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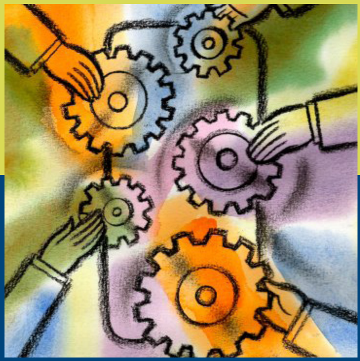

ADMINISTRATIVE MANAGEMENT CAPACITY IN OUT-OF-SCHOOL TIME ORGANIZATIONS: An Exploratory Study

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FMA Fiscal Management Associates, LLC
Professional Services to Not-for-Profit Organizations

About The Authors

This report was primarily authored by John Summers and Lana Price. Additional FMA staff members involved in the design, fieldwork, analysis, and drafting of the study were Managing Director Hilda Polanco, Director Andrea Mills, Managers Jennifer Campayne, Stu Cohen, Russ Pomeranz, and Willie Vega, Senior Consultants Barbara Gerson, Dipty Jain, Wendy Pomeroy and Sue Southgate, Associate Consultant Sarah Walker, and Interns Cathryn Lumpp, Molly Merriman, and Dominique West.

About Fiscal Management Associates, LLC

Since our founding in 1999, FMA's mission has been to empower not-for-profit organizations with the knowledge and skills they need to successfully serve their constituents and fulfill their missions. FMA provides consulting services and training programs designed to build the fiscal and other administrative management capacities of not-for-profit organizations. FMA has served more than 300 not-for-profits throughout and beyond the New York metropolitan area, empowering them to effectively manage their resources and position themselves for stable, long-term growth.

For more information on FMA and their services, visit their website at www.fmaonline.net.

About The Wallace Foundation

The Wallace Foundation seeks to support and share effective ideas and practices that expand learning and enrichment opportunities for all people. Its three current objectives are:

- Strengthen education leadership to improve student achievement
- Improve after-school learning opportunities
- Build appreciation and demand for the arts.

For more information and research on these and other related topics, please visit our Knowledge Center at www.wallacefoundation.org.

To fulfill its mission, The Wallace Foundation often commissions research and supports the creation of various publications. In all cases, the findings and recommendations of individual reports are solely those of their authors.

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Finally, while their contributions must remain anonymous, we truly thank all of the after-school organization personnel who so generously shared their time and observations with us. We hope that this report contributes to a strengthening of the field in a way that benefits those and all organizations providing these vitally important programs.

Any errors of fact or analysis in this study are the sole responsibility of the authors.

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Executive Summary

Recent studies have indicated the importance of out-of-school time (OST) programs in providing development opportunities and enhancing quality of life not just for program participants but for their families and communities.[1]

Research and investments meant to understand and strengthen OST-providing organizations have generally focused directly on the programs and services these organizations offer, with less attention directed to the administrative *management* capacity of OST providers. While ensuring the quality of OST programming is no doubt of paramount concern, strong and proactive management practices enable agencies providing effective programs to enhance their effectiveness, expand their scope, and better serve greater numbers of young people.

To begin to address this under-explored subject, The Wallace Foundation commissioned Fiscal Management Associates (FMA) to conduct a study into the management capacity and needs of organizations providing OST services.

Our report outlines the results of a study of 16 organizations identified as providers of high-quality OST programming in New York City and Chicago, in which we have attempted to identify common concerns and challenges in these organizations' capacity to manage themselves as the small to large businesses that they effectively are.

This study seeks to identify needs in the management capacity of OST-providing nonprofit organizations, including investigation of certain key operational areas: financial and human resources management, information technology, and (to a lesser extent) facilities management.

Our central research question, therefore, is a broad and open-ended one: What are the most critical management capacity needs being faced by organizations providing OST programs? And, by implication: Which investments in capacity-building could provide the greatest impact in enhancing organizations' abilities to manage, and ultimately even expand or replicate, their OST programs?

The study found that many organizations lack the financial resources to invest significantly in administrative staff, facilities needs, IT infrastructure and support, and transformational purchases such as improved space.

It should be noted that the study does not support the notion of OST-providing organizations on the *brink of collapse* from feeble administrative infrastructures. In fact we found that organizations can basically "muddle through" on thin margins and limited resources, although frequently being forced to operate in a crisis management mode. But there are prices to be paid for this type of operation.

