Community Development Division

Funding Process Study Update

May 14, 2015

FORWARD
community investments

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Purpose of the Funding Process Study

Two key research studies– the first being the **Race to Equity Report** and the second a study of **Madison's Social Sector** by Joiner Sandbrook LLC--highlighted the changing landscape of poverty and well-being in Madison and Dane County in 2013. In response, the Mayor and Common Council appropriated funds to analyze existing CDD policies and practices and make recommendations for improving them.

This goal of this effort is to develop and implement quality improvement strategies and offer technical assistance and facilitation to City staff, related policy committees and other stakeholders to achieve the following:

1. Develop a clear and focused set of policy goals and objectives for CDD funding that is consistent with expressed City priorities.

2. Create a funding process that directs dollars to organizations and programs best able to help achieve stated objectives, and holds funded agencies accountable to agreed-upon quality and performance standards.

3. Work with CDD leadership and staff to align Division functions with the newly defined goals and objectives and related principles of quality improvement.

4. Develop strategies to improve communication and coordination between the City and other major social sector funders s within Dane County.

5. Explore potential roles the City might play with the nonprofit community in nurturing organizational development and improvement.

The CDD is engaged in work to redesign and improve the way in which it plans for and carries out these activities. Through an open RFP process, CDD has selected Forward Community Investments (FCI) to provide technical assistance.

Introduction

The Funding Process Study is organized into three key phases: discovery, design and implementation. This report is an update on progress since the Community Conversations from the Discovery phase were published in November.

Phase 1: Discovery
(June 2014 – November 2014)

The primary purpose of the first phase of the Funding Process Study was to engage as many voices and perspectives as possible to build understanding around the current situation. These community conversations are being used to inform discussions of what can be done differently or better in the future.

There were 31 separate conversations (focus groups, small group meetings, one-on-one discussions) with stakeholders representing CDD staff, CDD committees, partner City agencies, the Mayor, Common Council, related Dane County agencies, funders, grantees and applicants, faith-based organizations, the University of Wisconsin-- Madison Metropolitan School District, and the Capital Area Regional Planning Commission. Please see the **FCI Conversation Themes Report** to review the full findings.

Four key themes were voiced throughout every conversation:

1. Change is necessary to make enduring impact.

2. The scope of challenges requires a coordinated effort beyond just the Division.

3. CDD can take the first step by defining their desired goals and agenda.

4. There is a broad level of excitement to be involved and support this effort.

The themes have been used to guide the discussion of the goals and priorities for CDD throughout this project and will continue to guide the design and implementation of future funding processes.

Phase 2: Design
(November 2014 – March 2015)

CDD formed a team and work plan to incorporate the feedback, insights and takeaways from the Discovery phase into a strategic framework for reaching these goals. The resulting efforts, described in this report, chart the opportunities, barriers and partnerships that will affect CDD's direction and approach to change.

Phase 3: Implementation
(March 2015 – December 2015)

Ultimately, success will be measured by community change, not just change within CDD. The final phase consists of support and assistance in implementing the plan outlined in the Design phasee in order to bring about that change.

Report Overview

This report is structured in four sections. The first is a series of responses to the themes from the community conversations. The second is a series of recommendations based on input from the community and the efforts of the CDD work team. The third is a draft theory of change to describe how CDD seeks to realize its mission and vision. A theory of change is simply a roadmap showing all the steps toward achieving a long-term goal. The fourth is a summary of funding design approaches and potential outcomes based on likely scenarios.

The purpose of this report is to introduce CDD's new approach (the theory of change) and the recommendations for changes. The next steps are to gather insights, feedback and buy-in from community stakeholders before the work to refine recommendations and implement changes begins.

Throughout this report, "CDD" is used to describe the division as a whole, not just the funding process. When references are being made to certain parts of CDD, we will refer to them specifically.

Part One: Responses to Community Conversation

The "Recommendations from Community Conversations" are the key points of feedback or action identified throughout the **Community Conversations Report**. These takeaways were incorporated into the recommendations, strategic shifts and theory of change for CDD's approach to improvement.

