

GPNP Event Summary

2014 Leaders Forum

From Expense to Investment

Reframing the nonprofit sector as a solution to state budget challenges



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Pittsburgh
Nonprofit
Partnership**



Event Overview: On May 29th, GPNP convened leaders of more than 220 nonprofits and foundations to discuss Pennsylvania's budget process and a growing national movement of results-based state budgeting led by the Pew-MacArthur Results First initiative.

Samantha Balbier, Executive Director of GPNP welcomed the attendees. She reminded the audience that the mission of GPNP is to organize, unify, and strengthen the voice of the nonprofit sector. Balbier explained, "...the strength of the nonprofit sector's voice is only as strong as the results that it produces in the community. By demonstrating results and return on investment, nonprofits can frame public spending as public investments."

Featured Presenters:

Pete Tartline

Exec. Deputy Secretary
PA Office of the Budget



He oversees the preparation and monitoring of the Commonwealth's budget, including the performance measurement system. Prior to his current role, he managed an independent consulting operation focusing on business performance improvement.

Gary VanLandingham

Director
Pew-MacArthur
Results First Initiative



He manages Pew's work to advance the use of cost-benefit analysis and to cultivate a climate for evidence-based decision making in state budgetary processes. He has over 30 years of experience leading policy studies in state and local government.

John Wetzel

Secretary
PA Dept. of Corrections



He has 23 years of experience in the corrections field and is responsible for the management and operations of the PA Corrections Department. He has presented statewide and nationally on topics such as inmate labor issues, the mentally ill in corrections, and vulnerability assessments.

Grant Oliphant

Former President
and CEO
The Pittsburgh
Foundation



He has led a major transformation in the foundation's engagement of key constituents, its efficient stewardship of its assets and the development of ground-breaking initiatives including the Pittsburgh Promise and PittsburghGives. He became the President of the Heinz Endowments on June 9, 2014.



The session provided four key learning opportunities:

- 1) A glimpse into GPNP members' experience with public funding
- 2) An examination of Pennsylvania's current budgeting process
- 3) An introduction to evidenced-based budgeting which illustrates the value of public investments in the work of nonprofits to reduce public expenditures in the longer term.
- 4) An illustration to GPNP members about the importance of refining their own communications with quality data and a return on investment statement.