We found that program staff are required to do more "administration" to make up the gaps in administrative infrastructure and support. A strong example of how this plays out is the high number of Program Managers who are responsible for recruiting and selection processes (and in some cases even site maintenance and cleaning). This diverts time from activities more directly focused on ensuring the quality of the programs themselves.

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[1] See, e.g., "Building and Sustaining After-School Programs: Successful Practices in School Board Leadership." National School Boards Association, 2005. Susan J. Bodilly, Megan K. Beckett, *Making Out-of-School Time Matter: Evidence for an Action Agenda*. RAND, 2005.

Finally, we concluded that the larger impact from working within this under-resourced administrative management environment is the limits it places on organizations' leaders' ability to be forward-looking and truly strategic.

Our **key findings** are below, broken out by areas of focus (Financial Management, Human Resources, Information Technology and Facilities).

Financial Management

- **Government contract compliance is a formidable challenge and requires significant time and effort to manage.** The intense focus required to maintain the volume of contract reporting obligations combined with low administrative reimbursement rates inhibits organizations' financial decision-makers from having the time to plan and act more strategically.
- **Many organizations are operating on a thin margin of cash and their ability to manage cash is critical.** For reasons including delays in the timing of contract payments, some organizations must closely and continually monitor their cash position in order to ensure their ability to meet their payroll obligations and make necessary purchases.
- **Not enough attention is being given to program-based budgeting and monitoring.** Several of the organizations in our sample develop their overall budgets as an aggregation of *contracts* rather than a collection of *programs and services*. As a result, it is difficult for them to fully understand and act on the true costs of providing program services. This has the potential to impact ability to recoup costs on reimbursement-based contracts as well as limiting strategic capacity concerning the financial impact of program decisions.
- **Accounting software is not itself a concern, but data indicates that some systems are not being utilized to their full capacity.** In general, the organizations in our sample are equipped with adequate accounting software systems, but limitations in the budgeting process discussed above also limit the usefulness of financial reports produced regardless of the adequacy of the tools used to produce them.
- **Many organizations are experiencing a shortage of skilled finance department staff.** Several organizations in the study expressed concerns over a chronic shortage of finance staff. Many point directly to funding issues and resource constraints on the ability to hire adequate numbers of skilled finance staff. Given that not-for-profit accounting is a specialized skill set that is not even widely distributed throughout the accounting profession nor a primary focus of most academic preparation for accountants, these staffing challenges are unsurprising.
- **Boards are structured to perform appropriate financial oversight of their organizations.** While we found that most organizations' boards are set up to provide appropriate governance and to exercise their fiduciary responsibilities, we recommend further investigation and possible investment into the board role in proactive and strategic planning, particularly given organizations' own challenges in reaching this level of financial management.

Human Resources

- **There is often insufficient HR support due to lack of staff and staff working *out of area* performing HR responsibilities.** Many organizations cite lack of staff support as their critical challenge in effective HR management. Often, staff members from other administrative and even program areas are performing human resource tasks, which causes concern both because of their lack of training and specialization in this area as well as the diversion from their own administrative or program responsibilities.
- **There is a lack of effective systems and processes for HR data management in many organizations.** Many of the organizations in our study maintain manual systems of human resource record keeping, both decreasing efficiency in processing HR records as well as limiting the capacity for monitoring employment data for more strategic purposes.
- **Most organizations have developed orientation and "talent management" programs.** Most of the organizations in our sample have systems and programs in place to ease the entry process for new employees and to set and monitor goals for staff. In general, this appears to be an area of solid commitment and capacity for most of the OST-providing organizations in our sample.
- **Organization leaders express concern regarding the competitiveness of compensation levels.** While most are monitoring their salary structure and its relation to the broader labor market, and some have taken steps to mitigate internal salary inequities, many OST-providing organizations feel that resource constraints cause their own organizations' salary levels to remain uncompetitive.