The Recommended Actions for CDD below correspond with the conversation takeaways from the guiding questions. This table is designed to help bridge the messages from the community conversation to the changes recommended in Part Two.

What is your greatest hope for the Madison community?

Respondents suggested that CDD should:

- Focus on addressing inequities
- Engage the disenfranchised
- Increase collaboration across city resources and efforts

Recommendations for CDD action:

- Specify target focus areas and populations within mission and vision
- Consider and evaluate all efforts through an equity-based lens
- Clarify CDD's approach to its work through a theory of change

What is the challenge that the Community Development Division, as a whole, exists to address? In other words, what is the purpose of CDD?

Respondents felt CDD's role is to:

- Build capacity in communities to address challenges

Respondents suggested that CDD become more clear with its intentions:

- Define the primary focus of CDD efforts: Is it the entire community? A specific population?
- Define the approach of CDD efforts: Does CDD fill unmet gaps? Does CDD have a targeted agenda?

CDD can focus capacity building by:

- Expanding efforts to build community engagement

To become more clear, CDD should:

- Specify target focus areas and populations within mission and vision
- Clarify CDD's approach to its work through a theory of change

What has been your experience with CDD?

Respondents suggested that CDD:

- Complete the integration of the various functions and cultures within CDD
- Address the amount of time spent in the funding process

To accomplish those suggestions, CDD should:

- Focus on the human aspects of change; provide support and training for leadership and staff to manage change
- Engage in staff activities focused on capacity development, continuous improvement and learning to support integration; shift roles and responsibilities in funding process design for time spent

What role do you see CDD playing, today, in community development?

Respondents felt the scope of CDD was unclear, recommending that CDD should:

- Define the scope of responsibilities for CDD within the larger political landscape
- Clarify the priorities and values of CDD, particularly related to community participation and democracy as well as impact

To accomplish those suggestions, CDD should:

- Clarify CDD's approach to its work through a theory of change to engage with partners and define its role
- Expand efforts to involve the community in setting priorities, decisionmaking, monitoring and feedback

Describe the partnership between CDD and key partners in community development.

Respondents suggested actions CDD can take to enhance partnerships:

- Establish a set of expectations for staff and committee activity that is reasonable, given broad range of projects and programs
- Ensure the funding process is transparent in recommendations and decisions
- Explore changes to increase connections between the activities of CDD and other City agencies
- Explore opportunities and types of collaboration (activities, resources, geographies, issues) with a purpose of increasing benefits to the community

To accomplish those suggestions, CDD should:

- Engage in staff activities focused on capacity development, continuous improvement and learning to support integration; shift roles and responsibilities in funding process design for time spent
- Expand efforts into building community engagement in priority setting, decision making, monitoring and feedback
- Engage across levels of City agencies (leadership, management, staff) to develop informal relationships; seek early opportunities for sharing and partnership
- Explore collaboration across funders (e.g., city and county) as well as among community providers and stakeholders

Imagine we are three years from now and CDD has been wildly successful.
What would they be doing? What would it look like in the community?

Respondents suggested actions that CDD can apply to be more impactful:

- Increase role as connector to resources and provider of technical assistance
- Increase presence, visibility and relationships in community conversations around high priority issues, needs and opportunities
- Be a leader for change and create conditions for success

To accomplish those suggestions, CDD should:

- Expand CDD presence as an advocate by setting policy agenda and driving attention towards challenges and opportunities
- Take action through pilots of change in high priority issues where CDD has significant influence
- Expand support for collaboration, capacity building and innovation to support community changes

What role do you see CDD playing (in the future) with …

Respondents had suggestions for improved roles across multiple categories.

