeguards into their administrative arrangements.

In addition, the Foundation developed, and recently revised, a special "code of conduct" for trustees and staff, requesting full disclosure of outside affiliations

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[47]Western Michigan University Evaluation Center. Formative, Final Report on the Independent College Productivity Program. January, 1975, p. 71; p. 155.

[48]Nason, op. cit., 1977, p. 48.

(both business and non-profit) to prevent improprieties in funding decisions.[49] This represents another example of the Foundation's commitment to openness and accountability.

(3) Proposal Guidelines and Application Procedure: As early as 1956, the Northwest Area Foundation (then named the Hill Family Foundation) furnished applicants with yearly guidelines outlining steps in proposal preparation, and described Foundation policies on funding. The editors of Foundation News (1965) found this practice sufficiently unusual and commendable to single out the Foundation,[50] and F. Emerson Andrews, the notable authority on private foundations, published a copy of the Foundation's guidelines in his book, Philanthropic Foundations.[51]

Historically, the procedure for submitting foundation applications has been said to be veiled in mystery, both for the prospective applicant and for the foundation officials themselves. The philanthropic literature reveals that the manner and approach to foundations varied considerably, some funding agencies operating without any

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[49] Ibid., pp. 81-82; Willman, Frederick. "Written Guidelines on Conflicts of Interest." Foundation News, May/June 1977 (Vol. 18, No. 3), pp. 51-52.

[50] "Foundation Applications: Some Guidelines." Foundation News, January, 1965 (Vol. 6, No. 1), pp. 5-6.

[51] Andrews, op. cit., 1956, p. 183.

established application procedures at all. In the 1950s, foundations rarely printed and distributed applicant proposal guidelines. Thus, the early leadership of the Hill Family Foundation was recognized and widely emulated.

(4) General Information for Grant Applicants: A Foundation booklet entitled, "Information for Grant Applicants," informs colleges of the Foundation's history, resources, programs and policies, and required information from grant applicants about their organization, proposed projects and finances.[52] It further describes how the Foundation's Board of Directors meet once a month to review and act upon proposals, after staff investigation and recommendations. It explains that the staff's investigative work may take up to three months, and that proposals are screened initially on whether they fall within the general policy guidelines, and again on specific criteria developed for that granting emphasis.

This information booklet cautions the applicants that only about ten per cent of all proposals are approved. Formal proposals must always be submitted if official consideration is desired, but the staff welcomes preliminary inquiries also. Any serious proposal includes a

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[52]Northwest Area Foundation. "Information for Grant Applicants." St. Paul, Minnesota, (no date given).

letter of intent by a top college administrator, supporting the project and the obligations it entails for his institution.

The information supplied grant applicants by means of this booklet and Foundation Annual Reports is probably not as uncommon today as when the Foundation first initiated it years ago. Philanthropic writers have praised the Foundation for its early and constant concern with informing the public. For example, its general openness and lack of secretiveness about its operations have been noted by Joseph Goulden (1971), one who is usually considered a vehement critic of private philanthropy. He writes:

> In going through more than a thousand annual reports, some decades old, representing the output of more than a hundred foundations, I found only one foundation which candidly told which of its projects failed and why -- the Louis W. and Maud Hill Foundation . . . . But at other foundations, millions of dollars can be dissipated without a trace.[53]

Very recent findings from a study by the National Committee for Responsive Philanthropy (1980), a nationwide coalition of organizations striving to increase private philanthropy's accountability and public

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[53]Goulden, op. cit., 1971, pp. 77-78.

responsiveness, gave superior ratings to the Northwest Area. Of the 150 largest U.S. private foundations studied, Northwest Area received an "excellent" overall score in voluntarily making foundation information available to the public. Almost 60 per cent of the foundations in the sample did not meet acceptable information standards, 36 per cent were found acceptable, and only 4 per cent (or eight foundations), of which the Northwest Area scored second, rated in the highest category of information disclosure, including applicant and grant information.

(5) Project Evaluation Plans: As evidenced in the published guidelines in F. Emerson Andrews book, even in 1956 the Foundation requested that proposals include information on the expected outcomes of a project, the measures to be employed, and the value and possible use of these results.[54] This practice of requiring an evaluation plan as a blueprint for process evaluation continues to this day. Aside from its value in process and summative evaluation, the plan provides important clues to the review panel screening initial proposals on the clarity of project goals, objectives, and strategies for achieving them.

The Foundation permitted evaluators employed during

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[54]Andrews, op. cit., 1956, p. 183, items 9-13.

the 1975 and 1976 competitions to shape its policy on the general format, level of rigor and specificity of acceptable evaluation plans; this openness to evaluator judgments extended to the determination of evaluation reporting requirements.*

Again, the Foundation showed leadership in the philanthropic community by promoting an internal evaluation capacity with evaluators on the staff, using an Advisory Committee of external educational experts, contracting external evaluators and evaluation agencies, requiring self-evaluation from funded projects, and staging in-service evaluation training for staff and project directors.

(6) Grant Agreement: Any foundation grant agreement is, essentially, a statement of certain settled purposes between two parties, and states a foundation's expectations of grantee behavior. The stipulations in the Northwest Area Foundation's grant agreement both in 1975 and 1976 requested varied sources of information from the grant recipients, i.e., progress reports, financial reports, evaluation plans, and final evaluation reports.[55]

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*These conclusions are based upon college records and correspondence of both evaluators employed by the Foundation during that period.

[55]Northwest Area Foundation. "Grant Agreement and Summary of Grant Agreement." 1975; "Grant Agreement and Summary of Grant Agreement." 1976.

This information proves invaluable for formulating funding decisions on proposal renewals, and for judging the track records of colleges submitting repeated applications. In other words, the terms of the agreement produced a cumulative project record crucial for process and product evaluation.

(7) Evaluation Recommendations to Improve Grant Selection:

(a) The Foundation accepted the evaluation advice of its contracted evaluators from Western Michigan University regarding the 1974 productivity projects, and extended grants from one-year to three years in 1975 and 1976.

These evaluators found that one-year grants were satisfactory for the exploration of a problem area, but created serious problems in continuity, planning, staff commitment, evaluation, and potential impact.[56] They proposed revising ICP's strategy toward multiple year grants so that "a series of activities (can be) coordinated toward some institutional productivity goal."[57] The Foundation staff affirmed this shortcoming of

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[56]Western Michigan University Evaluation Center. "Discussion Materials for the Independent College Productivity Program," op. cit., 1975, p. 5.

[57]Ibid., p. 21; Western Michigan University Evaluation Center. Formative, Final Report on the Independent College Productivity Program, op. cit., 1975, p. 33.

This information proves invaluable for formulating funding decisions on proposal renewals, and for judging the track records of colleges submitting repeated applications. In other words, the terms of the agreement produced a cumulative project record crucial for process and product evaluation.

(7) Evaluation Recommendations to Improve Grant Selection:

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[56]Western Michigan University Evaluation Center. "Discussion Materials for the Independent College Productivity Program," op. cit., 1975, p. 5.

[57]Ibid., p. 21; Western Michigan University Evaluation Center. Formative, Final Report on the Independent College Productivity Program, op. cit., 1975, p. 33.

one-year funding and recommended to the Board of Directors in January 1975 the initiation of three-year grants for this program.[58]

(b) The Foundation accepted the evaluation advice of Western Michigan evaluators to award larger budgets to a smaller number of colleges in the 1975 round of grants, to avoid spreading its financial investments too thin over a large number of projects, as they did in 1974.

The evaluators argued that the 1974 levels of funding were not producing powerful strategies for institutional change nor likely to result in enduring effects. They recommended several alternate funding plans, one of which advised the Foundation to increase program budgets moderately and reduce the number of projects.[59] In 1975, 12 colleges received larger concentrations of funds than the 16 Productivity Grants in 1974, and over a three year period; and, in 1976, ten colleges were awarded three-year grants.

(c) The Foundation accepted the evaluation advice of Western Michigan evaluators to develop a consortium

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[58]Northwest Area Foundation. "Staff Memo to Board of Directors Requesting Authorization to Continue Current Programs." January 28, 1975, p. 3.

[59]Western Michigan University Evaluation Center. "Discussion Materials for the Independent College Productivity Program," op. cit., 1975, p. 22; Western Michigan University Evaluation Center. Formative, Final Report..., op. cit., 1975, p. 33.

of college projects for the pooling of resources, by initiating a cooperative agreement of colleges using NCHEMS accounting systems.[60] These agreements were included in the applicant proposals.

(d) The Foundation accepted the evaluation advice of Western Michigan evaluators to develop specially written productivity proposal guidelines for the 1975 grants, for the purpose of clarifying the productivity concept judged unclear and undefined in the 1974 productivity phase.[61]

These evaluators pointed out that it was the Foundation's intention in the 1974 Applicant Guidelines to allow colleges to arrive at their own definitions of educational productivity, but that cost reductions be an important component of any definition. Leaving "productivity" more or less undefined and allowing the colleges' freedom to derive their own meanings, resulted, in most cases, in definitions emphasizing educational quality rather than efficiency.

In the new guidelines for 1975, instead of putting primary emphasis upon cost and efficiency in the teaching-learning process, the Foundation shifted to include higher instructional quality as part of the productivity

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[60] Ibid., pp. 124-125.

[61] Ibid., pp. 107-109; Hill Family Foundation. "Guidelines . . .," op. cit., 1975, pp. 1-3.

definition, more in keeping with the conception adopted by most 1974 projects.

Thus the 1975 Guidelines read:

> So that there may be no confusion regarding the Foundation's expectation of productivity grants . . ., the primary mission of the Program is to assist colleges to implement ways of reducing instructional costs while maintaining or improving acceptable levels of academic quality.[62]

(8) Advisory Committee Proposal Review: Just as the Foundation employed internal and external evaluators and consultants, they placed high value on the objective judgments of its ICP Advisory Committee. The staff and Board painstakingly interviewed and selected these individuals, nationally recognized educational authorities purposely chosen from outside the Foundation's eight-state region.

For each round of grants, the Committee deliberated over the merits of college proposals, and made its recommendations to the Foundation staff, and the staff to the Board of Directors. In both the 1975 and 1976 grant competitions, the recommended proposals by the Advisory Committee ultimately became those proposals funded

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[62] Ibid., p. 2.

by the Board.[63] Most evaluation authorities agree that such external expert opinion greatly strengthens the effectiveness of a grant review process.

(9) Proposal Selection Criteria: When the Advisory Committee met with the staff to review the college proposals in both years, they devised special selection criteria for Productivity Grants.* Although inconsistencies in use are described later, the fact that specific criteria tied to ICP goals were employed strengthens the proposal selection procedure.

(10) Multiple Sources of Information: As we mentioned before, for each proposal solicited by the Foundation under ICP, an initial screening is performed by the staff to determine whether it complies with Foundation policy. Grants are not made to capital fund campaigns, to operating budgets of organizations, to individuals, or for travel, scholarships, propaganda, lobbying or religious activities. For the 1974 productivity grants, Western Michigan evaluators concluded that the Foundation staff had successfully selected requests that fell within

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[63]Personal communication from an Advisory Committee member who served both years.

*Selection criteria for 1975 and 1976 were listed in an earlier section of this chapter and also appear in Appendix B.

funding policies and had screened out opportunistic applicants.[64]

After this first screening, the staff research each proposal, investigating its various components. Their comments and suggestions, together with those of the Advisory Committee, are fed back to promising applicants for proposal revision. The staff stay in regular communication with applicant colleges during this stage and the correspondence between them reveals professional and amiable relationships. Nowhere in the two-way correspondence is there even a trace of resentment to Foundation requests for revision that one is led to expect from the literature on university-foundation relationships.

As a supplemental information source aiding funding decisions, the Foundation staff and Advisory Committee members make site visits to those colleges where they need further clarification on proposal or budget questions. The site visits, then, together with the staff investigation, proposal and evaluation plan revision, and the Advisory Committee review, provide multiple sources of valuable information from which to properly judge the quality of college proposals.

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[64]Western Michigan University Evaluation Center. Formative, Final Report . . ., op. cit., 1975, p. 156.

(11) Post-Grant Approval Negotiation: After projects have been approved by the Board and funding announcement letters have been received, the Foundation embarks upon a final stage of negotiation, in which any remaining proposal ambiguities are cleared up, the Foundation and the grantees express their mutual expectations, and the evaluation plans are further refined with help from the Foundation evaluator. As one of the 1974 Western Michigan evaluators commented:

> After a proposal has been approved for funding, the relationships of the Foundation to the project defy definition as usually understood in management. The relationships are neither "staff" nor "line"; the relationships are not "supervisory" and are certainly not "surveillance." Perhaps the relationships are a two-way flow of formal and informal contacts. The nature of the contacts vary. Skill in communication is most important.[65]

Defects in the Selection Process

From our comprehensive review of the documents transmitted during the 1975 and 1976 grant reviews, certain defects manifested themselves. The primary deficiencies

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[65]Western Michigan University Evaluation Center. "Evaluation Notebook." Hill Family Foundation, February, 1975, pp. 6-7.

centered around a contradiction in a funding principle and use of undeclared selection criteria. We will assess these first.