Information Technology

- **Organizations appear to have adequate capacity to provide for basic organizational IT needs, including access.** With a few exceptions, the organizations evaluated do provide staff with access to necessary software systems and maintain a level of IT centralization. Data indicate that the IT staff and consultants working for these organizations are largely successful in minimizing network downtime.
- **Many organizations cite a lack of resources for IT infrastructure and training needs.** Many of the organizations in our sample feel that they are not able to invest adequate resources to meet technology needs beyond a level of basic functionality. When asked to describe their most significant challenges in the IT area, staff of six of the organizations in our sample also mentioned the issue of training in IT.
- **Research reflects a lack of sufficient strategic and long-term planning around the IT function.** Data from our sample indicates that some organizations may not be devoting enough resources to proactive *planning* around the IT function, in terms of planning for equipment and software updates as well as the overall strategic role of information technology in the organization's program and administrative infrastructure.
- **Many organizations are limited in using IT to streamline internal data collection and external reporting processes.** Data indicate that the majority of organizations are not employing a fully centralized client tracking database, which could increase efficiencies

in required program reporting as well as providing information about the organization's program services that could be used for strategic management purposes.

Facilities

- **Space limitations are a challenge.** Representatives of seven organizations indicate that the space shortages are a concern for the programs currently operating, indicating the possibility of a *physical* limitation to further program development or expansion.
- **Providing adequate maintenance, including ensuring the security, safety, and cleanliness of program facilities, is a challenge.** Data indicate that each of the 16 organizations in our sample operates after-school programs in multiple locations. Especially for those organizations that operate programs in rented or donated space, lack of control over the maintenance of the facilities, adequate security and cleanliness are significant concerns.

The interaction and interdependence between administrative and program functions often defines organizational mission success, and our study leads us to conclude that improved administrative capacity is an important step in enhancing and expanding quality OST programs.

I. Introduction

Recent studies have indicated the importance of out-of-school time (OST) programs in providing development opportunities and enhancing quality of life, not just for program participants but for their families and communities.[2] Yet in an environment of increasing competition for private donations, tightly managed government investments, and the ever-present need for their services, providers of after-school programs, like other organizations throughout the nonprofit sector, are increasingly challenged to "do more with less."

Research and investments meant to understand and strengthen OST-providing organizations have generally focused directly on the programs and services these organizations offer, with rather less attention directed to the administrative *management* capacity of OST providers. But given the limited resources and high needs encountered by many programs in the after-school sector, effective "business management" practices are also a critical component of providing good OST programming that reaches the maximum number of young people. While ensuring the quality of OST programming is no doubt of paramount concern, strong and proactive management practices can enable those agencies providing effective programs to enhance their effectiveness, expand their scope, and better serve even more young people.

To begin to address this under-explored subject, The Wallace Foundation commissioned Fiscal Management Associates (FMA) to conduct a study into the management capacity and needs of organizations providing OST services. Our report is the result of a study of 16 organizations identified as providers of high-quality OST programming in New York City and Chicago, in which we attempt to identify common concerns and challenges in these organizations' capacity to manage themselves as the small to large businesses that they effectively are.

Background and Purpose of this Study

This study seeks to identify needs in the management capacity of OST-providing nonprofit organizations, including investigation of certain key operational areas: financial and human resources management, information technology, and (to a lesser extent) facilities management.

The rationale for this project grows out of a study commissioned by The Wallace Foundation and conducted by Public/Private Ventures and The Finance Project.[3] That study sought to assess and document the "unit cost," or the cost of serving one student every day that the program is open, of a sample of high-performing after-school programs in six cities (hereafter the "Cost Study").

The Cost Study research team collected their data by asking personnel at the participating organizations to complete a financial questionnaire that the research team would analyze to generate unit-cost estimates. Over the course of the project, the researchers encountered an unexpected amount of difficulty in collecting the data necessary to conduct their analysis. In many cases, numerous follow-up calls and extensive time and effort on the part of the

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2 See, e.g., "Building and Sustaining After-School Programs: Successful Practices in School Board Leadership." National School Boards Association, 2005. Susan J. Bodilly, Megan K. Beckett, Making Out-of-School Time Matter: Evidence for an Action Agenda. RAND, 2005.
3 Jean Grossman, Christianne Lind, Cheryl Hayes, Jennifer McMaken, and Andrew Gersick, "Cost of Quality Out-of-School-Time Programs." In draft.

researchers were required to complete these basic data collection efforts. As the researchers explained:

> *[T]he data systems, accounting systems and fiscal management capacity of programs in the study varied greatly. Some had the capacity to provide clear and comprehensive information on their income and expenditures, as well as the receipt and valuation of in-kind contributions. Others did not have systems that track financial information in this detail…. It is worth noting that the size of the study sample was significantly reduced because so many programs lacked the capacity to provide the information our study team was seeking.*[4]