To grow in to these roles, CDD should:

EVALUATING PROGRAM EFFECTIVENESS AND OUTCOMES

- View agencies and programs in context of the larger community
- Engage community and grantees in goal setting and definition of impact
- Encourage collaboration through incentives and collective goal setting

- Design goals and objectives to incorporate the desired community-level outcomes as well as agency or programmatic strategies (evaluate programs and agencies in context of the system, institutions, and infrastructure they operate within)
- Convene community-wide conversations that bring into focus the needs of the community and the capacity of funders and grantees to address those needs Create and support shared efforts between funders and providers

ENCOURAGING NONPROFIT CAPACITY BUILDING

- Determine the role of CDD, if any, in funding and supporting nonprofit capacity building (e.g., invest within program grants, develop separate funding stream)
- Engage grantees in best practice development and knowledge sharing
- Review contracting procedures to incorporate capacity building goals

- Explore cost-benefit of unique funding stream for capacity building
- Host or fund capacity building events
- Set aside % of grant funds for capacity growth; set goals or standards for capacity growth and program impact

What role do you see CDD playing (in the future) with …

Respondents had suggestions for improved roles across multiple categories.

To grow in to these roles, CDD should:

SUPPORTING COLLABORATION

- Explore different types of collaboration and role of CDD
- Consider establishing fiscal agency, subcontracting or collaborative support models, mentorship program
- Explore connection with other funding agencies to support collaborative efforts

- Support grantee collaboration through collective contracting
- Support grantee exploration of collaborative options for improving efficiency and/or effectiveness
- Support funder collaboration through participation in community agenda-setting

ENCOURAGING INNOVATION

- Balance innovation and stability in evaluating fit
- Formalize risk tolerance and willingness for experimentation
- Clarify anticipated roles of CDD, grantees, and others in exploring and identifying emerging best practices

- Define opportunities for innovation in technical and relational problems
- Encourage grantee learning on relevant topics Establish internal protocols for encouraging and sharing learning

EMERGING OPPORTUNITIES PROGRAM (EOP)

- Define the priorities, goals and pathways to success for EOP grantmaking
- Explore ways to improve and simplify the implementation of the EOP concept

- Adjust grant reporting to fit size of grants; incorporate and prioritize learning goals
- Evaluate opportunities for potential impact and desired end role (e.g., target level of size, scale, & impact)

IMPROVING COMMUNITY EQUITY AND INCLUSIVITY

- Establish means of incorporating equity and inclusivity into decision making process

- Incorporate equity lens into all layers of CDD activity (community, within CDD, grantees, community members); improve community engagement in priority setting, decision making and feedback

Leadership to Address Complex Problems

Problems can be categorized as simple, complicated and complex. Simple problems (not necessarily easy problems), such as building a house, have a clear formula for resolution with a well-understood process. With sufficient resources, it's relatively simple to predict the result. Complicated problems may not have a clearly defined or well-established process currently, but through experimentation and experience, a formula can be discovered that will later lead to predictable results. Cause and effect may not be obvious, but they can be teased out through analysis. Complex problems are constantly shifting and unpredictable.[1]

The challenges facing the City of Madison and CDD span all three categories. The type of leadership needed to overcome these types of problems varies, and therefore demands nuance and creativity. Currently, CDD has a very broad scope. Goals are addressed through individual programs rather than holistically, with a process that is arduous and promotes continuity rather than innovation, capacity building or responsiveness.

Research has shown that funders must shift from traditional funding approaches in order to effectively address complex social problems such as deeply rooted poverty and racial and social inequities.

For the purposes of this study, our recommendations are designed to be dynamic; they respond to the internal and external CDD environment, and position CDD to adjust to future opportunities. This approach prioritizes strategic thinking, rather than just planning This approach is often called "adaptive leadership" or "emergent strategy." A core element of this approach is prioritizing learning as an outcome in itself in order to drive continuous improvement.

As changes are made, new opportunities and challenges will arise. To be effective, CDD must invest in its leadership capacity at every level. This includes investment in staff and leadership training, date collection and management tools, expertise in areas such as program evaluation and community engagement. Expecting change without investments to support achieving it creates an environment where positive outcomes are unlikely. Investing in the capacity of CDD will serve as an investment in the future success of the City of Madison, its grantees and the community as a whole.