(1) Lack of Adherence to the Productivity Funding Principle: Earlier when we described the evolution of ICP, we quoted from minutes of a special Board of Directors' meeting where approval was granted for this program and a guiding principle of educational funding was adopted, to be followed for three to five years following the 1975 grant competition.

It stated that the Foundation's program in higher education should focus upon projects

> which are directed to assisting independent colleges and universities to increasing income and slow down the rapid increase in expenditure of these institutions. Grants will not be made to independent colleges for other types of programs, except in unusual circumstances, during this period of emphasis on increasing income and productivity.[66]

Nevertheless, in December 1975, the Board clearly moved away from its earlier commitment to productivity and adopted an "open policy" of funding for the 1976 grants. In fact, "no description of which issues the

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[66]Northwest Area Foundation. "Minutes of the Board of Directors' Meeting," op. cit., 1973, p. 1.

Foundation might fund" was explicitly recommended.[67] Productivity proposals were neither encouraged nor discouraged, but the 1976 Applicant Guidelines gently suggested projects on institutional stabilization and improved student learning opportunities. No "unusual circumstance" seems to have preceded this new direction; Foundation correspondence explains this change in terms of "having done its part" and time to move on "toward a more curriculum-based approach."[68]

(2) Contradiction Between 1976 Applicant Guidelines and Selection Criterion: Under a section of the Guidelines entitled, "Preparation of the Proposal," it informed 1976 applicants that:

> Proposals will not be judged on the basis of being "innovative"; the Foundation is more concerned with a college's willingness to confront critical issues and to allocate institutional resources for change.[69]

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[67]Northwest Area Foundation. "Staff Memo Regarding Board Action on ICP." December 10, 1975, p. 1; Northwest Area Foundation. Correspondence with Advisory Committee Member. November 20, 1975, p. 1.

[68]Ibid., p. 1.

[69]Northwest Area Foundation. "Guidelines...," op. cit., 1976, p. 2.

However, the innovative quality of grant proposals was used by the Advisory Committee that year as the fifth selection criterion, in contradiction to the guidelines information received by the college applicants.[70] Proposal rating sheets used by the Advisory Committee showed reasons for declination such as: "Nothing imaginative." "Nothing special." "Not new."[71]

A staff memo to the Board expressed awareness and uneasiness about this contradiction, explaining that at least one committee member underscored the need for "new approaches to solving old problems, implying a high degree of innovation."[72] The memo went on to describe that the innovative criterion was indeed applied, albeit differently in different college situations.

Attempts in the 1976 Guidelines to deemphasize the innovative character of proposals were consistent with 1975 Productivity Guidelines that specifically stated project goals "need not be unique or innovative."[73] The Western Michigan evaluators had commented critically on

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[70]Northwest Area Foundation. "Staff Memo...," op. cit., 1976, p. 2.

[71]Ibid., pp. 5-11.

[72]Ibid., p. 2.

[73]Hill Family Foundation. "Guidelines...," op. cit., 1975, p. 2.

the 1974 expectations of innovative programs from one-year college grants. In that year, the Applicant Guidelines were ambiguous on innovation, but still stressed newness:

> Although the proposed program need not be "innovative" in the sense that it has never been implemented elsewhere, it must be a new experience for the applicant college.[74]

And in another document authored by the Foundation staff, the goals of the projects emphasized new approaches to productivity.[75] This lack of agreement between the Advisory Committee judgments and this selection criterion is debated even when the criteria are spelled out.[76]

The Foundation never seemed comfortable with how much innovation to ask for in college proposals; they claimed in official publications that ICP "deliberately moved from developing new pursuits in colleges to strengthen what they already had going,"[77] and yet in both 1974 and 1976, college applicants were judged by

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[74]Western Michigan University Evaluation Center. Formative, Final Report..., op. cit., 1975, p. 242.

[75]Ibid., p. 17.

[76]Northwest Area Foundation. "Criteria...,", op. cit., 1976, p. 1.

[77]Northwest Area Foundation. An Approach to Keeping Independent Colleges Independent, op. cit., 1973-1975, p. 31.

this recurring innovation criterion. According to the Western Michigan evaluators, the 1974 projects did not live up to the Foundation's expectations of "newness" anyway.[78]

(3) Non-Explicit Selection Criteria Employed: Recognizing that to expect innovative proposals from needy colleges may be unrealistic, the Advisory Committee in 1976 imposed the innovative criterion more stringently in judging stronger institutions than weaker ones. In other words, the innovative criterion was applied to all applicants, contrary to the Applicant Guidelines, and selectively applied to institutions, using undeclared criteria.[79]

None of the ten proposal criteria instructed the committee to take into account the resiliency or financial health of the educational institutions, or that stronger colleges would be required to meet higher standards than others. Yet the committee's recorded comments on the proposal rating sheets noted weak or thriving institutions and their relevance for funding. Advisory Committee members wrote, as part of their proposal ratings:

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[78]Western Michigan University Evaluation Center. Formative, Final Report..., op. cit., 1975, pp. 169-170.

[79]Northwest Area Foundation. "Staff Memo . . .," op. cit., 1976, p. 2.

> This college is in financial trouble and it would not be wise to involve them in our program.
>
> Note college is in bad shape financially; long string of deficits.
>
> This college is in a bad way. Doubtful if it can survive . . . . But what does it have to sell?
>
> Is there any reason to believe (this) institution can or should survive?
>
> Well-to-do, thriving institution.[80]

And a staff memo explains the Foundation would be doing "a disservice" to encourage those college applicants in the pool who were in difficult financial straits.

This demonstrates that two sets of selection criteria actually were employed in 1976 in judging college proposals, i.e., those that examined the merits of the proposal as a document, and those that evaluated the financial stability and capacity of the applicant institution to carry out the projects. In times of fiscal uncertainty and institutional decline, and perhaps other times as well, this latter set of proposal criteria are relevant to Foundation funding decisions. However, these limiting conditions on colleges should somehow be made explicit as legitimate proposal selection criteria, or some wavering institutions will find themselves in the discouraging

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[80]Northwest Area Foundation. "Independent College Program-Phase III." Advisory Committee Rating Forms, 1976.

situation of never being able to write proposals good enough for grants. Also if the criteria were made explicit, it would assure their uniform application by all committee members.

It is an interesting policy question just how much the financial stability of the college should enter into the selection process. How risk-taking should foundations become with proposals from colleges with a poor prognosis for survival? And how much risk-taking can foundations expect from institutions already in a risk-taking decline?

In 1975, one criterion referred to the "strength of the institution." Evaluators found in the 1974 proposal review that two different sets of criteria indeed were employed, one that distinguished the eligibility characteristics of participation in ICP, and another that screened the proposals themselves.[81] The first set of criteria explicitly listed such institutional characteristics as level of enrollment, existence of record-keeping systems, and the administrative, academic and financial viability of the colleges as relevant to funding.[82]

But the 1974 proposal review had its own confusing use of criteria. Section III of the Applicant Outline

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[81]Western Michigan University Evaluation Center. Formative, Final Report . . ., op. cit., 1975, p. 243.

[82]Ibid., pp. 241-242.

added a final and new criterion, almost as an afterthought, i.e., a statement of institutional mission and goals is to be used "as a primary criterion in evaluating the college's proposal . . . ."[83] This criterion does not appear among those officially adopted by the Advisory Committee.

(4) Call for Productivity Proposals Beyond Capacities of Most Regional Colleges: Despite further clarification of the productivity concept in the 1975 Applicant Guidelines, Foundation records show some college reluctance and unfamiliarity with how to achieve its aims. Perhaps this expression of dismay from one college that declined the opportunity to apply communicates the problem:

> Several of us here, including the President, the Provost, and the Treasurer, worked at great length (and our thought processes were active many additional hours) in trying to come up with an idea which could be successfully measured against the two critical criteria of the Program: improve the quality of the academic program and spend fewer dollars doing it. We simply could not, with any degree of institutional honesty, develop a project or program or procedure by which the desired result could be accomplished. To improve the quality of the program - yes; to spend fewer dollars - yes; but to combine these two in realistic and honest terms - no . . . . Rather than submit a proposal which we feel cannot immediately or ultimately meet the more-

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[83] Ibid., p. 245.

> quality-for-less money requirement, and which will not, in our judgment, make (our college) stronger for the late 1970s onward, we have concluded that we should not participate as an applicant in the current Productivity Program.[84]

This is not to suggest that many colleges declined to participate, but that the early difficulties with the productivity concept resulting in few applicants in 1974 willing to tackle increased productivity, returned to confound the 1975 applicants. 1974 evaluators observed that colleges under the productivity rubric converted their understanding of it to mean heightened educational enrichment and quality. "Productivity" at this time was neither a friendly nor familiar concept in higher education, especially among faculty.

Requesting that projects be designed around productivity brought other problems we will examine in greater detail when we look at project outcomes. Suffice it to say now that some college applicants admitted to having no office of institutional research or only a minor operation, thus lacking critical research resources and trained faculty for cost-benefit analyses. These small private colleges, then, with no history of research experience and preoccupied with their financial woes, stood in a

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[84]Northwest Area Foundation. Correspondence with Prospective Grant Applicant. March 18, 1975, p. 1.

weak position to mount sophisticated cost-related evaluation of their productivity projects.

The fact that educational productivity was defined as having two dimensions, the quality of the academic process and the number of students involved,[85] implied a link between educational quality and student enrollment that had previously plagued the 1974 grantees, since it narrowly confined the measurement and definition of project success. The Foundation conception of productivity was, at the same time, too open-ended and too contained, and a complicating factor in later grant activities. As we describe in Chapter VI, many of the 1975 grantees overcame some of these difficulties, and contented themselves with simple enumerations of instructional savings, rather than more complex analyses.

If the Foundation communicated expectations beyond the capacities of college applicants in 1975, they placed relatively little stress upon expected outcomes in 1976. The basic proposal selection criterion in that year's Applicant Guidelines, namely, "observable improvement,"[86] posed difficulties in measurement also. What seemed patently obvious and observable as "improvement" to the

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[85]Hill Family Foundation. "Guidelines . . .," op. cit., 1975, p. 1.

[86]Northwest Area Foundation. "Guidelines...," op. cit., 1976, p. 2.

grant recipients in their project activities were not so obvious to external evaluators, for when does one have an observable improvement?

Summary

In this chapter, we have described and critically examined the Foundation's grant review process used with college applicants in ICP. First, we isolated the essential components of the process as employed in the 1975 and 1976 rounds of grant competition, with relevant insertions of Foundation practice from its 1974 productivity phase. Then we examined extensive documentation of the review process from Foundation and external sources to determine its virtues and defects as a screening procedure.

Essentially, we found that this review process has much to commend it and exhibits many more strengths than weaknesses. The record shows the Foundation open to external advice, concerned with arriving at objective judgments using advisors, evaluators, and safeguards in their Board structure, and active in revising elements of the process to improve proposal selection. Current and past philanthropic literature cites the Foundation as a leader in providing guidance and information to grant applicants, and in developing an internal and

external evaluation capacity.

The weaknesses revealed in the documentation related to the lack of adherence to the productivity funding principle in the 1976 grants, the confused and unpredictable use of the "innovative" criterion, the undeclared use of the "financial stability" criterion, and expectations of productivity applicants beyond the capacities of many colleges in the Foundation region. We turn now, in Chapter V, to a comparison of awarded and declined proposals to assess the effectiveness of the Foundation's proposal selection procedure.

CHAPTER V

THE GRANT SELECTION PROCESS: COMPARISON OF AWARDED AND DECLINED PROPOSALS

Introduction

Now that we have isolated the strengths and shortcomings of the grant review process using Foundation documentation, in this chapter we assess the influence these procedures exert over the quality of the proposals that actually get funded. We pose the question: Does the grant selection process in operation at the Foundation actually separate out the carefully conceived, workable proposals from the superficial, the poorly planned, and the inconsequential? Do proposals awarded under ICP match up to recognized criteria for good proposals and show greater merit than those proposals the Foundation declined to fund?

Proposal Comparison Procedure

Drawing from the Foundation's college proposal files, we randomly selected 22 declined proposals, 12 from 1975

and 10 from 1976, to be compared against 22 awarded proposals of the projects in our sample. Because of the Foundation's fine record-keeping, declined proposals back to 1975 were still available from the same funding competitions as our awarded sample. This precaution of maintaining the same funding periods assures that the same Advisory Committee members judged both declined and awarded proposals using the identical set of selection criteria within the same year. The committees and criteria differed between years.

Evaluation Instrument

Many different criteria statements for assessing grant proposals exist within foundation and government circles (Jacquette 1973, Kimball 1974, Rippel 1967). Certain factors of judgment reappear in most sets, including project purpose, feasibility, need, social utility, originality, appropriateness to funding focus, likelihood of future funding, realistic budget, applicant accountability and competence. In fact, a grant decision study of 100 foundation and government agency spokesmen rated five of the above factors as very important influences on grant decisions (Townsend, 1974).