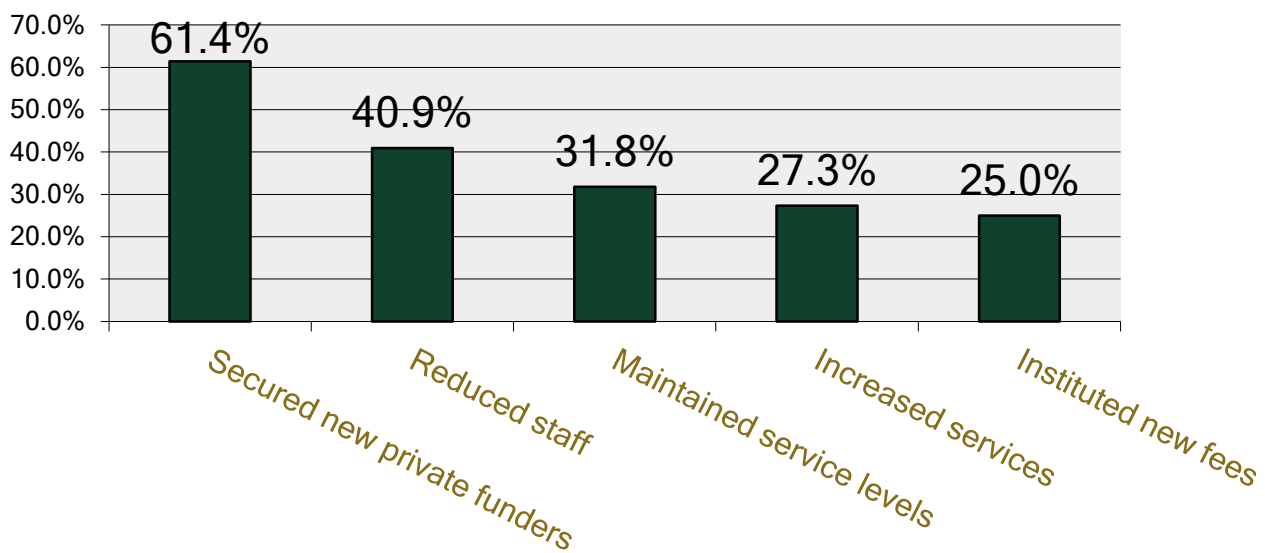
MEMBER EXPERIENCE WITH PUBLIC FUNDING

In preparation for the event, GPNP surveyed attending organizations to better understand the impact of recent public funding changes. Over the last few years, public budget constraints have caused continual reductions in discretionary funding of line items that have been the mainstay of many GPNP members.

Forty-five percent of event attendees receive more than half of their annual funding from public sources. During the last two years more than 40 percent of respondents have had to reduce staff while increasing or maintaining services. This downturn in public funding has also caused survey respondents to increase fees (25 percent) and pursue new private funders (61 percent).

45%
Receive more than half of
their funding from
government sources

94%
Believe their work
reduces long term
government expenditures





AN EXAMINATION OF PENNSYLVANIA'S CURRENT BUDGETING PROCESS

Pete Tartline

Executive, Deputy Secretary, PA Office of the Budget

"...We have to move from an entitlement discussion by providers and sectors to a collective rethinking of how best to get results for the populations we seek to serve." Tartline, May 2014

Highlights:

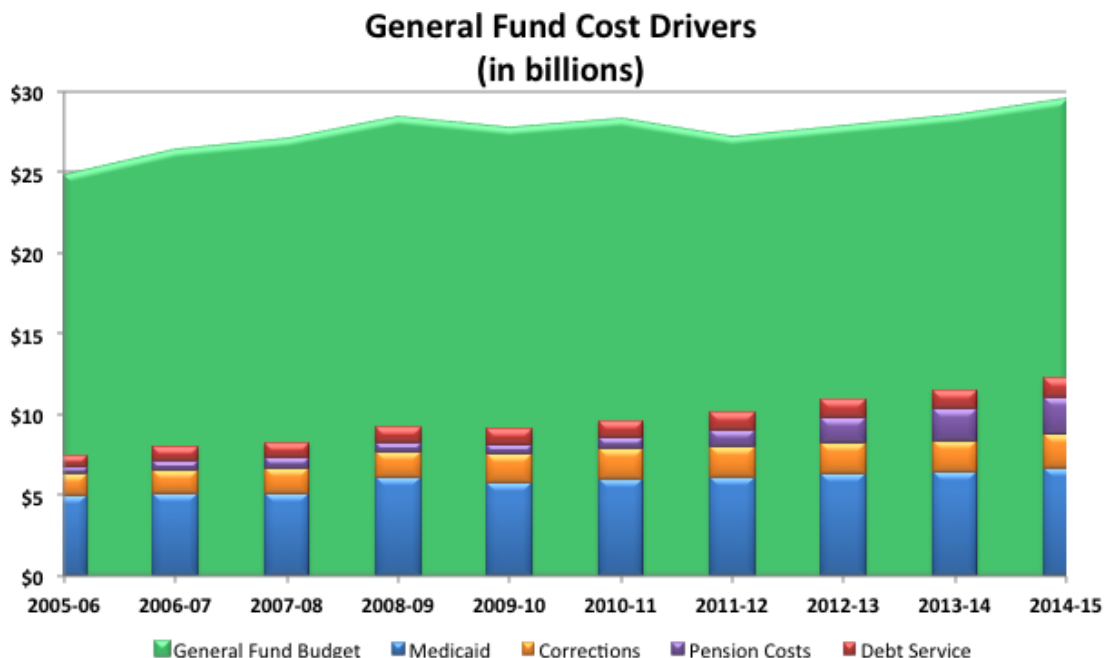
Executive Deputy Secretary Tartline focused on explaining the Commonwealth's current budget proposal in the context of long-standing and deeply embedded structural budget challenges.

According to Tartline, Governor Corbett's 2014-15 Executive Budget provides for a balanced budget that keeps spending in line with revenues with no tax increase while spending \$29.4 billion – a 3.3 percent increase over 2013-14.