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1   The management term "VUCA" (for "Volatile, Uncertain, Complex and Ambiguous"), derived from military vocabulary, is a fitting descriptor of the challenges that arise in seeking to overcome poverty and inequity.

Part Two: Recommendations

The following recommendations describe the broad direction for CDD's future as well as the immediate next steps to move forward. The final phase of this project, Implementation, is designed to support these changes through collaborative efforts of CDD staff, nonprofit providers and community stakeholders. The recommendations are organized into four categories: strategy, funding process, values and implementation. These recommendations have been developed without the critical voices and involvement of community stakeholders, CDD staff and committees. The next steps to advance these recommendations will be developed in partnership with these stakeholders in the Implementation phase.

Strategy

1. ***Clarify Mission and Vision:***
   Sharpen CDD focus on poverty, racial equity and social justice issues by explicitly emphasizing priorities for who is being served, and connecting all work to creating conditionsthat will give all residents and neighborhoods the opportunity to realize their full potential.

   One of the strongest recommendations heard in the Community Conversations was to clearly define CDD's role in the community. In particular, stakeholders expressed a desire for CDD to focus on reducing inequities in Madison. The current scope of CDD efforts is wide-ranging, but available funding is limited. In addition to sharpening the focus of CDD's mission and vision, CDD must direct its work toward the root causes of poverty and inequity. These approach-based changes are elaborated in recommendations 6-9 below (Critical Characteristics and Guiding Values of CDD Activity).

   Organizational strategy is outside the explicit scope of the Funding Process Study, but must be addressed before any real and lasting change can be accomplished. Strategy drives an organization's structure, processes, rewards and people.[2] A substantial amount of time and effort must be dedicated to designing CDD's activity in the context of this desired direction. Historically, CDD's work has been siloed into separate activity areas, e.g. community development, community services, child care, and senior adult services. Integrating these efforts with a shared vision and focus represents a significant departure how CDD currently operates. Recommendation 10, Multiphase Planning, is designed to allow sufficient space for learning, adjustment and integration of this strategy into all that CDD does.

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2   Referencing Jay Galbraith's Star Model framework as an illustration. Nearly all organizational theory models prioritize strategy as the driving factor above all others, because it sets the desired direction and context for all other decisions/factors.

Recommended First Steps for Strategy Recommendation:

- Develop a theory of change to guide CDD's organization, decision making, roles and funding (see Part Three for current draft)
- Present new approaches and theory of change in community conversations as a starting point for ongoing dialogue with stakeholders
- Establish ongoing conversations with staff and committees regarding strategy to advance efforts
- Engage in the **City of Madison Racial Equity and Social Justice Initiative**[3] activities and recommendations

Funding Process Recommendations

2. *Design for equitable involvement and inclusion:*
Identify new pathways for involving individuals and communities that reflect the diversity of Madison (racial, cultural, social, gender) to shape strategies, provide services, allocate resources, evaluate performance and direct change within the City of Madison, CDD, grantees and the community.

Sustaining a healthy and thriving community requires engagement at all levels. Presence in meetings is a form of an engagement, but there is a wide range of opportunities to introduce effective and involved public. These changes can occur within institutions, decision-making bodies, and service providers to better connect the public to the work being done on their behalf. The City of Madison has a rich history of public input in conversations, and CDD can become a leader and role model for engaging public participation.

3. *Establish closer funder partnerships:*
Identify opportunities for collaboration and shared planning between funding entities (other city agencies, county, United Way and private funders)

The challenges facing Madison are too big for any one organization or institution to resolve alone. Despite the best efforts of everyone involved, these challenges will continue to exist, evolve and grow. Real progress has been demonstrated in communities that take a unified and concerted approach to changing systems. Many models of collaboration and partnership have shown demonstrable positive change in outcomes. A connecting thread between them is partnership across sectors, meaning not just within those providing services, but between policymakers, funders, service providers and those receiving services. Partnership and impact move at the speed of trust. CDD can lead by example through collaborations with other funding entities.