Probably the most recognized and widely used criteria for proposal assessment, the "Proposal Checklist and

Evaluation Form," was developed by Norton Kiritz (1979) and adopted for use in the Grantsmanship Center Training Program and by proposal evaluators nationwide. (Form in Appendix A.)

This rating form breaks down grant proposals into eight major components:

Summary: Clearly and concisely summarizes the request

Introduction: Describes the applicant agency and its qualifications for funding

Problem Statement or Needs Assessment: Documents the needs to be met or problems to be solved by the proposed funding

Program Objectives: Describes the outcomes of the grant in measurable terms

Methods: Describes the activities to be conducted to achieve the desired objectives

Evaluation: Presents a plan for determining the degree to which objectives are met and methods are followed

Future Funding: Describes a plan for continuation beyond the grant and/or the availability of other resources necessary to implement the grant

Budget: Clearly delineates costs to be met by the funding source and those provided by other parties

Each major proposal component contains 5 to 12 sub-items essential to a complete and persuasive proposal; for each sub-item the rater codes "Yes" or "No," indicating whether or not the item is included in the proposal being evaluated. An optional scale of Poorest (1) to

Best (5) is provided for those items to which it is applicable.*

We employed this Proposal Checklist as an independent instrument to rate our sample of awarded and declined proposals, and thereby detect differences, if any, in the merits of the two sets. Although the Checklist proved extremely adaptable to assessing Northwest Area Foundation proposals, several sub-items were irrelevant, confusing or contradictory to the Applicant Guidelines and were eliminated.** The total group of 44 proposals, then, were coded on 68 of the 72 sub-items of the eight major proposal components included in the Checklist.

Means were computed to allow specific comparisons between awarded and declined proposals for each component, as well as overall means for general comparisons between the two groups. All mean computations and coding scores were re-checked for accuracy.

Limitations of the Instrument and Bias in the Data

The Proposal Checklist used to assess Foundation proposals includes among its sub-categories both observable

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*The optional scale was found to be inapplicable to many proposal items and, therefore, not used in this analysis.

**Items not used included sub-item 1 under Summary for 1976 proposals, sub-item 7 under Problem Statement and sub-items 5 and 6 under Budget for both 1975 and 1976 proposals.

and judgmental items. The observable items are those easily detected when reviewing proposals, i.e., "Details fringe benefits, separate from salaries"; the judgmental items lend themselves less to objective coding, i.e., "Makes no unsupported assumptions." Thus, subjective judgments inevitably entered into the coding operation when determining the presence or absence of proposal characteristics.

Because the author had prior knowledge while evaluating proposals of which had received funding, this biasing factor possibly advantaged awarded proposals in the ratings. Every effort was taken to suppress this bias, including coding awarded and declined proposals in random order and stringently applying the same standards to both sets.

A third source of subjectivity derives from the self-report evidence used to code various components, based upon claims made in the proposals themselves. This was unavoidable since the proposals were the subjects of study, but the veracity of some of the college claims was never questioned.

The influence of previous grants presents another factor contributing bias. Earlier in Chapter IV, we mentioned that some colleges who applied and were awarded grants in the 1975 competition had had previous one-year grants in 1974. The latter grants were considered renewable if the institution had achieved its goals but there

was an obvious need to continue the project.

Seven of the 12 grants awarded in 1975 were renewals, although, in some cases, different projects. The fact that some renewal applications were rejected, and colleges without previous grants did receive awards dilutes, to some extent, the notion that colleges with previous grants were greatly advantaged.

Our final reservation about the data concerns project budgets. On site visits to the more promising applicant colleges, preliminary proposal budgets were modified to fit Foundation expectations more closely. Full proposals that we coded, then, incorporated these changes for the visited colleges. Only a few of the declined proposals received the benefits of that advance counsel. Therefore, the budget component of revised proposals had a better chance of pleasing the Advisory Committee than proposals with unrevised budgets.

Our review of project records showed the Advisory Committee used budgetary considerations as only one of the criteria to eliminate applicants, and then not the primary criterion. In our proposal ratings, problematic budgets were always accompanied by other major proposal flaws. For these reasons, coding all proposals on the same budget criteria, even though some budgets already had been tampered with, still seemed a reasonable procedure, if somewhat imprecise.

Proposal Evaluation Findings

Looking at Table 1 of mean responses for awarded and declined college proposals, a consistent overall pattern emerges. For every one of the eight major components, awarded proposals in both 1975 and 1976 received higher mean values than declined proposals. In five components, the differences were unmistakable for both years, and, in the other three, differences exist, but were less dramatic.

For the declined proposals in both years, mean values in none of the proposal components reached the mid-point of 1.5, whereas, among the awarded proposals, the mid-point was reached or surpassed eight times. Declined proposals in 1976 scored somewhat higher than those in 1975, but not higher than awarded in either year; awarded proposals for 1976 displayed higher or equivalent means than 1975 in every case.

When the number of positive assessments was totaled for each proposal on the Checklist sub-items, the range of scores revealed the relative merits of the awarded and declined proposals. For the 1975 awarded proposals, the positive scores ranged from 28 to 41, and, in 1976, from 27 to 49. But for the declined proposals, in 1975 the scores ranged from a low 6 to 27 (with an anomalous 43 received by one proposal we discuss later). In 1976,

TABLE 1

PROPOSAL QUALITY JUDGED BY PROPOSAL CHECKLIST

Awarded Mean Scores Compared with Declined Mean Scores by Funding Year

Major Components of Proposals:	$\bar{X}$* Awarded 1975	$\bar{X}$ Declined 1975	$\bar{X}$ Awarded 1976	$\bar{X}$ Declined 1976
A. Summary (9)**	1.4	0.3	1.6	1.3
B. Introduction (12)	1.1	1.0	1.3	0.9
C. Problem Statement (11)	1.6	1.3	1.6	1.2
D. Program Objectives (6)	1.5	1.1	1.6	1.2
E. Methods (7)	1.8	1.4	1.9	1.4
F. Evaluation (8)	1.3	1.0	1.5	1.4
G. Future Funding (5)	1.1	1.0	1.1	1.0
H. Budget (10)	1.4	1.2	1.4	1.3

*Means were computed from a two-point scale of "No" (1) and "Yes" (2), therefore large differences between mean values were not expected.

**Figures in parentheses refer to the number of sub-items under each major proposal component.

declined proposals fared somewhat better, with a range of positive scores from 9 to 32. But in both years, declined proposals made a very poor showing compared with awarded proposals.

Major Flaws of Declined Proposals

Three major proposal components, i.e., Problem Statement, Program Objectives, and Methods, comprised the central shortcomings of declined proposals, although Budget and Evaluation presented difficulties also. Many declined proposals were characterized by unfocused problem definitions and a confusion between conceptual and implementational issues. Often program objectives were not clearly specified, or goals, objectives, and program activities were used interchangeably. When present, process objectives were confused with outcome objectives, and seldom related logically to proposed activities. In the few proposals where measures were specified, they failed to provide appropriate data upon which to base later claims of project success.

Among the unrealistic or inappropriate requests for funds, colleges proposed to build TV towers, establish a new community college, mount elaborate fund-raising campaigns, and buy new equipment like computers or electro-pianos. In other cases, salaries, instead of on-going projects, were requested, or some implausible

schemes which amounted to sacrificing educational quality to economy. Other declined proposals displayed over-ambitious or naive intentions, as in the case of one college that predicted its project would increase the student retention rate by 90 per cent.

With few exceptions, project designs were not powerful enough to test educational strategies in their own or other settings, and they often totally ignored projects' relationships to curricular improvement and institutional mission or history. In addition, several colleges proposed extravagant budgets of over $400,000, and paid scant attention to program evaluation. As described in an earlier chapter, to strengthen the evaluation components, the Foundation required that colleges develop full evaluation plans, even after the grants were awarded.

Contrast Between Extreme Cases

To highlight the differences between awarded and declined proposals, we closely examined the most extreme cases -- the three proposals receiving the lowest ratings (scores of 6, 7 and 9), and the three receiving the highest (scores of 49, 47, and 46). We found their characteristics to be highly divergent. The lowest rated proposals received no or minimal positive assessments in five of the eight components of Objectives, Methods, Evaluation, Future Funding and Budget. These

proposals contained no Summaries or Introductions; they gained their few positive points in the Problem Statement. Overall, they were poorly conceived and developed proposals. One college had the dubious honor of submitting two of the three lowest scoring proposals, one in each funding year.

In sharp contrast, the three highest scoring proposals showed strength in all major components except Future Funding and Evaluation. They included, among other things, especially persuasive Problem Statements, and well defined Program Objectives and plausible Methods.

The major flaw of all proposals, whether awarded or declined, clearly rested in the area of Future Funding, i.e., project continuation plans beyond the grant and the specification of possible resources and support. All applicants incorporated into the budget their required share of funds for the projects, but rarely did either set of proposers even mention future funding. In those few instances where they did, colleges merely alluded to their hope that the projects would eventually become assimilated into their own budgets.

Many proposals showed poor use of Introductions and Evaluation Plans, and uneven use of project Summaries. Frequently, colleges failed to describe their institutional purposes and goals or their curricular programs, perhaps assuming this was common knowledge to a foundation

in their region to whom most had applied repeatedly in past years. Perhaps for this reason, they also failed to furnish evidence of their past accomplishments and credibility as educational institutions. They found it unnecessary, in most cases, to support their Problem Statements by citing statistical evidence, authorities or relevant educational literature, a practice common in government agency proposals. The 1974 Western Michigan evaluators found similar faults with the 1974 grant proposals (Western Michigan University Evaluation Center, 1975).

Proposal Comparison Conclusions

The Proposal Checklist used here as an assessment instrument represents an independent and nationally tested measure, specifically designed for reliably evaluating grant proposals. The comparative mean responses between awarded and declined college proposals demonstrate that awarded proposals scored consistently higher in every proposal component over declined proposals. This indicates that the judgments of the Advisory Committee and staff, together with the other ingredients that make up the grant approval process, do indeed effectively single out the higher quality proposals for funding. Only in a few cases did the "Yes" ratings of

declined proposals approach the "Yes" scores of the awarded proposals, and, as it turns out, two of these proposals were seriously considered as finalists, but later denied.

Aside from the effectiveness of the review process, this analysis points up another interesting finding. The close attention applicants devoted to the Foundation's Applicant Guidelines suggests college proposals can be improved by further specification of requirements. The Foundation could tighten up their guidelines in the future to produce more fully developed and persuasive proposals. Most 1975 declined proposals, for example, did not specify project objectives at all, but did declare program goals, literally following the guidelines that asked for the latter but did not explicitly request the former.

This close adherence to application procedures indicates the control the guideline content can exert over the inclusion of proposal components. Rarely did proposers offer areas of information on their own initiative that amplified and improved their proposals, but when the Foundation clearly asked for certain information, they invariably responded. Of course, the quality of the responses will be more difficult to control. In short, this comparative assessment demonstrates the centrality of the Guidelines to the whole grant application procedure as a direct mechanism for eliciting appropriate and valuable information from candidates.

Sub-Analysis Using Advisory Committee and Author's Criteria

Because we wanted to determine whether the awarded-declined differences found using the Proposal Checklist would stand up to other measures, and we assumed the assessment of proposals from several dimensions would be more reliable than one, we initiated a separate sub-analysis. We coded the 44 proposals by two other sets of criteria,* i.e., those used by the Advisory Committee for the two funding years and those the author concluded were important but not included elsewhere. We wanted to discover whether the same pattern of findings would emerge.

As can be seen in Table 2, awarded proposals consistently produced higher mean values than declined proposals -- in fact, in every comparison. Even the highest mean score for declined proposals (1.4) did not surpass the lowest mean score for awarded proposals (1.6). The awarded group exceeded the mid-point of 1.5 in every case; the declined scored below it each time. For both years, the awarded proposals attained almost identical mean scores, one not exceeding the other, but always surpassing the declined proposal scores. In short, all

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*Advisory Committee selection criteria for both 1975 and 1976, and the author's criteria appear in Appendices B and C. The sixth criterion of the 1975 Advisory Committee, "the strength of the institution," was not used, since the author felt she had neither the knowledge nor evidence to make these global judgments on applicant colleges.

TABLE 2

PROPOSAL QUALITY JUDGED BY ADVISORY COMMITTEE AND AUTHOR'S CRITERIA

Awarded Mean Scores Compared with Declined Mean Scores by Funding Year				
	$\bar{X}$* Awarded 1975	$\bar{X}$ Declined 1975	$\bar{X}$ Awarded 1976	$\bar{X}$ Declined 1976
Advisory Committee Criteria	1.8	1.4	1.7	1.2
Author's Criteria	1.6	1.3	1.6	1.3

*Means were computed from a two-point scale of "No" (1) and "Yes" (2).

comparative data point decisively in the same direction, i.e., that awarded proposals received higher scores than declined.