The Cost Study questionnaire asked for financial information that any business could reasonably be expected to collect and monitor as a normal course of managing its operations; indeed, the unit-cost of services provided could be considered the most critical financial planning metric for a nonprofit organization. However, even information at this basic level appeared to require extensive time and effort of the organizations to generate and compile. From this experience, the Cost Study researchers and The Wallace Foundation gained insight into some of the challenges many after-school providing nonprofit organizations face in carrying out basic management functions. That the organizations in question were part of a group of agencies pre-screened as providers of "high-performing" OST programs made the observed shortcomings in management capacity all the more striking.

As a result of this experience, senior members of The Wallace Foundation's staff began to develop an agenda to assess, with the goal of ultimately strengthening, the overall organizational health and management infrastructure of OST-providing nonprofits. In order to ensure that The Wallace Foundation's proposed "field strengthening" agenda would be in position to address those issues most relevant and critical to the organizational health of OST-providing nonprofits, FMA was charged with conducting an assessment of a sample of such organizations' financial and other operating systems. Given that the Cost Study experience made at least a *prima facie* case that these organizations are challenged in managing the financial aspects of their operations (and quite probably other operational areas as well), we were asked to explore in more detail the question of *why* organizations face challenges in these areas, and how those challenges might be addressed.

Research Questions

The nature of this project is "exploratory" rather than "confirmatory"; in other words, while our research team has experience-based insights regarding the proper functioning of management systems which have guided our project design, no hypotheses are being formally "tested." Rather, our aim is one of fact finding and interpretation, with the goal of developing a data-driven basis for an agenda to build the management capacity of after-school providers.

Our central research question, therefore, is a broad and open-ended one: What are the most critical management capacity needs being faced by organizations providing OST programs? And, by implication: Which investments in capacity-building could provide the greatest impact

[4] Ibid., p. 11.

in enhancing organizations' abilities to manage, and ultimately even expand or replicate, their OST programs?

Methodology

FMA made every effort to develop and implement a sound research methodology that was appropriate for the "exploratory" nature of the research questions at hand.

Sample Selection

Given the aggressive time frame for the execution of this study, as well as the study's "genealogy" in observations made during the Cost Study (see above), The Wallace Foundation requested that organizations sampled for this study represent a sub-set of those organizations that passed the "quality screener" used for the Cost Study. As that study notes, "The sample of programs included in the study does *not* represent the universe of OST programs across the country, nor is it intended to represent an average OST program. Our goal was to clarify the costs of *quality OST programs.*"[5] As such, the Cost Study researchers devised a "quality screener" to identify high-performing OST programs across the six cities included in the study. (For further details of that study's case selection strategy, see the discussion on pages 9 and 10 of the study.)

Our sample, therefore, derives from the set of OST programs which passed the "quality screener" used in the Cost Study. One necessary modification of our case selection procedures from those applied by the Cost Study researchers derives from the fact that the current study, by necessity of its focus on management/operational systems and capacity, considers OST-providers at the *organization* level rather than at the *program* level. Management systems for finance, human resources, information technology, and facilities are typically centralized and organization-wide systems, and not something that can be properly investigated at the level of a single program within an organization (although we did explore the interaction of these systems with personnel at the program level). Therefore, we consider an organization to have "qualified" for participation if it had one or more programs that passed the quality screener used for the Cost Study.

Further parameters set for the sample by The Wallace Foundation included the restriction of the study to organizations providing after-school programs in two cities, New York City and Chicago; the exclusion of any organizations not funded by The Wallace Foundation's city-level OST grantees (the Department of Youth and Community Development in New York and the Department of Children and Youth Services and the After School Matters organization in Chicago); and the priority for organizations serving a larger number of students over those serving fewer.

Applying the selection procedures described above left us with a population of 10 organizations in Chicago and 16 in New York City. Given the time and resource constraints for the execution of this study, it was determined to cap the total number of participating organizations at 16: eight organizations each in New York City and Chicago. To further ensure that our study included input from the range of types of organizations providing after-school programs, it was determined to "split" each city's sample into two categories: multi-site, multi-service agencies

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[5] Ibid., p. 9.

whose programming includes OST within a mix of other types of programs, and community-based organizations either wholly or primarily focused on providing after-school and other school-age-youth oriented programming. We sought to engage five organizations in each city in the multi-service category and three per city in the category of OST-oriented community-based organizations. While this was intended to ensure adequate representation of different types of OST-providers rather than to examine cross-group comparisons (impossible given the small sample sizes), we will note in the study specific instances where distinctions between the two groups could be significant.