3   For greater detail, refer to the Racial Equity & Social Justice (RESJ) **Report & Recommendations**

4. Revise staff and committee roles:

Reconsider citizen committee structure (e.g., consider merging CDBG and CSC, remove Conference Committee) and staff roles (increase focus on roles as partner, evaluator and advocate)

Changes to any part of an organization must take into consideration their impact on other parts. Many of the changes suggested, particularly around the strategy and funding processes, can be more impactful with changes to the roles of CDD staff and committees. These changes should be made with guidance and direction from the staff and committees. The suggested examples above stem from common complaints in the Community Conversations. In particular, the amount of time put into the funding process should be based on what is necessary to make informed decisions. The current process and committee structure is cumbersome, discourages innovation and encourages grantees to circumvent the process when decisions are unfavorable to their agency. It also perpetuates the divided legacy between Community Development and Community Services. This is demoralizing for all parties involved. Creating a transparent and inclusive system is paramount for effective community engagement.

A consistent theme from the Community Conversations was that CDD staff roles could be more effective if they included a different set of responsibilities that emphasize the roles of partner, evaluator and advocate. As above, effective innovation and change are best driven with the guidance of those involved (the CDD staff and committee members, and changes to roles must be made in context of the existing workload and expectations.

5. Apply process improvements:

Increase capacity of CDD by improving work prcesses, e.g., streamlining application, extending contract lengths, staggering reviews, and incorporating data into decision-making)

Staff and committee roles cannot change without shifts in how the funding process is actually designed. The current application process is burdensome on both providers and CDD. The amount of required input (applications and review) greatly outweighs the resulting output (funding amounts). The Improving the timing and flow of contracts is one of the clearest opportunities for CDD to increase its capacity to make an impact.

Process improvement and lean thinking approaches can direct CDD towards changes that increase efficiency and reduce the burden on staff, committees and applicants. Extending contract lengths could help agencies, and in the future, collaboratives, to build capacity. Staggering reviews would allow CDD more time to delve deeper into priority issues. Lastly, all changes to guide decision-making must better incorporate data Using data can support CDD's growth and change as a learning organization[4] capable of intentionally shifting and adapting alongside the community and providers within the City of Madison.

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4   Learning organization is a term given for institution's that facilitate the learning of its members (staff, committees, leaders, and stakeholders) and continuously transform itself. Adaptive leadership, emergent strategy and learning organizations are interconnected parts of effectiveness.

Recommended First Steps for Funding Process Recommendations:

- Create community forums for involvement and dialogue in CDD priority setting.
- Create space for community voice in grantee activity
  (e.g., designing programming, providing feedback).
- Expand conversations with funders to discuss plans and priorities;
  identify opportunities to collaborate with other funders.
- Pilot small-scale, easy-to-implement partnered funding projects.
- Redesign committee structures and policies to reflect integrated vision of CDD;
  develop opportunities for committee roles in community engagement.
- Establish staff-led improvement teams for reviewing and revising staff roles and processes.
- Support CDD staff-led improvement teams to map existing processes, design process shifts
  and test new models for embedding ongoing continuous improvement
- Continuously adjust funding process structure and timelines to support shifts in
  funding model and roles

Critical Characteristics and Guiding Values of CDD Activity

6. *Focus on systems-level change:*
Focus on the systems within the community (geographies, service networks) instead of on individual agencies or programs to better understand impact.

A system is a set of interacting or interdependent components forming an integrated whole. Currently, CDD focuses on individual parts (programs of agencies). Taking a broader focus, e.g. on service networks and geographies, can present a different point of view for finding and acting upon root causes,where large-scale change can be made. Focusing narrowly on programs removes the context of other contributing factors and also expands the administrative burden on CDD.

7. *Foster collaboration:*
Process should address and reward collaboration between providers, stakeholders and the community to establish shared agendas for impact

In order to focus on systems, CDD can begin by supporting collaboration within systems to address the common challenges faced by all. This includes collaboration both within and between different groups of stakeholders--providers, funders and community members.