Sub-Analysis Conclusions

We conclude from these consistent findings that the proposal assessment criteria adopted by the Advisory Committee successfully selected meritorious proposals and eliminated less adequate ones. This sub-analysis corroborates the earlier proposal assessment using the Proposal Checklist, and coincides with the results of the author's criteria as well. By using three independent sets of criteria, we have produced a measure of inter-rater reliability, with the author reevaluating the proposal judgments of the Advisory Committee. It showed a very high agreement between raters and, consequently, among the three sets of findings.

Even though the grant review process appeared to work quite effectively for the two granting periods under study, the process could be improved by standardizing investigations of grant requests and certain proposal selection criteria, and systematically researching questions like the stability of educational institutions. Since the financial conditions of private liberal arts colleges are becoming increasingly relevant to funding

decisions, criteria for proposal selection, and the investigations that precede selection, should reflect changing considerations. However they are devised, proposal selection criteria used by the Advisory Committee should be linked to the overall goal of ICP. Without an explicit link, the program goal may become easily obscured, since the criteria are visible and in use, but the goals are a matter of history and buried in past documents.

To illustrate this point, we remind the reader that the professed goal of this educational funding area called for aid to independent liberal arts colleges in the region, most of which were under financial stress. However, as we learned in Chapter IV, the Advisory Committee used financial strength of applicant institutions as an unspoken criterion in 1976. Denying grants to fiscally weak colleges imposes a great qualification upon the original goal of the program, not intended at the time of its conception. These inconsistencies would be obvious and recognized by the committee members if program goals were linked to the selection criteria for each year.

Incompatibility between program goals and selection criteria caused by changing economic and social conditions may call into question the purpose of ICP. As the 1974 evaluators concluded: "This (grant selection) process, so important to philanthropy, should be continuously appraised and revised whenever necessary to

maintain its effectiveness."[87]

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[87]Western Michigan University Evaluation Center. Formative, Final Report ..., op. cit., 1975, p. 156.

maintain its effectiveness."[87]

[87]Western Michigan University Evaluation Center. Formative, Final Report ..., op. cit., 1975, p. 156.

CHAPTER VI

THE GRANT EVALUATION PROCESS AND COLLEGE OUTCOMES

Introduction

As pointed out previously and commended in the foundation literature, historically, the Northwest Area Foundation has occupied a position of leadership in evaluation, by consistently promoting an internal evaluation capacity, using an external committee of proposal evaluators, an external evaluation agency, and requiring evaluation plans and self-evaluation from funded projects.

Perhaps this commitment to improving grant administration and openness to evaluation findings explain the Foundation's lack of hesitancy in sanctioning an assessment of its Independent College Program. The foundation literature abounds in exhortations about the need for evaluation of foundation programs, but, as Orville Brim contends:

> In spite of this interest, and the wide agreement in the administrative field and in the public mind that evaluation is much to be desired, we still have virtually no information relating foundation program

> consequences to administrative purpose and management. Here is a major class of American institutions numbering in the tens of thousands, a more-than-billion-dollar-a-year enterprise, and yet there are hardly a half-dozen published reports on any substantial efforts at evaluation of foundation activities.[88]

Brim, as President of the Russell Sage Foundation, initiated such an evaluative investigation of differential project success during 1970, based wholly upon Sage organizational records. This study, similar to our undertaking, and Brim's insistence upon foundation evaluation, make his writings especially relevant to this thesis. Even our method of using Suchman's four categories of effect to evaluate project outcomes has Brim's endorsement.

In our assessment of the Foundation's Independent College Program, the evaluation components can be stated thus:

> Overall Goal of ICP: "...ways of assisting independent colleges to control escalating costs while maintaining educational quality"[89]
>
> Program Objectives: Improve the teaching-learning process, i.e., increase productivity (1975); improve student learning opportunities and stabilize basic support functions (1976)*

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[88] Brim, op. cit., 1973, p. 228.

[89] Northwest Area Foundation. An Approach to Keeping Independent Colleges Independent, op. cit., 1973-1975, p. 8.

*These objectives have been quoted earlier from the applicant guidelines for those years.

Program Strategy: Carefully select worthy college proposals using pre-determined criteria, and provide funds to carry out program objectives, consonant with ICP goals.

Program Measures: Use Suchman's criteria of project success, as well as those of the Foundation, to judge colleges' self-evaluation data; also use the project monitoring and process evaluation of the author-evaluator, as a supplementary data source

Program Outcomes: From evaluation data, determine the individual impact of funded projects and the cumulative outcomes of ICP

Based upon the data reported in Chapters IV and V, ICP's strategy of carefully selecting and funding worthy college proposals has been borne out. Using Suchman's criteria, in this chapter we evaluate the outcomes of funded projects themselves, and the extent to which they support the primary goal and objectives of the Foundation's educational program.

Background on Foundation Evaluation of Grantees

Earlier in Chapter IV, we elaborated the ways in which the Western Michigan evaluators influenced later Foundation funding decisions by their 1974 evaluations. Based upon their recommendations, the Foundation extended the 1975 productivity grants to three years, awarded larger budgets to fewer colleges, developed specially written productivity proposal guidelines, amplified their definition of college productivity, and devoted greater

attention to project evaluation plans (Western Michigan University Evaluation Center, 1975).

Following in-service evaluation training sessions with 1974 project directors, these evaluators concluded:

> Despite the emphasis on evaluation which the Foundation put out in the request for proposals, despite the training in evaluation given to project directors, despite the statements in the proposals concerning evaluation activities, no evaluation is taking place . . . . There is no reason to believe that evaluation of . . . activities will ever take place on the campuses.[90]

The evaluators further concluded these projects were not against evaluation of their efforts; they were a-evaluative, feeling no need to measure and test their project activities. And, even if they felt so disposed, many of the colleges did not possess the research facilities and trained personnel to undertake systematic cost reduction analyses.

Lacking comprehensive project self-evaluation, the 1974 evaluators relied primarily on site visit reports and process documentation for data on project outcomes. Their final report took the form of a qualitative narration. They concluded that, starting with the college

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[90]Western Michigan University Evaluation Center, Formative Final Report . . ., op. cit., 1975, p. 119.

proposals describing "narrow and less than significant projects,"[91]

> . . . collectively (they) do not add up to much in the way of impacting on pervasive productivity problems in higher education, and they are not being carefully evaluated . . . . (these) grants are not likely to produce effects that are transportable and demonstrably successful since they are not focused on well-defined problems, problem strategies, or careful documentation.[92]

This first attempt by the Foundation to increase the productivity of the teaching-learning process, then, produced little impact upon college instruction. This evaluation background to the 1975-1979 funding periods should highlight the improvements that followed after ICP's 1974 Productivity Grants.

During the 1975 and 1976 funding competitions, instead of employing the Evaluation Center again, the Foundation contracted individual evaluators as we described earlier, to systematically monitor and evaluate the educational projects. The author was employed as this evaluator since 1977. Obviously, bias is introduced by our direct participation in the program being evaluated here.

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[91] Ibid., p. 115.

[92] Ibid., pp. 176-177.

However, it is vitiated partially by the finding that program evaluations conducted by individuals within the same organization as being studied produce higher quality research than when conducted by completely external evaluators. Even though this finding contradicts the belief in independence of judgment, it confirms that "the quality of evaluation studies decreased as the independence of the evaluation effort increased."[93]

Our project files included process evaluation documents, correspondence and memos to and from grantees, college progress reports, summative self-evaluation reports and our evaluation reports. Brim claims that ". . . project or program record-keeping for most foundations . . . is not geared to providing good information about the course and outcomes of a program or project, so that evaluation judgments can be made later."[94] To the contrary, the full and conscientious record-keeping of the Foundation in this case presented us with a unique opportunity for grant evaluation.

Suchman's Categories of Effect as Evaluation Framework

In our methodology chapter, we referred to the evaluation approach of Edward Suchman, which we have used to

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[93]Ball and Anderson, op. cit., 1978, p. 130.

[94]Brim, op. cit., 1973, p. 247.

measure the relationship between administrative inputs and educational outputs of funded projects. He outlined four categories of effect which represent the criteria of success or failure we have adopted to evaluate grant projects:

(1) Effort: Project input or energy regardless of output;

(2) Performance: The results of project effort rather than the effort itself;

(3) Efficiency: The costs or savings in terms of money, time and personnel, i.e., output divided by input;

(4) Process: Project operation's effect on achievement.[95]

The criteria the Foundation applied to judge the 1975 Productivity Projects required maintaining or improving the quality of instruction while reducing costs, coinciding with Suchman's categories (2) and (3) above. The Foundation's criterion in 1976 was the degree of observable improvement the project produced for either the student or the institution, much like category (2). Suchman contends that categories (1) and (4) on effort and process are necessary but not sufficient conditions for an effective project, and thus less important factors than performance and efficiency.

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[95]Suchman, op. cit., 1967, pp. 61-67. Suchman actually proposed five categories of effect, but we eliminated the category of "fulfillment of community need," not having appropriate data upon which to make judgments.

Inter-Project Evaluation Procedure

In order to evaluate the success of ICP's granting program to liberal arts colleges, we needed to ascertain whether Foundation funds had been properly used, whether the grants achieved what they set out to do, and whether project outcomes showed lasting impact or changes in desired directions. When taken together, our evaluation of individual projects should indicate the cumulative impact, if any, of the Foundation's educational funding program during our period of study. With these project evaluation results, and those already gathered on the grant review process and proposal selection, we will have assessed the major attributes of grant administration from start to finish, and be in a position to make overall judgments on the general effectiveness of ICP.

The author's tenure with the Foundation extended over three of the five years of the projects under study, and overlapped with both funding periods. Therefore, the author monitored the 1975 projects in their last year and a half, and most of the three years of the 1976 projects. All the project documentation and process information described earlier, as well as personal evaluation experience, observations, and contacts with the colleges, went into our final judgments on project effectiveness, using Suchman's four categories of effect. We employed

a three-point effectiveness scale in our ratings: Generally Effective (5), Partially Effective (3), and Generally Ineffective (1).

For the first category of Effort we counted the number of distinct activities and accomplishments the colleges demonstrated over the course of their three-year projects, such outcomes as new educational models and structures, new instructional modes and resources, new data collection facilities or systems, new resource documents and publications, new non-instructional programs and resources, enrollment and degree improvements, programs to be continued beyond the grant, evidence of heightened productivity awareness (for 1975 only), new local and federal grants, financial contributions and instructional savings, all directly traceable to grant activities.

For the category of Performance, we judged the results of these efforts (rather than the efforts themselves) on student performance and learning opportunities, upon the overall teaching-learning process, and upon basic support functions. This included an assessment of whether changes did occur, whether they were the ones intended from the original project objectives, the quality of the changes, and whether they alleviated the problems addressed in the proposals. Obviously, a project could earn a high rating in Effort from the many activities it managed to generate, and still fail in terms of Performance, with

no change to measure. This was the case in several colleges we describe later.

For the category of Efficiency, we coded the reported cost savings and financial contributions resulting from the projects.* This advantaged the 1975 grantees, who were funded under the productivity rubric, were primed to achieve educational savings, and originally selected their projects to comply with this funding emphasis. Since the Foundation abandoned its productivity emphasis in 1976, the nature of these college projects and related efforts did not approximate the level of savings of 1975.

For the final category, Process, we reviewed all process documents over the history of the projects to determine if and why the programs were working or not working, and how the project effects were being achieved. Data results from these four categories, Effort, Performance, Efficiency, and Process, determine the degree of congruence between what the projects actually intended to accomplish and what actually happened.

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*Financial contributions were included when they were the explicit intent of project objectives. Time prohibited an assessment of savings in time and personnel, as the complete Efficiency category specifies.

Limitations of Procedure and Data

Since a large component of the information used to judge project effectiveness comes to us from self-reports by the project directors themselves, these evaluation data suffer from the same limitations and possible bias as does all self-evaluation. Fortunately, the author's participation as the Foundation evaluator provided independent sources of information that acted as a check to the self-reports.

Cost data, like any other, are not immune to bias, and yet there was no way, within the scope of this thesis, to audit the projects' estimated cost savings. This concern with the accuracy of cost reporting works both ways. Instead of exaggerating savings in their progress reports, some project directors neglected cost documentation altogether, even in their final evaluation report. When present, cost savings were reported in a rudimentary and simplistic fashion. Sometimes, savings would be recorded in earlier reports for only certain years, but not totaled for the three-year period. Occasionally, savings were referred to without actual figures, as statements of faith. Obviously, these affirmations had to be ignored in our coding. More than likely, then, college savings for some projects were grossly underreported or underestimated.

Aside from the problem of bias, much of the self-evaluation data from the college projects lack precision and sophistication. As the author wrote in a recent Foundation evaluation report (1980):

> Even after being required to revise objectives and evaluation plans, removing the gross measurement problems, projects without on-site research consultation available, struggle to understand what is expected of them, and frequently offer irrelevant or weak evidence for their claims of success. Probably for these reasons, (they) have not set before us their most effective case for what they have accomplished.[96]

Often, the evaluation assignment at the colleges fell into inexperienced hands, persons unfamiliar with data collection and unsure of what constituted an "outcome." This became apparent in our review when significant changes were left unmentioned in final reports, brushed aside, or mentioned accidentally in another connection.