The 2014-15 budget is only a small step in continuing to address the major cost drivers in the budget which include more than 1.7 billion dollars in increased costs primarily for:

- **Escalating pension obligations** (\$610 million in increased Pension costs)
- **Continued rising healthcare cost** (\$900 million increase in FMAP & Medical Assistance)
- **Growth in Corrections costs** (\$78 million increase in Corrections)

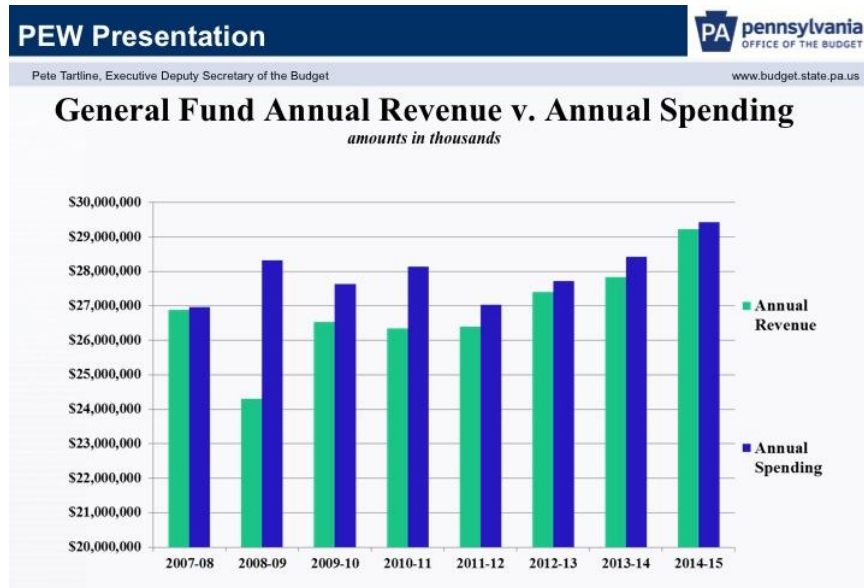
Secretary Tartline believes future budgets should build upon the initial steps of this budget to enhance Pennsylvania's competitiveness, by continuing to improve job growth and promotion and by investing in students and education.



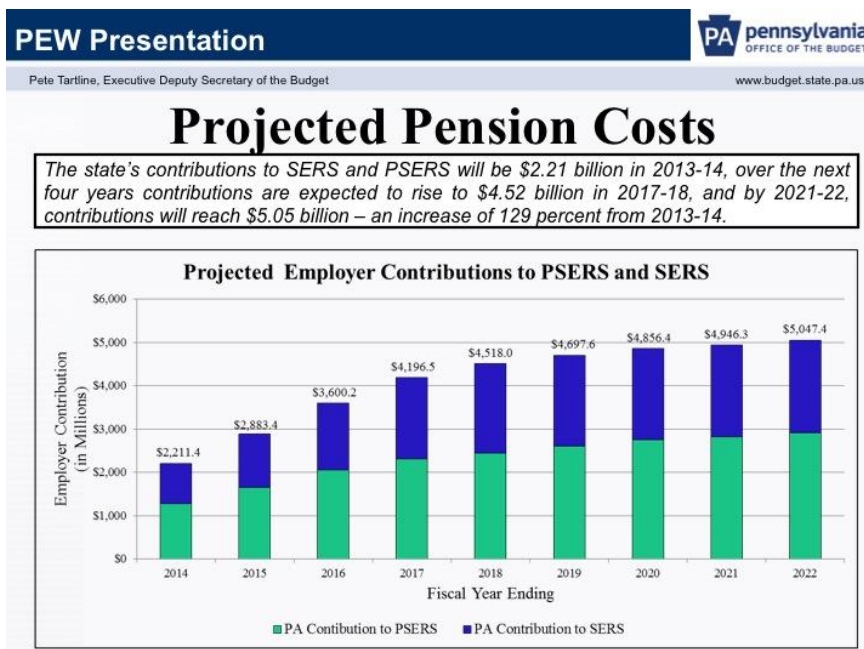


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A long-term issue: Illustrating the depth and length of the recession, the 2012-13 fiscal year was the first time that General Fund revenues were greater than revenues in 2007-08. Between 2007-08 and 2014-15, spending in mandated areas of the budget is estimated to increase by \$4.2 billion, while net revenues will grow by only \$2.3 billion over the same period of time. This imbalance between revenue growth and mandated spending has the effect of crowding out spending in all other areas of the budget.