CDD has the most influence in the design and structure of its contracts. Designing funding opportunities to allow for and encourage collaborationcan support effectively aligning a larger scale of the community with fewer contracts.

Beyond supporting collaboration as a funder, CDD has an opportunity to become a better collaborator itself - with other funders, with grantees and provider agencies, and with the community as a whole. Effective collaboration was commonly recognized as a challenge for all stakeholders in the Community Conversations; CDD can become an active leader in this role.

Capacity Building for the Social Sector[5]

8. Increase effectiveness by building capacity:
Provide opportunities and financial support for organizational capacity building and planning for greater sustainability and impact.

For organizations to make changes, there must be space to learn and grow. The social sector commonly underfunds capacity building, learning and staffing. Social sector experts The TCC Group recently published a **review of capacity building** and its role in improving effectiveness. They argue that more progress can be made as more members of the ecosystem participate in understanding and building collective capacity as both a capacity builder and capacity building recipient. CDD can lead by promoting learning and capacity building as both among and alongside its grantees.

	Capacity Building 1.0	Capacity Building 2.0	Capacity Building 3.0
Who	Individuals	Organizations	Organizations
		Primarily Nonprofits	Groups of Organizations
			Systems
			Movements
What	Knowledge and Skills	Functionality and Effectiveness	Actualization, Relational Contextualization, and Embeddedness
			Funder Capacity
			Network Capacity
			Corporate Capacity
			Coalition Capacity
How	Technical Assistance	Sequenced Interventions	Effective Consumers
		Cohorts	Targeted Capacity Building with Systems
			Engaging Diversity
			Change Management Support
			Inward and Outward Focused
			Assessing Progress

CDD can make early progress by supporting organizations that are large and stable enough to build capacity, but should also be aware of organizations that may lack the pre-requisite capacity in the first place, often because of their size. The Emerging Opportunities Fund was designed, in part, to create a more inclusive funding stream available for smaller agencies. As CDD advances its capacity building efforts, intentionally expanding the reach to support full systems—including smaller agencies within them--will be impactful.

5   Source: Capacity Building 3.0: How to Strengthen the Social Ecosystem; Briefing Paper by Jared Raynor with Chris Cardona, Thomas Knowlton, Richard Mittenthal, and Julie Simpson

9. **Create efficiencies and reduce barriers:**

Explore opportunities for increasing efficiencies within the systems (e.g. cost-sharing measures, strategic integration) and reduce barriers to risk

As CDD moves towards applying a system-based perspective to its activity (including funding), clear opportunities for collaboration will become apparent. Once partnerships, and the trust required to build them, have been established, the possibilities for sharing costs that each organization traditionally may have carried are likely to arise. CDD can help support these organizations by funding their transition to greater efficiency. Ultimately, this can reduce redundant costs that otherwise would require financing from CDD or other funders. As community sharing increases, fixed cost barriers to entry can also be reduced. This allows greater space for inclusion, innovation, and change with less risk (e.g. the incubator hub model). For example, CDD could support, create, or be) an organization that manages fiscal agency, insurance, and operations for innovators and grassroots leaders (a **100State** for the social sector).

Recommended First Steps for Critical Characteristics and Guiding Values of CDD Activity Recommendations:

- Map the system and factors that contribute to desired outcomes with participation from the community (grantees, funders, other stakeholders).
- Shift contracting priorities to reflect community goals
- Promote effective collaboration both as a funder and a participant in community and funder partnerships.
- Support internal and collective capacity building.
- Explore opportunities that reduce burden on CDD and grantees through community conversations to guide ideas and design.
- Implement low-cost, low-risk experiments to discover effective, scalable approaches that improve efficiency and/or reduce burdens.

Implementation and Transition Recommendation

10. *Introduce Multiphase Planning:*
Apply changes in multiple stages that focus on applied learning while minimizing service disruption in the community.

CDD should make its changes in a series of phases for three reasons: to increase learning, to minimize disruption and to build change capacity.