Even after continuous counsel from the Foundation evaluator, some colleges failed to understand the differences between the actual achievement of a task and the quality of its execution, between program popularity and

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[96]Marcus, Dora. Impact of Funding on the 1976 Independent College Projects. Northwest Area Foundation. Independent College Program. March, 1980.

effectiveness, between intuitive observations and objective judgments.

Constant prodding for evaluation did make a difference when compared to the 1974 grant experience. Remember that the 1974 evaluators also stressed the lack of technical abilities and research facilities for projects to mount sound cost analyses. They found no self-evaluation being conducted by the projects at all. In contrast, all 1975 and 1976 grantees made efforts to assess their progress, albeit varying in completeness and quality. For the poor evaluations, colleges presented sporadic statements of faith, verbal assurances and testimonials, and weak student course evaluation and workshop data; for the good evaluations, the colleges engaged in conscientious and continuous assessment, using questionnaires, interviews, institutional and NCHEMS-gathered data, course comparisons, and various pre- and post-tests.

For the colleges' benefit as well as the Foundation's, this situation argues strongly for assigning project directors that are trained in research techniques, that participate in the early formulation of project objectives and measures, and have the technical qualifications to oversee both the operation of the project and its evaluation, or, at least, the willingness to contract and use evaluation advice.

Some colleges profited greatly from the use of

consultants for evaluation. On the whole, they worked cooperatively with the Foundation evaluator also, and were open to her suggestions and criticisms. In the process, they made modifications in their project activities when it became clear they lacked any direct relationship to their objectives, they recognized naive assumptions and unrealistic projections and redirected other unfeasible activities. Rarely did the colleges make the evaluator feel she was intruding upon their autonomy or project freedom, or that they resented her feedback on their progress.

Flexibility in Project Ratings

In rating the projects on the four categories of effect, several factors were taken into account in fairness to the projects.* Several colleges felt free to vary strategies when they felt it advisable, initiated project activities not originally conceived in the grant proposal, abandoned other unworkable objectives, recognized false directions and dead ends, or redeployed funds. Most often, this was done with the Foundation's permission. Partly, the projects changed because of wise use of evaluation feedback, partly, from their own diagnosis of problems.

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*Two 1976 projects that requested one-year extensions end in June 1980, and, therefore, have not yet submitted their final evaluation reports. At this time, their effectiveness ratings must be considered tentative.

In any grant experience, projects rarely manage to accomplish every project objective, with conclusive substantiation for each claim. Consequently, we adopted the Foundation's flexibility when we rated the projects by not holding the colleges to every one of their stated objectives, by recognizing positive shifts in resources and energies, and by judging the projects' overall merits and effectiveness in achieving primary objectives and purposes.

Results of Inter-Project Comparisons

The range of college projects undertaken in 1975 included faculty and instructional productivity, academic skills improvement, inter-college cooperation, curricular review and revision, computer-aided instruction (CMI), personalized system of instruction (PSI), and management information systems. In 1976, projects included faculty development, departmental evaluation, curricular revision, continuing and career education, critical skills development, student recruitment and retention, long range planning and community awareness.

For this complex assortment of 22 educational projects, we first present our findings on their level of effectiveness, and follow with some process observations of what worked and what didn't work and why. Looking at Table 3

TABLE 3

RATINGS OF 1975 PROJECTS ON SUCHMAN'S CATEGORIES OF EFFECT

College and University Grantees	Project Effort	Project Performance	Project Efficiency	Project Process
Augustana	5*	5	5	3
Carleton	5	5	5	5
Coe and Cornell	5	5	5	3
Concordia	5	5	3	5
Gustavus Adolphus	1	1	1	1
Hamline	1	1	3	1
Lewis and Clark	5	5	1	5
Luther	3	3	1	3
Macalester	5	5	5	5
Puget Sound	5	5	5	5
St. Catherine	5	5	5	5
Wartburg	5	5	5	5

*On a rating scale from Generally Ineffective (1), to Partially Effective (3), to Generally Effective (5).

of the 1975 ratings on Suchman's categories of effect, five of the 12 projects received the highest effectiveness ratings in all four categories and four in three of four categories. For the other three projects, one was rated partially effective in three of four categories, while the other two, with only one category exception, were rated generally ineffective. In short, nine projects were judged generally effective, (combining four-out-of-four and three-out-of-four ratings), one judged partially effective, and two generally ineffective.

The majority of these 1975 productivity projects, then, managed to achieve their desired purposes, through sound effort, performance, process, and efficiency. When we assigned priority to the two categories of Performance and Efficiency,* the criteria most similar to the Foundation's, eight colleges remained in the effective category. Well over half of the funded projects in 1975, then, met the Foundation's and Suchman's criteria of success, and showed themselves to be decidedly superior to those in 1974.**

At this point, we caution the reader against taking

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*Suchman gives priority to Performance and Efficiency over the other categories. See earlier discussion in this chapter.

**There exist no ratings for the 1974 projects against which to compare ours, but ample evaluation narrative by the evaluators on their summative conclusions.

these evaluation judgments as conclusive. Our earlier qualifications regarding the validity of self-evaluations and the difficulties inherent in evaluating social programs, prompt us to quote Paul Dressel (in press) that:

> . . . the results of evaluation are seldom definitive. Since some outcomes are difficult to define and measure, the meaning of the evidence may be uncertain and the quality of the performance indeterminate.[97]

For the 1976 project ratings presented in Table 4, we found only two projects achieved the highest effectiveness scores in all four categories, and two in three of the four categories. Of the ten funded projects for that year, then, four can be considered successful, (combining four-out-of-four and three-out-of-four ratings). Because 1976 grants emphasized improved learning opportunities over cost savings, very few projects scored high in the Efficiency category.

Two other 1976 projects received a Performance rating of partially effective, and the remaining four failed in project Performance. To conclude, four projects succeeded and four projects failed, with two having characteristics of both success and failure. Using Suchman's

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[97]Dressel, Paul L. The Autonomy of Public Universities. San Francisco, Jossey-Bass Publishers, in press, 1980.

TABLE 4

RATING OF 1976 PROJECTS ON SUCHMAN'S CATEGORIES OF EFFECT

College and University Grantees	Project Effort	Project Performance	Project Efficiency	Project Process
Drake	5*	3	1	5
Graceland	5	5	1	5
Idaho	5	1	1	3
Morningside	5	5	1	5
Mount Mercy	5	5	5	5
Reed	1	1	1	3
St. Benedict	5	1	1	3
St. John's	1	1	1	1
St. Olaf	5	3	1	5
St. Scholastica	5	5	5	5

*On a rating scale from Generally Ineffective (1), to Partially Effective (3), to Generally Effective (5).

Performance criterion as closest to that of the Foundation's in 1976, six colleges remained in the effective or partially effective category.

When we contrasted the effectiveness levels of 1975 with 1976, the 1975 projects fared much better. They enjoyed two distinct advantages, however, over the 1976 group: they were constantly encouraged to report progress in cost efficiency as productivity projects, and, in seven cases, they were renewal projects, profiting from a year's previous experience.

Combining the effective and partially effective projects for both years, we find 16 of the 22 realized some degree of success on Suchman's categories and 14 of the 22 on the Foundation's. Next, we look at what went wrong in the failed projects and what went right in the successful ones.

Characteristics of Failed Projects

What went wrong in the 1975 and 1976 projects that were judged generally ineffective? Although they present a complicated admixture of pre-conditions, events and circumstances, we have grouped the negative forces effecting these projects as those internal to the project's operation, (either structural, procedural or human), and those external to the program.

Internal Barriers to Project Effectiveness

Procedural and structural difficulties plagued several projects from the outset and handicapped them when they came to presenting their evaluation conclusions. In their program operation, original objectives or strategies were found unmanageable or overambitious, and were constantly modified or abandoned for new ones. To some extent, this occurred in the successful projects also, but they were able to capitalize on their early diagnoses, resolve their difficulties, and recover their momentum.

Progress was slowed in some failed projects by delays in college decision-making, which led to requests for one-year extensions beyond the three-year grant period. Two of these colleges, still on extensions, are experiencing difficulty realizing project expectations, and are suffering isolation from other college units and an essentially disinterested faculty. In another case, many scattered and undirected mini-projects failed to produce coherence and overall meaning to the whole grant experience; the project staff itself rated the majority of its mini-projects as "uncertain." And, in one grant situation, the project's non-traditional instructional model was hampered from the start because it did not coincide with the college's growth model of expanding traditional educational programs.

In 1975, much less than in 1974, some projects suffered from a lack of understanding of the instructional productivity concept, how to operationalize it and demonstrate it through cost evaluation. All failed projects in both years, except one, received ratings of ineffective in the Efficiency category.*

Human barriers to project success joined up with structural difficulties in two projects. In one involving two-college cooperation, the difficulties presented by changes in the academic calendar and competing admissions offices were overcome, and the project grew into a successful operation. In another, the laxity of students moving through a new Open Semester Plan seriously hindered progress, and eventually resulted in the opposite of what was originally intended. The new flexibility offered by the Plan caused students to take a full year to complete courses that were previously completed in a term. Again, efforts in another college to reduce small classes were prevented by lack of student interest and poor instruction that failed to attract high enrollments.

Nevertheless, students presented less difficulties to failed projects than faculty. When one college

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*The only failing of some highly rated projects fell into the Efficiency category as well, where they claimed institutional savings, but did not specify them or cite dollar amounts.

experimented with CMI, and later with PSI, they encountered strong faculty resistance, self-interest, and fear of staff reductions that greatly limited cooperation. The project lacked faculty experienced or trained in computer use, and had not allowed sufficient time and money for their preparation.

Comparing different projects experimenting with computer instruction, but producing decidedly different outcomes, may be instructive. The major distinction between them that seemed to dictate much of their future impact was the degree of reliance placed upon this mode of instruction. In one case, the college used CMI as a supplementary technique to conventional instruction; in this secondary role, it provided a new and unusual dimension to regular course work. In the other case, CMI replaced regular courses entirely, but, in the long run, exercised very narrow impact upon instructional improvement.

Another barrier to project success derived from weak institutional leadership and faculty support. These conditions drove one project to divert grant funds from its original commitment to more acceptable areas, when it became obvious that the faculty would resist changes recommended from departmental reviews. At the outset, much effort was devoted at this college to bringing the faculty, as one Advisory Committee member put it, "...to a realization and acceptance of the issues which the

administration had laid out in the proposal."[98]

But the inherent problem of the lack of faculty involvement in the formulation of the initial grant proposal haunted the college efforts from the beginning, and steered major project decisions away from curricular reform. The departmental reviews, then, and the consultants who performed them, only reinforced strong departmental autonomy, and never permitted the translation of recommendations for curricular change into educational improvements.

Another persistent difficulty whose effects elude precise measurement concerned the debilitating impact of frequent turnover in project and institutional leadership. Commonly, project directors changed in mid-project, with a loss of project continuity and support for change. The difficulties in conducting effective evaluation obviously are compounded by these transfers of leadership. Successors rarely go back and review the entire project record, or acquire a clear understanding of original proposal intentions and evaluation commitments made in previous reports or communications.

One of the Foundation's Board members pointed to the disheartening problem of academic turnover in the small liberal arts colleges among top administrative personnel.

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[98]Northwest Area Foundation. Memo From Advisory Committee Member to Other Members. May 14, 1976, p. 2.

He cited presidential change-over in at least four of our 1975 college sites alone,[99] generating a dilution of institutional involvement and support.

External Barriers to Project Effectiveness

Various interventions from external sources, whether from units within the colleges or from societal forces, hindered projects from achieving their intended purposes. For successful projects, such factors as the cancellation by the state legislature of student intern opportunities, or student populations with higher than expected skills deficiencies, produced temporary set-backs subsequently overcome with other strategies. But failed projects were unable to surmount obstacles in the same way.

For example, changes introduced by one college administration, cancelling varsity sports and hiking student tuition, was accompanied by high faculty turnover and unstable finances. These events and conditions seriously undermined their student retention program's potential achievements.

The effectiveness ratings for this project demonstrate how a college can satisfy the majority of its program objectives, generate a multitude of relevant

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[99]Northwest Area Foundation. Correspondence with Member of Board of Directors. February 1, 1979.

activities, but still fail to accomplish its overarching goal, the reduction of student attrition. As a matter of fact, student attrition before and during the life of the project went up instead of down, the reverse of the project's intent. The college's unremitting decline in enrollment and retention suggests the strength of outside economic and demographic forces that resist local remedies, no matter how energetically put forward.

Most often in our sample, the level of project effort, defined by input or energy regardless of output, was correlated with the success of the eventual outcomes, i.e., high effort, high performance; low effort, low performance. However, in another 1976 retention project, high effort was associated again with low performance. These findings would greatly discourage other college efforts in retention if it weren't for the fact that neither project focused, to any great degree, upon curricular and instructional improvements that may lie at the heart of successful retention.