Unsustainable Pension Cost Increases: Absent pension reform, contributions to the pension systems – PSERS and SERS – are expected to increase by more than \$600 million in 2014-15 and continue to rise significantly crowding out core services and programs.





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AN INTRODUCTION TO EVIDENCED-BASED BUDGETING:

Gary VanLandingham

Director, Pew MacArthur Results First Initiative

On state budget decisions: *“The path forward is to make better decisions.”*

Results First Resources:

[Results First for your State](#), [Achieving Success with the Pew-MacArthur Results First Initiative](#)

Highlights:

The goal of the *Pew-MacArthur Results First Initiative* is to move from government fiscal decisions based on “inertia and anecdote” to systemic evidence on what has been proven to work.

Since 2011, more than 14 states and three California counties have partnered with the Pew-MacArthur Results First Initiative to implement an innovative cost-benefit analysis model that helps them invest in proven policies and programs. The Results First team hopes to expand to work with other states that have the capacity and desire to improve the way they make policy choices.

In the current fiscal environment, most states face tough budget choices and lack the resources to support traditional levels of public services. Increasingly, policy makers seek programs and policies that yield the greatest benefits in the most cost-effective way.

Rigorous analysis of available research can help state leaders:

- ❖ Systematically identify which programs work;
- ❖ Calculate potential returns on investment of funding alternative programs;
- ❖ Rank programs based on their projected benefits, costs, and investment risks;
- ❖ Identify ineffective programs that could be targeted for cuts or elimination; and
- ❖ Predict the impact of different policy options.

Evidence-Based Policymaking



- Focuses on **“What Works”** – target funds to programs shown to be effective by rigorous research
 - Uses lists of ‘proven’ and ‘promising’ programs identified by clearinghouses
- Outcome-oriented approach
- Asks whether programs’ benefits justify their costs



Participation in Results First



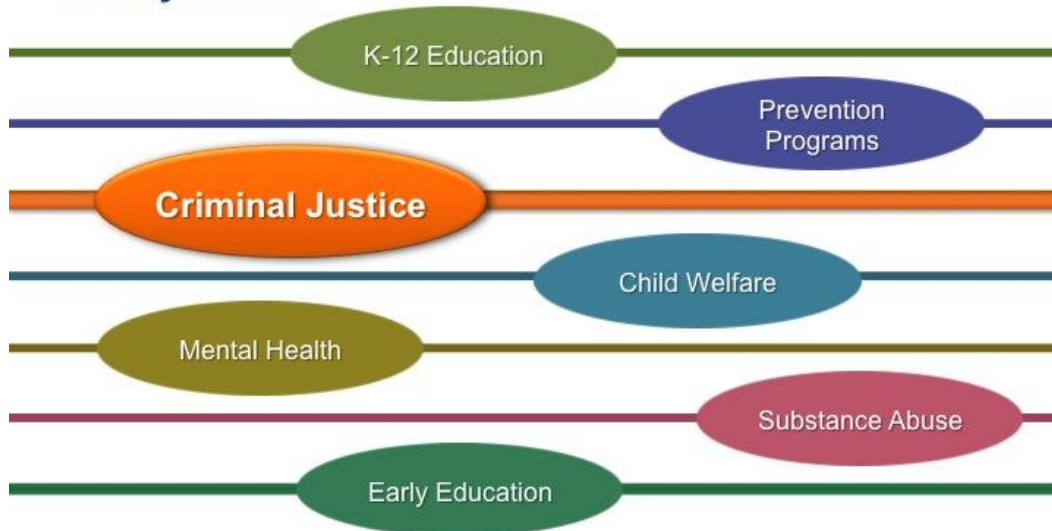


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Results First Can Be Used to Analyze a Growing Number of Policy Areas