Lean thinking has been popularized in production, health care, management and, increasingly, within the government and social sector. Lean Startup[6] methodologies prioritize the adoption of fast learning cycles based on hypothesis-driven tests, iterative repetition, and "validated learning."[7] Selecting and prioritizing change in discrete areas can build understanding and capacity for change in both CDD and the social sectors. Selecting areas that are primed for change can support learning and lead to greater early successes. As CDD leads change, its own ability to replicate changes in other areas will grow.

Multiphase planning will also minimize disruption as shifts in activity and funding occur. This lower-risk, intentional approach will lead to better outcomes for the individuals and families served by CDD and its grantees.

The most difficult part of strategic change is managing and leading the many factors that contribute to success. CDD does not have a legacy of large-scale change, making this a unique moment for the agency. A significant amount attention must be dedicated to recognizing, understanding, reacting to and supporting the transition from the current state to the desired future. A core tenet of adaptive leadership is to continuously observe, interpret and intervene through reflection and learning. Multiphase planning creates that space for CDD to be successful. Patience and partnership--internally within CDD and within the community of providers, policymakers and other stakeholders--are critical, necessary components for building a process of community development able to reach the desired outcomes.

Recommended First Steps for Implementation and Transition Recommendations
- Introduce early phase projects in 2015 that demonstrate vision and values of CDD.
- Embed space for feedback, learning and continuous improvement into design.
- Establish and communicate timeline for longer-term transition to desired CDD.
- Begin path to greater community involvement in decision-making by creating meaningful opportunities for feedback in 2015.
- Transition to co-developing and mutual ownership of community goals for future funding processes.

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6   Popularized by **Eric Reis's** book, The Lean Startup, to describe how innovators and leaders can rapidly apply learning concepts to improve the value of products and services.

7   Defined as a process of testing ideas with measures to validate the effects. With iteration, can lead to faster learning of what works (and what doesn't).

Part Three: Theory of Change

A common message across the community conversations was confusion over CDD's purpose and goals. The first action step taken following the conversations was to examine and sharpen CDD's explicit focus using a theory of change.

Theory of Change

A theory of change is a means of defining all the building blocks required to bring about a given long-term goal. Its purpose can be to illustrate how, why and where CDD will lead change with clearly stated goals and priorities. As an organizational tool, the theory of change can guide how CDD is structured and how grantee work supports CDD goals. It can also serve as a tool to connect with key stakeholders (e.g. other funders) to understand areas of shared or overlapping interest.

Narrow focus of vision and mission by applying an equity lens

Vision: *All Madison residents and neighborhoods have access to resources and opportunities necessary to help them realize their full potential*

Mission: *The Community Development Division collaborates with residents, neighborhoods and other community stakeholders to overcome barriers to opportunity.*

CDD has clarified its focus by emphasizing impact on poverty, racial equity and social justice. A simple question, "How does this action advance equity in Madison?", can be applied to all policies and decisions (including funding decisions, but just as importantly, internal organization alignment and decisions).

Desired community conditions

In order to operationalize CDD's activity based on this vision, the work team has outlined the desired community conditions CDD will focus on so that Madison residents and neighborhoods are able to realize their full potential (CDD's vision). The contributing factors demonstrate the next layer of necessary changes, the components necessary to reach the desired conditions. These conditions and focal areas were prioritized based on their contribution towards the vision and CDD's ability to influence the factor.

These conditions and factors illustrate the scope of CDD; they do not seek to reflect ALL factors related to poverty—just those CDD has the ability to affect. There are many other factors critical to achieving CDD's vision, such as health care and transportation, but they are largely outside the scope of CDD's activity. These factors are tightly interconnected; improving any single factor may not result in positive outcomes without also addressing the others. This reality was an important driver for seeking to address challenges more holistically.