Could we have predicted from the relative quality of the original grant proposals which projects would have succeeded and which would have failed? Clearly, the answer is no. Using the Proposal Checklist ratings, four of the proposals of failed projects did receive the lowest or near lowest ratings; however, two proposals of ineffective projects received very high ratings. The

number of intervening variables falling between project proposals and project outcomes makes predictions from one to the other highly risky.

Characteristics of Successful Projects

Obviously, the projects rated as generally effective managed to overcome the kinds of human, procedural, and structural roadblocks hindering the failed projects. When confronted by certain unavoidable problems, they reallocated their energies, modified their strategies, and pressed on. For example, at one college, the project proposal was written under very trying circumstances of faculty controversy and fear, indeterminate leadership, declining enrollment, an unbalanced budget and imminent personnel and salary reductions. Despite all this, and the death of the project director, the college went on to distinguish itself as one of the highest rated projects in the 1975 sample. In short, both failed and successful projects faced set-backs and hurdles, but the central difference between them became whether they adopted new strategies and contrived their way out of their difficulties or whether they were permanently crippled by the experience.

In the effective grant projects, one accomplishment led directly to others. In one case, effective institutional planning brought with it new activities in academic

planning. In other cases, heightened appreciation for productivity issues among faculty led to their willingness to accept larger teaching loads and long range fiscal planning, uncharacteristic of the institutions before. Effective use of NCHEMS accounting systems led to development of in-house research facilities and the integration of computers into instruction. Curricular revision, originally envisioned on a narrow course-by-course basis, eventuated in the elimination of whole departments and degree programs. Success in the integration of writing across one college curriculum led to a second and much expanded program across all.

Local project success led to obtaining large federal grants totaling over one and one-half million dollars. The cumulative savings that college projects attributed to instructional improvements and new financial contributions totaled almost two and a half million dollars. Most effective projects laid out concrete plans and/or committed budgets for program continuation after the grants terminated, even though their original proposals did not. The only project in 1975 not planning to continue its programs was one of the two rated ineffective; three of the four ineffective projects in 1976 do not plan continuation.*

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*Two of these four projects received grant extensions through June 1980, and even though they did not indicate continuation plans in their 1979 summative reports, they may still do so.

Summary

When the Independent College Program commenced in 1974 with 16 Productivity Grants, a Foundation staff member summarized the impact of that funding period for the Foundation Board, saying, ". . . there haven't been any miracles."[100] Our findings lead us to conclude that, perhaps not miracles, but substantially greater financial and educational outcomes were produced by the 1975 and 1976 grant experiences than in 1974. The data tell us that the majority of the Productivity Projects in 1975 achieved their desired purposes and priorities, and that Foundation funds acted as a laudatory and perhaps lasting stimulus to certain academic program changes.

For some 1975 colleges, this meant innovative instructional modes and teaching resources, overdue curricular reform, or new skills labs and language programs. For others, it meant increased enrollments, degree improvements, federal grants, new data collection resources and facilities, new source documents and publications, new structures for fiscal planning, and significant instructional savings. And, in most cases, the projects laid the groundwork for difficult productivity decisions or new student learning opportunities.

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[100]Hill Family Foundation. "Staff Memo to Board of Directors Regarding the 1974 Productivity Grants of ICP." January 8, 1975.

Whether the outcomes constituted an observable new program or less tangible effects, they provided a strong impetus for institutional change and renewal. Even the heightened sensitivity to productivity issues, noticed by faculty and administrators alike, allowed certain actions historically resisted in some colleges.

The 1976 projects, on the whole less impressive than 1975, still produced a striking number of new programs accompanying their grants, as well as numerous non-instructional programs not envisioned by the 1975 instructional grants. They established a large array of support programs in career and continuing education, student retention, high school outreach, student leadership training, and liaisons with business and industry.

In summary, well over half of the grant projects the Foundation funded in 1975 and 1976 realized some degree of success, judged by either Suchman's criteria or those of the Foundation. We conclude that ICP satisfied its professed objectives of increased productivity, improved educational instruction, student learning opportunities, and support functions.

In Chapters IV and V, the data indicated the Foundation worked successfully to select the more meritorious college proposals, thereby increasing its chances for effective projects. Selecting and funding proposals through the grant review process proved to be an effective and

appropriate strategy to achieve ICP's objectives.

However, because the Foundation strayed in 1976 from its overall goal for ICP by changing to an open funding policy, it failed to reinforce the cost-quality dimension in instruction for those projects, and inadvertently weakened ICP outcomes. Certainly, the 1976 projects as a group displayed less collective force than those of 1975, and received lower effectiveness ratings.

Inexplicit 1976 Foundation guidelines and unspecified evaluation criteria for an undefined funding area may account for the projects' differential levels of success between 1975 and 1976. This points up the central importance of specifying an explicit funding theme and of linking applicant guidelines, proposal review, and project evaluation to ICP's purpose and program objectives.

CHAPTER VII

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary of Findings

As far back as 1938, foundation writers decried the absence of explicit attention to the quality of grant proposals and the administrative machinery used in assessing them (Hollis, 1938). In following years, they insisted that foundations make the managerial commitment to improve the grant review process, investigate project outcomes, and, by these actions, show public evidence of foundation accountability.

To remedy this neglect, and recognizing that grant behavior represents the social output of private foundations, we embarked upon this case study. We examined pre- and post-grant administration of the Independent College Program of the Northwest Area Foundation, especially proposal selection and project evaluation. We assessed the effectiveness of this educational program's grant procedures, and the extent to which the program itself, and the college grants under its sponsorship, achieved their intended goals and objectives.

Based upon Foundation and external documentation, our primary findings on the grant review process revealed:

(1) The development of the Independent College Program grew from a sound data base, derived from a comprehensive survey of the needs and opinions of liberal arts colleges within the Foundation region;

(2) The Foundation took unusual precautions in its history against possible conflicts of interest in awarding grants by establishing a two-board structure to remove owner influence, and by developing a special code of conduct for its Directors and staff to prevent funding improprieties;

(3) The Foundation showed early and continuous leadership in providing college applicants with yearly guidelines for proposal preparation and disseminating other funding information; generally, the Foundation showed itself to be open and unsecretive about its pre-grant operations;

(4) Historically, the Foundation required self-evaluation from its funded projects, beginning with an evaluation plan that outlined data collection to support project claims; the grant agreement specified regular reporting requirements that produced a cumulative project record critical for process and product evaluation;

(5) The Foundation exhibited a strong evaluation commitment over the years by using evaluators on their

staff, an Advisory Committee of educational experts, external evaluators and evaluation agencies, in-service evaluation training for staff and project directors, and self-evaluation of funded projects;

(6) The Foundation responded to evaluation advice on the Independent College Program and modified some of its policies and procedures, i.e., extended grants from one year to three years, awarded larger budgets to fewer number of colleges, developed a consortium of college projects, and devised specially written productivity proposal guidelines;

(7) Because of the Foundation's concern for objective and expert judgment, it employed an external Advisory Committee for proposal review; the committee's proposal recommendations were consistently approved by the Board of Directors for both granting periods under study;

(8) The Advisory Committee devised special proposal selection criteria for grants under the Independent College Program;

(9) Multiple sources of information formed the basis for judgments on the quality of proposals, i.e., site visits, staff investigation, evaluation plan revision, Advisory Committee and Board of Directors' review, and pre-grant negotiations;

(10) Post-grant negotiations clarified remaining proposal and evaluation plan ambiguities and mutual

expectations between grantor and grantee;

(11) The Foundation deviated from its productivity funding principle after the 1975 round of grants, and adopted an open policy of funding, in contradiction to the 1973 Board action and ICP's overall goal of assisting independent colleges in controlling escalating costs while maintaining educational quality;

(12) Despite an explicit disavowal in the 1976 Applicant Guidelines concerning "innovation" as a proposal selection criterion, the Advisory Committee did apply it in their grant review and selection; generally, in each funding period, use of the innovative criterion was confused or unpredictable; and

(13) The Advisory Committee used undeclared selection criteria in 1976 on the resiliency or financial stability of the applicant institutions; therefore, two sets of selection criteria actually were employed, one explicit and one implicit, i.e., those on the merit of the proposal as a document itself, and those on the financial health of the colleges; in addition, stronger colleges were expected to produce better proposals than weaker ones.

As a major element of the grant review process, we isolated proposal selection for separate study. In our content analysis of awarded and declined proposals, we compared a number of characteristics to discover the

Foundation's ability to single out proposals of merit. The findings from this proposal comparison showed:

(1) Using a nationally recognized set of proposal assessment criteria, mean scores for awarded and declined proposals exhibited a highly consistent pattern, i.e., in every one of the eight major proposal components, awarded proposals in both funding years attained higher means than declined proposals;

(2) Both awarded and declined proposals for 1976 scored higher than those in 1975;

(3) Three proposal components, i.e., Problem Statement, Program Objectives and Methods comprised the major shortcomings of declined proposals;

(4) The major flaw of all proposals, whether awarded or declined, appeared in the area of Future Funding, and, secondarily, in the quality of Evaluation Plans and poor use of Introductions on institutional purposes and characteristics;

(5) These findings indicated that the judgments of the Advisory Committee and staff in the selection process did single out the higher quality proposals for funding;

(6) Using two other assessment measures of proposal quality, i.e., the Advisory Committee selection criteria and a set devised by the author, the same pattern of findings emerged, confirming the primary analysis, i.e., awarded proposals consistently received higher mean scores

than declined proposals.

Finally, the findings on the grant evaluation process and the outcomes of funded projects revealed:

(1) Evaluators of the 1974 Productivity Grants concurred those grant experiences produced little impact upon the teaching-learning process;

(2) For 1975 and 1976 together, 16 of the 22 projects realized some degree of success judged on Suchman's categories, and 14 of the 22 on the Foundation's; either set of success criteria, then, yielded well over half of the projects accomplishing their intended purposes;

(3) Human barriers to project effectiveness figured at least as prominently as structural and procedural difficulties, i.e., laxity or disinterest of students; faculty resistance, self-interest, lack of cooperation or experience, lack of involvement in proposal development, frequent administrative turnover, or weak project and institutional leadership; lack of trained personnel for cost analyses on instructional productivity gains, and only a dim understanding of the productivity concept;

(4) Procedural and structural barriers to project success included unmanagable objectives, delays in college decision-making, scattered efforts lacking coherence, faulty diagnoses of ways to produce cost savings, poor planning and timing of project strategies, changes in

semester plans, and lack of adequate computer facilities;

(5) External barriers to project effectiveness came from within the institution and without, i.e., changes introduced by college administration inadvertently undermined project efforts; economic and demographic forces accelerated enrollment decline, faculty turnover, and unstable finances;

(6) The low correlation between highly rated college proposals and highly rated completed projects lends little confidence to the ability to predict one from another, and underscores the strength of intervening variables, such as quality of project personnel;

(7) To some extent, the difference between successful and failed projects depends upon project leadership, i.e., the ability to marshall together collective energies and not be stymied by set-backs; in effective projects, one accomplishment led directly to others in curricular revision, academic planning, instructional improvements, large federal grants and cumulative instructional savings, non-instructional support services and program continuation after funding ended; ineffective projects, delays in implementing appropriate strategies led to further inaction, grant extensions, and misplaced activities;

(8) The 1975 and 1976 grant experiences produced financial and educational outcomes far surpassing those of 1974, and stimulated institutional change in certain

academic and non-instructional programs, degree improvements, increased enrollments, data collection facilities, and student learning opportunities;

(9) 1976 projects produced more failed projects than 1975, and considerably less instructional savings; ironically, 1976 college proposals received higher ratings than 1975, but when translated three years later into completed projects, received lower effectiveness scores;

(10) The cumulative project outcomes of both years indicated that ICP satisfied, to a considerable extent, its combined objectives of increased productivity, improved educational instruction, student learning opportunities, and support functions; and

(11) ICP less satisfactorily met its ultimate goal of assisting colleges to control escalating costs while maintaining educational quality, being weakened by the largely non-instructional non-cost savings activities of 1976. The Productivity Projects of 1975 assured that this goal was at least partially met.

Comparison of Foundation Behavior with Historical Generalizations

In Chapter II we described recurring allegations from educators about foundation conduct relating to unequal funding among institutions, the politics of grant getting, the erosion of educational autonomy and project freedom,

an exaggerated concern for sponsoring innovation, and a basic conservatism in funding. Academic critics blamed private foundations for encouraging an already mobile faculty, promoting dual loyalties, supporting research over teaching, and diluting the instructional force. Lastly, they charged foundation application procedures were faulty or non-existent, and, when available, only confused or discouraged college applicants.

From our vantage point as a foundation evaluator, closely familiar with the conduct of both the grantor and the grantees over two funding periods, our observations on the higher education/foundation relationship may help to dispel some historical stereotypes and confirm others.

The first criticism of funding mostly prestigious or select institutions has been documented earlier, admitted to by foundations, but has less relevance here for a regional foundation such as Northwest Area.