MacArthur
Foundation



Enables comparisons between program funding options



MacArthur
Foundation

POLICY/PROGRAM	COST	LONG-TERM BENEFITS	COST/BENEFIT RATIO
Intensive supervision (only)	\$4,140	-\$578	-\$0.14
Mental health court	\$2,935	\$20,424	\$6.96
Community drug treatment	\$1,602	\$17,711	\$11.05
Correctional education in prison	\$1,128	\$21,426	\$19.00
Work release	\$661	\$7,117	\$10.77
Cognitive behavioral therapy	\$412	\$9,695	\$23.55
Community job training & aid	\$135	\$5,501	\$40.76
JUVENILE PROGRAMS			
Functional Family Therapy	\$3,262	\$70,370	\$11.86
Aggression replacement training	\$1,508	\$62,947	\$41.75
Coordination of services	\$395	\$5,501	\$13.94
Scared Straight	\$65	-\$4,949	-\$76.35

**Washington State 2012 dollars*



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Results First Activity and Outcomes To-Date:

Key Results First State Activity During 2013 & 2014 (to date)



6 States

Completed implementation of the model and presented results to legislators and stakeholders

4 States

Enacted Legislation incorporating Results First into their policymaking process

2 States

Used models to analyze legislation

6 States

Used their models to target **\$76 million** in funding



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John Wetzel Secretary, PA Department of Corrections

“What has been missing from corrections is the community. If we don’t engage the community, we’re not going to be successful.” Wetzel, May 2014

Highlights:

Secretary Wetzel presented on the historical reasons why Pennsylvania has a seemingly unsustainable corrections system, and why engaging the community is important to improving the corrections process.

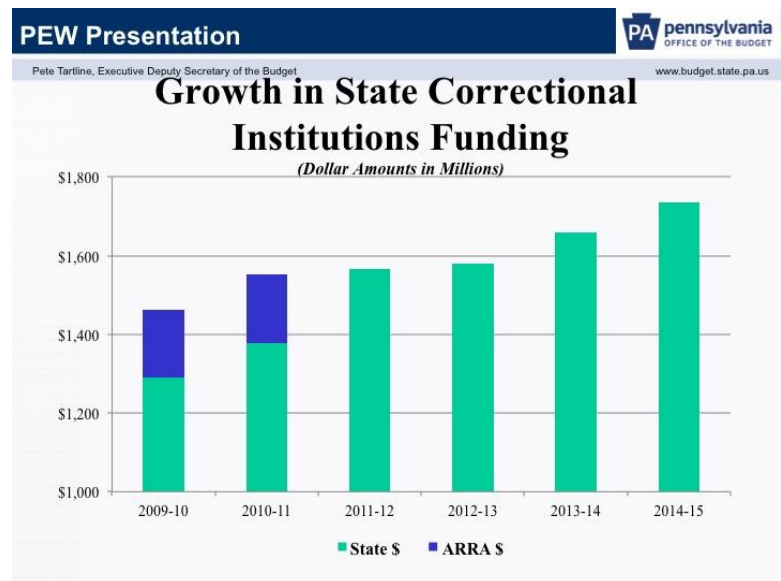
The number of new inmates annually has increased at a sharp rate. During the Schaeffer Administration the average was 147 new inmates a year. This increased to 950 inmates per year during the Thornburgh administration (equating to a new prison every other year). Over the last decade PA averages 1,400 new inmates per year. Approximately half of all released inmates are rearrested. In fact, 43 percent will be reincarcerated within three years.

Wetzel stated, “...the best reentry program is called no entry. We have to intervene now before they go to jail.”

Secretary Wetzel described his work to change the system to focus more on outcomes, new contracts, and rebid based on performance. Wetzel stated that this has reduced recidivism and has led to 200 fewer inmates than when he first took office. These changes have received national attention.

He said research exists that will support better policy decisions, noting that people who graduate with GED from prisons are 40% less likely to commit crimes upon release.

“The research is there”, Wetzel stated, *“the challenge is getting through the bureaucracy.”*





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**Grant Oliphant
Former President and CEO, The Pittsburgh Foundation**

"...fiscal policies are a reflection of what we believe is important in this world...the long-term consequences of short-term decisions will play out over generations." Oliphant, May 2014

Highlights:

Grant Oliphant, now president of the Heinz Endowments, put the first three presentations into a local context and offered a foundation's perspective on outcome-driven funding.

Oliphant said the Results First Methodology wasn't a fad, but rather a sign of the changing evaluation structures of public and private funders.