Theory of Change
as of May 14, 2015

CDD Vision	*All Madison residents and neighborhoods have access to resources and opportunities necessary to help them realize their full potential*
Lens	What is the impact on Poverty, Racial Equity, and Social Justice?
Desired Community Conditions	Stable households, healthy neighborhoods, supportive communities Positive human development and educational attainment
CDD focal areas that support desired community conditions	Housing Employment and economic empowerment Crisis support Individual & family well-being Early childhood education Out of school time programming Diverse options that fit individuals of all ages
CDD roles	Effectively steward city resources by serving as a funder, partner, evaluator, and advocate
CDD focus constituents	Low-income residents and families; vulnerable populations; broader community and neighborhoods
CDD Mission	The Community Development Division collaborates with residents, neighborhoods, and other community stakeholders to help overcome barriers to opportunity.

Part Four: Rationale for Funding Design Approaches in 2015

The 2015 Funding Process will be used to (1) set new expectations and (2) introduce the first phases of new approaches while still giving (3) consideration to existing contracts and opportunities for new or expanded efforts.

Setting New Expectations

In line with the new strategy and theory of change, CDD will immediately begin to incorporate efforts to better understand impact on poverty, racial equity and social justice. Externally, this begins with new questions being incorporated into all processes. Other key change areas, including questions/ expectations regarding collaboration, community engagement, and measurable impact, will also be introduced into applications.

Introducing New Approaches

CDD has identified several focus areas to apply new models based on the following criteria:

1. Significant changes in landscape (e.g., changes in service systems, roles, or funding shifts)

2. Opportunity to implement changes on a small scale to evaluate for effectiveness, gather insights and learning, and ability to replicate in other areas

3. Motivation and capacity of potential providers and stakeholders

4. Opportunity for close partnership with other funders

5. High likelihood of success

These focus areas are designed to serve as transitions to the new ways CDD seeks to operate. Ideas for focus areas were developed and evaluated based on key levers of change available for CDD to influence.[8] These levers derive from the takeaways of the Community Conversations and Recommendations described above. Scenarios were developed by combining multiple levers to identify areas of high potential for impact and evaluated in context of the existing conditions and assets in the community. The focus areas seek to incorporate as many of the desired changes as possible (e.g., collaboration, impact, efficiency) while keeping the scope specific and concrete enough to have a clear path to success.

Consideration to Existing Contracts and New Opportunities

Contracts that would normally be reviewed through this Funding Process, but are not participating in the focus areas, will be reviewed using an expedited process that confirms an intent and capacity to continue. A short series of questions will be required regarding understanding the new expectations of CDD and creating a constructive dialogue between CDD and grantees to inform how they can better work together. There will also be an opportunity to request additional funding for new or expanded contracts based on major shifts or changes.

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8   Sample levers included: geography/population focus, collaboration (agencies), collaboration (funders), funding scale, innovation, evaluative focus, and community engagement

Next Steps:
Where do we go from here?

The first step is to gather feedback and affirm the direction described in the theory of change through a series of community conversations. Ongoing conversations focusing on the other recommendations will inform and shape how CDD will take action. The Funding Processes of 2015 are the most immediate, highly visible areas where change will be experienced. The final phase of this project is an intentional space for support and assistance with the implementation of changes. Particular focus areas will be the capacity building support within CDD (leadership, staff and committees) for change management and process improvement, organizational development within the nonprofit/provider sector (e.g., learning activities), and collaboration between funders.

Change is a constant and evolving force. It would be remiss to expect the conclusion of this project to signify the end of changes for CDD. A major goal of the recommendations is to support CDD's efforts to change more effectively and proactively to better reach its vision. That success is contingent upon the changes made in the community, which requires far more activity and involvement than CDD alone. As such, this process is designed to be participatory, and opportunities for feedback on the design will be communicated through multiple channels, including through the **CDD website**. Please contact Project Manager Ben Williams, **benw@forwardci.org**, and Laura Noel, **lnoel@cityofmadison.com**, with questions and comments.

Community development is both a product and a process that includes problem solving, community building, and systems interaction.

Community development efforts build "the capacity of people to work collectively in addressing their common interests." [9]

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9   Maser, C. 1997. Sustainable Community Development: Principles and Concepts. St. Lucie Press, Delray Beach, Florida