It does maintain a policy, however, reflecting a concern for the equitable distribution of funds, that disqualifies any college or university applicant already holding a current grant. This policy raises questions about the basic assumptions underlying the grant program -- whether its intention is to spread money around and give minimal support to many colleges, or support the quality of ideas, regardless of their source? If the Foundation is in business to fund worthy ideas, so the

argument goes, it matters little how many come from the same source, and it also eliminates the practical difficulty of reduced applicant pools caused by extant grants.[101]

The other side of the argument was espoused by the Danforth Foundation in 1969 when it embarked upon a pilot program to assist a number of private liberal arts colleges of limited resources, and supported the idea of stabilizing weak organizations. Of course, equal distribution of foundation resources obviates the quest for innovative projects, since novel ideas cannot be expected to emanate from all colleges equally.

The often-heard accusation of political maneuvering for foundation grants and the influence of personal contacts was found to be ill-applied at Northwest Area. On the contrary, we described the elaborate safeguards taken there to prevent conflicts of interest and political conduct by the staff and Directors. Not only do Directors resist contact with colleges before application, but Board members are expressly prohibited from voting or discussing grant applications with which they have any personal or professional connection.

In the foundation we studied, we also lacked evidence

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[101]Northwest Area Foundation. Advisory Committee Member's Comments on the Discussion with Independent College Representatives at Spring Hill Conference Center. October 20, 1976, p. 2.

that their grants have worked to the instructional disadvantage of the sponsored colleges. Frequent turnover in project and institutional direction resulted from an already mobile and transient faculty and administrators, not from dependence upon short-term foundation grants. Charges that grants creat disloyal faculty and encourage research over teaching are more appropriately lodged against large research universities than small undergraduate colleges.

Encroachments on institutional autonomy and academic freedom from private foundations became a familiar theme in the 1950s and 1960s, but these charges were seldom formally verified. In one case studied at The University of Michigan, Jones (1972) rejected this allegation, as we reject it here, based on our experiences at the Foundation. In fact, our on-going contacts and correspondence with the colleges over the years produced no instances in which they objected or even implied that the Foundation or its evaluators were interfering with their internal integrity as educational institutions.

For a long time, monitoring progress and assessing project outcomes were tantamount to violating academic freedom. Whiting (1970) stood apart as one of the first foundation writers to question the wisdom of the "hands off" policy toward grant holders. We have documented earlier the Foundation's historical leadership in

promoting an evaluation capacity both for themselves and their grantees. Today, many other foundation officials and university evaluators have come around to the position that close but unobtrusive monitoring is not only appropriate but necessary as a matter of general policy, and as an obligation owed the public. As Whiting writes:

> Good monitoring and evaluation can inform (the judgment of a foundation's offices, board, and staff) by providing a continuous flow of up-to-date information without which it is very difficult for them to make sound decisions. With such information they can do much better at judging not only whether a grant proposal before them is worthy of support, but, in a broader sense, whether the foundation's funds are being used effectively and to the greatest advantage -- whether, in other words, the foundation is properly fulfilling its long-term philanthropic mission. That, ultimately, is the most important reason for a foundation's organizing itself well and maintaining a close relationship with grantees.[102]

On the debate over funding innovation, the wisdom of seeking out new projects versus supporting and strengthening on-going educational programs raises an unsettled policy question at the Foundation. Even when denying the importance of innovation in proposal ideas, and asserting instead an interest in stabilizing institutions, the Foundation's preoccupation with novel projects resurfaced

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[102]Whiting, op. cit., 1970, p. 177.

during the grant review process. Especially at a time when many liberal arts colleges in the northwest region find themselves in difficult financial straits, a declared policy on innovation one way or the other, and selection criteria coinciding with that policy, are overdue. Goheen asserts that renovation and sustaining high quality may be more fundamentally needed in this century, and ". . . where the nurture of innovation is the dominant, guiding spirit of foundation practice, it is one-sided and a mistake."[103]

Finally, the Northwest Area cannot be said to suffer from weak or mysterious application procedures, as this study aptly demonstrates. The analysis in Chapter IV attested to the Foundation's unusual initiatives in disseminating frequent grant information to the public, its early development and distribution of applicant guidelines and outlines of review procedures. In addition, the Foundation imposes a minimum of formality and restraint upon applicants, exercises flexibility throughout the application process, and negotiates proposal modifications by mutual discussion and agreement.

In sharp contrast to the characterization of foundations as secretive and isolated, the Northwest Area took the lead in the 1970s by organizing 35 Minnesota-based

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[103]Goheen, op. cit., 1972, pp. 19-20.

foundations into a collective initiative to dispel traditional aloofness and separatism, and to supply public information about foundation productivity. Even the members of the Joint Senate-House Subcommittee on Tax Exemption agreed to work with the Foundation to escape punitive philanthropic legislation because they respected its thorough public reporting practices (Engh, 1973).

Robert Bonine, assistant executive director of Northwest Area, served as researcher and secretary to the collective Minnesota foundations, later tranformed into the Minnesota Council on Foundations. This Council's objectives included public reporting on financial and programmatic foundation activities, and dissemination of information among foundations on sound management practices. In addition, the full information disclosure policy of Northwest Area brought it nation-wide recognition from the National Committee for Responsive Philanthropy as one of the highest rated foundations in the country on information accountability.

Philanthropic observers have noted that, apart from the administrative chores associated with the application process, often, foundation officers substantially improve proposal ideas in their negotiations with applicants. Thus, some writers claim that foundation staff comprise a great, but often overlooked, national resource of information and advice on educational questions, acquired

after years of experience as generalists grounded in one broad field (Weaver, 1967; Thompson, 1970).

Conclusions and Recommendations Based on the Findings

A cornerstone concept in foundation thinking stresses the notion of social amelioration. Characteristically, American foundations attempt to achieve this ultimate purpose primarily through the allocation of grant funds. But the actual distribution of money stands as merely a means to the ends anticipated by the public, i.e., foundations as a positive force for social betterment. Through improved internal administration, foundations increase their social effectiveness and impact of their sponsored activities and help their grantees make the most of their grant opportunities.

Our case study of a foundation's grant program to liberal arts colleges has produced basic findings about internal grant management and the operation of college programs. Our recommendations below grew out of these findings. For foundations, they can be fed back into the grant review and evaluation process itself to improve staff judgments and the allocation of Foundation resources. For colleges and universities, they suggest ways to help transform grant proposals into significant educational programs.

(1) The Foundation should sharpen and shape proposal content by carefully delineating all components necessary to comprehensive and persuasive proposals. Since the guidelines for grant-seekers greatly control proposal content, they should reflect the selection criteria imposed later by the Advisory Committee and staff. When the Advisory Committee assesses college proposals with a set of criteria, the proposals should present all the relevant information needed to compare them against these criteria. Our proposal comparison showed many did not.

(2) Rather than standing as separate entities, the applicant guidelines and the Advisory Committee criteria should be logically derived from the funding program's overarching goal and objectives. That way, a contradiction in the use of the criteria signals a contradiction in the application of the process toward the goal. The criteria themselves should take the form of a rating instrument, whose items are keyed into program objectives.

(3) The criteria used for proposal selection should be distinct from the criteria used for project evaluation. In 1976, the selection criterion in the guidelines concerned "the degree of observable improvement it promises," and, in the absence of specified evaluation criteria, the projects were judged on the observable improvement shown. Evaluation criteria need to specify characteristics of effective projects; selection criteria applied before the

project, need to be predictive of what may be achieved by Foundation support;

(4) Once a funding policy is adopted for a certain term, the Foundation either must adhere to it and give the funding emphasis a chance to prove itself, or explicitly and formally change the policy based on evaluation data that supports the change. When the Foundation changed its course in 1976 away from productivity, it did so without any evidence indicating the wisdom of that decision. What information convinced the staff they had already done enough in this area, that it was fully explored and time to move on to another? What policy values were brought into play in their program determination, and to what extent were the influences of these values legitimate?

Foundation documentation turned up little formal consideration of this action, in sharp contrast to the thoughtful and comprehensive needs survey that preceded the adoption of the funding area. Ignoring the Board decision to continue Productivity Grants for a certain number of years, and its admonition not to engage in other types of grants during that time, represent an uncharacteristic aberration by both the staff that proposed it and the Board that later contradicted itself and approved it.

Results from the 1975 projects show strong productivity gains over 1974; the 1976 projects, without the productivity

emphasis, show an unmistakably weaker collective force. Given the opportunity, 1976 grants with a productivity focus may have carried on the positive trend from 1975 and even surpassed them in cost/quality outcomes.

Not only did this deviation in policy weaken the productivity emphasis, but it failed to strengthen any other. Every college was allowed to go its own way, choosing projects in either instructional and non-instructional areas, but primarily in the latter, with no central focus unifying the individual grants.

(5) The Foundation should specify an explicit funding theme, despite the fact that it returns us to the old fears, now largely dissipated, about grantee autonomy and project freedom. We have learned from our examination of the grant review process that college grantees do better with sharply defined problems, (e.g., increased instructional productivity), and that these projects lend themselves better to evaluation. In 1975, where the Foundation imposed a definite focus, its expectations matched those of the grantees more closely than in 1976 without one, perhaps because the criteria of project success for a focused program delineate more clearly the desirable linkages between individual projects and Foundation program purposes.

An open funding policy, like that of 1976, obscures overall program strategy and its record of progress, and

puts a foundation in a relatively passive role about the content of the proposals it receives. It fails to capitalize upon the backlog of knowledge and competence foundation staff acquire in choosing among alternative proposal ideas, with several rounds of experience in a specific funding area. It also ignores evaluation data on program operation and outcomes, since it refrains from actively endorsing grant experiences that have succeeded in the past. In all probability, staying with a funding theme over a period of years will improve grant administration in that area and increase the chances of positive grant outcomes.

(6) The Foundation should settle its policy toward the intrusion of certain problematic criteria into the proposal selection process, e.g., the relative weight assigned to proposal characteristics versus institutional characteristics. Specifically, in the review process, the Advisory Committee expected colleges to be in a state of financial stability, an undeclared criterion; it also showed consistent ambivalence over using "innovation" as a declared criterion. These criteria should not be randomly and arbitrarily applied, unbeknown to college applicants, unrelated to ICP's goals, but still influential over selection chances.

If independent liberal arts colleges had their way, they would insist that foundations reorder their funding priorities away from innovation toward institutional

sustenance, more in keeping with their own economic realities. Since they find themselves more significantly dependent upon foundation funds than public universities, yet often fail to qualify for research-oriented federal grants, their administrators are being sorely tempted to write proposals, not to engage in novel experiments, but to ease their tight budgets.

(7) Because of discontinuities caused by frequent turnover in project leadership, the Foundation should insist upon college assignments of project directors that match the longevity of the projects; also these directors should have the appropriate capacities needed for overseeing the project's operation and its evaluation. There should be a greater relationship between authorship of a proposal and leadership of the ensuing project. Not enough attention has been paid to date to project personnel qualifications and tenure of appointments; assignments have been wholly at the discretion of the colleges. Many directors in 1975 and 1976 vacated their positions before completing the projects, causing some of the problems we described earlier.

As Donald Young and Wilbert Moore wrote about the management of foundations:

> . . . (project) success or failure always depends upon the individuals involved. The personnel to be engaged in an institutional

> project under foundation consideration need to be given no less scrutiny than the project design.[104]

And, as Lindsley Kimball observed once:

> If one were to attempt an appraisal of results achieved following any particular grant of funds, he would immediately discover that he was appraising human performance. In every case of failure it would be less likely that the original idea turned out to be defective than that the disappointment would inhere in the operating personnel.[105]

(8) Related to recommendation (7) is the use of outside consultants and evaluators assigned to every project. Most colleges studied here profited by outside counsel, when they engaged it. Earlier we pointed to the limited evaluation capacities at many colleges and the primitive level of data they sometimes produced without external help. An Advisory Committee member posited the idea of keeping a tentative list of evaluators at the Foundation from which colleges could choose, when seeking competent

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[104] Young, Donald R., and Moore, Wilbert E. Trusteeship and the Management of Foundations. New York, Russell Sage Foundation, 1969, p. 83.

[105] Kimball, Lindsley. "Human Needs and Philanthropic Opportunities." In Andrews, F. Emerson, Ed., Philanthropic Foundations. New York, Russell Sage Foundation, 1956, p. 228.

advice and technical assistance; this would also emphasize the evaluators' reporting responsibilities to the Foundation as well as to the colleges.[106] From our experiences with these college evaluators, they are unclear about their relationship to the Foundation, and often do not report their findings of grant projects to them, unless expressly requested to do so.

(9) The Foundation should continue its insistence that funded projects perform self-evaluation, monitored by its evaluator throughout the duration of the grants. Once projects commence, Foundation records indicated clearly that project evaluation responsibility became the prime reason for on-going communications between grantor and grantees. Without it, little project monitoring and formative evaluation occurs, leaving the Foundation with little more than subjective judgments and a terminal summative report upon which to base future funding decisions.

(10) Periodic review of the entire funding process, preferably by objective outsiders, would do much to dispel the general public distrust of foundations. In this case, it would reinforce Northwest Area's internal commitment to review its purposes, reflect upon its goals, and improve its performance. Systematic evaluation, integrated into the planning process, should become a part of any

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[106] Northwest Area Foundation. Memo From Advisory Committee Member to Foundation Staff. July 23, 1976.

foundation's standard operating procedure.