"This is the wave of the future. Not a temporary thing based on recession. The world has changed, and we will continue to have a scarcity mindset that will make us demand more from our investments."

Reacting to the previous comments, he offered what he heard as the three focal areas of the day's discussion.

- Values, community, and social fabric acting as the context for investments
- The need for specific research to demonstrate a program's effectiveness
- Moving from merely cost to a value discussion for the investment

Oliphant also said the social context of this discussion matters, because budget and funding decisions do not occur in a vacuum.

"The demand for data is a great thing, but data is under fire in the world. We shouldn't be naive that better data will diminish the ideological fights, but data will help us gird ourselves for that fight."

He said the lessons from the government agencies can also be applied to the foundation and nonprofit sector.

"In many ways, we as a sector mirror government segmentation... based largely on our funding sources. I urge us all to continue pushing the sector to collectively rethink funding streams as connected rather than neatly confined to silos."

Oliphant concluded with the observation that not all the constraints surrounding budgeting are predetermined and encouraged attendees to examine what they often take for granted.

"Those [state] revenues are not fixed. Revenues are a reflection of what we believe is important in this world. This conversation is still up for grabs."



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THE IMPORTANCE OF REFINING OUR COMMUNICATIONS

To demonstrate how these practices can work, GPNP invited three of its members to show how they already use results-oriented advocacy.

Nancy Murray

President,
Arc of Greater Pittsburgh
at Achieva



Nancy Murray has 35 years experience serving people with disabilities and their families. She is the Project Director of the Disability Healthcare Initiative, focused on access to healthcare for people with disabilities and “A Home of My Own” to create more affordable housing for people with disabilities.

Lisa Schroeder

President and CEO
Riverlife



Riverlife is a nonprofit established in 1999 to transform Pittsburgh’s riverfronts into the city’s economic, environmental and recreational hub. Thirteen miles of downtown riverfront has been developed as a waterfront park with green landscapes, boat, trail and bridge connections (80% complete). Over four billion dollars has been invested in adjacent properties since 2000.

Michelle Figlar

Executive Director,
Pittsburgh Association for
the Education of Young
Children (PAEYC)



PAEYC a local affiliate of the National Association for the Education of Young Children, serving a ten-county region in SWPA. Figlar is a member of the PA Early Learning Council, and a founding member of Pre-K for PA. PAEYC works to ensure that all children and their families have access to high quality early childhood experiences.

Michelle Figlar stressed the importance of investing in communications to reframe an organization’s work in the context of fiscal impacts. While it may mean learning new ways to talk about programs and outcomes, the messaging is very effective. For example, the image to the right demonstrates the impact of PAEYC’s mission with a single slide.





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NEXT STEPS FOR GPNP MEMBERS:

GPNP seeks to raise awareness of the social and fiscal impacts of our membership by taking a cue from the Pew-MacArthur Results First Initiative that is now adopted by 14 states.

Here are a few ways you as a GPNP member can get involved and benefit:

1. **Join GPNP's Public Policy Committee**, which seeks to strengthen our sector's approach to results-driven advocacy. The public policy committee will meet at The Forbes Funds, 5 PPG Place, from 8:30 – 10:30 a.m. August 6, October 8 and December 3. Meetings are open to the public and all members are encouraged to attend.
2. **Refine your results-first pitch:** Would you like assistance on building a better results-driven advocacy message? GPNP's public policy committee would like to identify and work with small teams of mission-aligned organizations to collaborate on research or analysis that may improve return-on-investment messaging strategies targeted toward public funders. Interested? Contact us to learn more.
3. **Review the new national Results First research clearinghouse identifying high-impact programs:** In July 2014, Pew-MacArthur Results First Initiative will launch the Evidence Gateway Project, a public database which brings together information about evidence-based programs from eight different research clearinghouses and organizes into a simple system for users to learn what works and how to measure it. [Check back in here toward the end of July to learn more.](#)

Contact

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<https://gnpn.memberclicks.net/>

Upcoming events

Stay tuned for an upcoming educational series about local and state taxation issues affecting nonprofits, offered in partnership with the [Allegheny County Bar Association](#).

Become a member!

<https://gnpn.memberclicks.net/become-a-member>