The conclusions of professional evaluators like Wholey (1973) and Stufflebeam (1973) stress how foundations should forge strong linkages between evaluation planning and program decision-making. By using in-house "bridging persons," foundations bring evaluation findings into the grant review process, just as the Northwest Area has already instituted with their evaluators and consultants.

Unlike business firms, foundations have no internal profit and loss gauge that registers success or failure, thus the necessity for formal evaluation of its programs. And, unlike government, with its complex system of checks and balances, foundations are freer to engage in experimental activity that, by virtue of its newness, calls for critical examination of its effects. How else but through evaluation would a foundation retrieve what has been accomplished by a funding program and learn what gaps exist that need to be filled?

Generally, foundations are unlikely to hear adverse commentary about their programs, and self-studies are likely to confirm on-going procedures and policies. The institutional isolation and autonomy of many foundations cut them off from the natural flow of critical information typical of other social institutions. As the President of the Robert Johnson Foundation expressed it:

". . . foundations need tough-minded and pragmatic documentation of the worth of their efforts, carried out by trained, objective third parties."[107]

Whatever the difficulties in measurement of grant productivity and administration, foundations bear the responsibility of testing their effectiveness and appraising their social and intellectual impact. Zurcher observes:

> The indispensable condition is the injection into foundation administrative policy of greater concern for evaluation -- a commitment by foundation officials to the expenditure of thought, energy, and funds to insure review and appraisals.[108]

Periodic case studies, such as this one, would strengthen that commitment.

(11) The Foundation should extend its reputation for openness and social responsibility and regularly publish its project successes and failures. In a sense, foundations have little to lose by such actions; they cannot make fatal mistakes in their granting policies, only in their investment policies. Because of this distinctive

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[107] Young, Patrick. "Robert Wood Johnson: Assessing Success." Foundation News, July/August, 1979 (Vol. 20, No. 4), p. 15.

[108] Zurcher, Arnold J. "Measuring the Product of a Foundation Grant." Foundation News, March/April, 1970 (Vol. 11, No. 2), p. 55.

nature, foundations should be able to admit publicly to their failures and accept the consequences of unsuccessful experiments.

Since foundations are characterized in the public eye as private institutions eager to bury their mistakes and forget them, this accentuates the importance of frequent and candid public reporting of project evaluations, regardless of the outcomes. Disseminating the results of grant experiences may help other foundations achieve similar benefits or avoid similar pitfalls. Successfully tested college models could be publicized and transplanted for use on other campuses, while unsuccessful models could be examined for what could be learned about their weaknesses and then discarded. Educational grantees hold a similar obligation to place knowledge gained through their projects, and from any positive and negative unanticipated consequences, into the hands of similar institutions.

Knowledge of project outcomes, and the difficulties inherent in them should have mutual value to colleges, foundations, and the public. For foundations, project results aid in the further refinement of funding programs and in future resource allocation decisions; for colleges and universities, the value of the grant experiences lies not only in their direct practical benefits, but also in what they reveal about the conditions under which educational experiments thrive or fail, and the complexities

of implementing social change. And, for the public, honest reporting of foundation activities reestablishes confidence and sympathy for those entrusted to dispense private monies for the public good.

Our case study findings on grant administration to higher education institutions have ready implications for college behavior. The following recommendations for colleges and universities spring from the cumulative grant experiences of our sample:

(1) Welcome the opportunity to evaluate project activities as a means of increasing the probability that colleges will achieve their intended purposes. This means accepting the legitimacy of public accountability for all social institutions, including academia, and a redefinition of the university/foundation relationship as utilitarian and reciprocal. Recognize that for the colleges' own self-interest, formative evaluation and foundation monitoring help improve project efforts; learn from evaluations of other educational projects by watching for patterns of success or failure; insist upon foundation evaluation of their own funding programs, so they can better advise colleges about the feasibility of proposal ideas and project strategies;

(2) Since most colleges learned quickly enough that running effective projects was more intricate and complex

than they had realized, heed the findings of this case study on the relative merits and deficiencies of awarded and declined proposals. Poor proposals lacked well-conceived project objectives and relevant strategies; they failed to produce a comprehensive evaluation statement or a convincing commitment to future funding possibilities.

(3) Heed the findings of this case study on the characteristics of failed projects; since project leadership influenced the probability of project success, assign competent and experienced project directors and contract external evaluators for formative and summative evaluation; involve the project directors and other faculty in proposal development and conceptualization, so that proposal ideas acquire broad faculty collaboration and support, and later will likely gain approval from those who must carry them out;

(4) Clarify academic procedures for forwarding grant proposals, initiated by administrators and faculty in concert; keep development officers on the sidelines in the negotiation process, since their intervening presence is often resented by foundation officials;

(5) Join together with the new public policy thrust of private foundations and design educational projects compatible to both the philanthropic and educational goals of the two institutions. Currently, foundations are engaged in a continuing search for societal activities which

they can perform better than other social or governmental institutions. By involvement in public policy issues, they hope to formulate a contemporary and unique rationale for their existence, showing their adaptability to social change, and, simultaneously, dispelling the traditional separatism attributed to them throughout their history. Liberal arts colleges can participate in and influence the direction of foundation funding by recognizing this policy orientation and developing project ideas that convince foundations of the social merit and positive policy implications of continued sponsorship of private higher education.

APPENDICES

APPENDIX A

Proposal Checklist and Evaluation Form

APPENDIX A

Proposal Checklist and Evaluation Form

By Norton J. Kiritz

This form, designed for use in the Grantsmanship Center Training Programs, follows the format of "Program Planning and Proposal Writing" (see issue 29). It can assist the proposal writer in the preparation and improvement of a complete proposal. It is also an aid to the proposal evaluator in assessing the merit of a grant application.

Yes/No answers indicate whether or not an item is included. The numerical rating (1 is poorest, 5 is best) is for use where applicable.

Proposal Components and Necessary Items:

Summary: Clearly and concisely summarizes the request	Yes	No	1-5	Comments on Summary
1. Appears at the beginning of the proposal				
2. Identifies the grant applicant				
3. Includes at least one sentence on credibility				
4. Includes at least one sentence on problem				
5. Includes at least one sentence on objectives				
6. Includes at least one sentence on methods				
7. Includes total cost, funds already obtained and amount requested in this proposal				
8. Is brief				
9. Is clear				
10. Is interesting				

Norton J. Kiritz is the president of The Grantsmanship Center.

I. Introduction: Describes the applicant agency and its qualifications for funding (credibility)	Yes	No	1-5	**Comments on Introduction**
1. Clearly establishes who is applying for funds				
2. Describes applicant agency purposes and goals				
3. Describes applicant's programs and activities				
4. Describes applicant's clients or constituents				
5. Provides evidence of the applicant's accomplishments				
6. Offers statistics in support of accomplishments				
7. Offers quotes/endorsements in support of accomplishments				
8. Supports qualifications in area of activity in which funds are sought (e.g., research, training)				
9. Leads logically to the problem statement				
10. Is as brief as possible				
11. Is interesting				
12. Is free of jargon				

II. Problem Statement or Needs Assessment	Yes	No	1-5	**Comments on Problem Statement/ Needs Assessment**
1. Relates to purposes and goals of applicant agency				
2. Is of reasonable dimensions—not trying to solve all the problems of the world				
3. Is supported by statistical evidence				
4. Is supported by statements from authorities				
5. Is stated in terms of clients' needs and problems—not the applicant's				
6. Is developed with input from clients and beneficiaries				
7. Is not the "lack of a program," unless the program always works				
8. Makes no unsupported assumptions				
9. Is free of jargon				
10. Is interesting to read				
11. Is as brief as possible				
12. Makes a compelling case				

III. Program Objectives: Describes the outcomes of the grant in measurable terms	Yes	No	1-5	**Comments on Program Objectives**
1. At least one objective for each problem or need committed to in problem statement				
2. Objectives are outcomes				
3. Objectives are not methods				
4. Describes the population that will benefit				
5. States the time by which objectives will be accomplished				
6. Objectives are measurable, if at all possible				

IV. Methods: Describes the activities to be conducted to achieve the desired objectives	Yes	No	1-5	**Comments on Methods**
1. Flows naturally from problems and objectives				
2. Clearly describes program activities				
3. States reasons for the selection of activities				
4. Describes sequence of activities				
5. Describes staffing of program				
6. Describes clients and client selection				
7. Presents a reasonable scope of activities that can be conducted within the time and resources of the program				

V. Evaluation: Presents a plan for determining the degree to which objectives are met and methods are followed	Yes	No	1-5	**Comments on Evaluation**
1. Presents a plan for evaluating accomplishment of objectives				
2. Presents a plan for evaluating and modifying methods over the course of the program				
3. Tells who will be doing the evaluation and how they were chosen				
4. Clearly states criteria of success				
5. Describes how data will be gathered				
6. Explains any test instruments or questionnaires to be used				
7. Describes the process of data analysis				
8. Describes any evaluation reports to be produced				

VI. Future Funding: Describes a plan for continuation beyond the grant and/or the availability of other resources necessary to implement the grant	Yes	No	1-5	**Comments on Future Funding**
1. Presents a specific plan to obtain future funding if program is to be continued				
2. Describes how maintenance and future program costs will be obtained (if a construction grant)				
3. Describes how other funds will be obtained, if necessary to implement the grant				
4. Has minimal reliance on future grant support				
5. Is accompanied by letters of commitment, if necessary				

Budget: Clearly delineates costs to be met by the funding source and those provided by other parties	Yes	No	1-5	**Comments on Budget**
1. Tells the same story as the proposal narrative				
2. Is detailed in all aspects				
3. Projects costs that will be incurred at the time of the program, if different from the time of proposal writing				
3. Contains no unexplained amounts for miscellaneous or contingency				
4. Includes all items asked of the funding source				
5. Includes all items paid for by other sources				
6. Includes all volunteers				
7. Details fringe benefits, separate from salaries				
8. Includes all consultants				
9. Separately details all non-personnel costs				
10. Includes indirect costs where appropriate				
11. Is sufficient to perform the tasks described in the narrative				

The Grantsmanship Center NEWS is published six times per year by The Grantsmanship Center, a nonprofit, tax-exempt educational institution, located at 1031 South Grand Avenue, Los Angeles, Ca. 90015.

Subscription Rates: $15 for one year (6 issues); $27 for two years (12 issues); $38 for three years (18 issues); (prices to increase after August 1979). Foreign subscriptions, add $4 per year/surface mail, $12 per year/air mail.

Reprints of this form are available:

25 copies (minimum order), $6.00; 50 copies, $10.00; 100 copies, $18.00; 250 copies, $37.50; 500 copies $50.00; over 500 copies, $10/100.

APPENDIX B

1975 and 1976 Proposal Selection Criteria Used by the Advisory Committee

APPENDIX B-1

1975 PROPOSAL SELECTION CRITERIA -- USED BY ADVISORY COMMITTEE

1. The proposed project should have a high probability of reducing the cost of instruction without impairing the quality of academic service.

2. The proposal's objectives must address real and compelling needs.

3. The college must genuinely require Foundation assistance in order to implement the project.

5. The project must have a high level of administrative leadership and support.

5. The faculty must exhibit a climate of cooperation and willingness to change, in terms of the proposed project.

6. The college should demonstrate strength as a liberal arts institution.

APPENDIX B-2

1976 PROPOSAL SELECTION CRITERIA -- USED BY ADVISORY COMMITTEE

1. Will the grant change the institution over the course of the next five years?

2. Will the grant supported project sustain itself beyond the lifetime of the grant, and have a lasting impact upon the institution?

3. Does the grant prevent the college from dealing with real and serious problems?

4. If the college is so concerned with the problem addressed in the proposal, what evidence is there that previous attempts have been made to solve the problem?

5. The innovative element: Unresolved. Education is in trouble and needs new models. Is the application innovative in some respect? If innovation is left out of the criteria, other colleges will simply use the idea to get a grant. Perhaps it's unrealistic for the Foundation to expect innovation in such basic areas as admissions, retention, fund-raising, etc.

6. Is the budget reasonable and justifiable?

7. Is the project integral to the mission of the college?

8. Does the grant have broad acceptance by the affected constituencies?

9. Is there evidence that the applicant college has asked the important contextual or environment questions which would impinge upon the success of the project?

10. Are evaluation plans present?

APPENDIX C

Proposal Selection Criteria Used by Author

APPENDIX C

PROPOSAL SELECTION CRITERIA -- USED BY AUTHOR

1. Includes faculty involvement in the proposal development.
2. Cites top administration support or organizational commitment.
3. Describes clear goals, distinct from objectives or project strategies.
4. Defines measurable objectives describing expected outcomes of program.
5. Shows correspondence between objectives and strategies to achieve them.
6. Includes adequate evaluation plan.
7. Submits all sections requested by Foundation guidelines.
8. Shows compatibility of proposed project with college history or mission.
9. Shows links of proposed project with other college units.

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