In each city, we attempted to prioritize our sample based on the number of youth being served by an organization's after-school programs. This was accomplished by reviewing the Cost Study screener database as well as by researching organizations' websites and public documents (such as the IRS Form 990). In New York City, a further proxy for number of youth served was a database of grant amounts by organization provided to FMA by the city's Department of Youth and Community Development (DYCD). Once our target organizations in each city and category were established and ranked, we contacted the executive directors of each organization to describe our project and secure a commitment to participation.

All organizations were assured that not only their responses but also the fact of their participation in the study would remain anonymous to The Wallace Foundation and throughout this report. Participants were promised a copy of the final report as well as an individualized snapshot of their organization's responses and results in the context of the full sample.

Our outreach efforts were remarkably successful, with the first eight organizations we contacted in Chicago and eight of the first nine in New York City agreeing to participate. We believe that this is a strong indication of OST providers' own concerns regarding management infrastructure and their desire to articulate their needs to the sector's stakeholders.

Data Collection Strategy

A team of management consultants from FMA with expertise in various nonprofit operational areas devised a structured interview tool covering a range of topics within the four areas of management capacity under investigation: financial management, human resource management, information technology management, and facilities management (see Appendix A). Our interview tool included a variety of closed-ended questions used to gauge the adequacy and efficiency of organizations' management tools, processes, and systems. We also used numerous open-ended questions allowing sources to self-identify and prioritize what they themselves saw as their critical management capacities and challenges.

Data collection occurred in a one-day site visit to each participating organization, during which a series of structured one-on-one interviews took place between a team of two FMA consultants and the organization staff member with responsibility over the relevant operational area, as well as interviews with the organization's Executive Director or other appropriate senior management representative, and a representative OST program manager selected by the organization. To gain further insight into program activities and facilities conditions, all but one site visit also included a tour of a representative OST program site selected by the organization (generally a site overseen by the program manager interviewed). We also collected a sample of documents from each organization which we felt would offer further insight into the financial health and management infrastructure of the organizations (see Appendix B).

To maximize the internal validity of the data collected, two FMA consultants participated in each organization's visit and interviews, established consensus on the results, and entered the data into a central database.

Research Challenges and Limitations

The primary challenges associated with this project are related to the tight and aggressive time frame of the assignment. FMA was officially engaged to conduct this study in late December 2007, with an assigned date of delivery of a final report to The Wallace Foundation on February 29, 2008. Collecting and analyzing data from 16 organizations via on-site interviews in two cities within a two-month window is no small task. To take only the most obvious resulting challenge, the time frame left us unable to pilot our data collection protocol with one or more trial organizations and to revise our approach based on that testing. Consequently, our data in some areas is less complete than we would have liked, and some of our conclusions require a certain amount of conjecture based on our own understanding and experience. The results and conclusions of this study should be considered by no means definitive or indisputable.

A second challenge comes from the fact that our data collection efforts in most cases relied on our sources' self-reporting during in-person interviews. While some of our inquiries could be corroborated by materials provided by the organizations as well as publicly available documents, the full capacities and limitations of an organization's management infrastructure are of course impossible to verify over the course of a one-day site visit. Thus the accuracy of our data may in some cases be constrained by the limited knowledge and recollections of our informants. Furthermore, while we assured each of our sources that our aims were purely informational and that full candor was essential, we suspect that in some cases (particularly in response to the "closed-ended" questions in our protocol) participants may have overstated the performance of their management systems and processes in an effort to avoid shame or blame.[6] This suggests that, if anything, some of our evidence regarding the capacity needs of OST providers could be *understated*.

We should also note again that the participants in this study should not be considered a representative sample of *all* OST-providing organizations. Our sample size is much too small to allow for confidence as to its broader applicability. Moreover, as our case selection derived from the sample of organizations that passed the quality screener used for the Cost Study (see the discussion of sample selection above), any sampling limitations or errors of that study would also affect the current study.

Given the challenges and small sample size of our study, we should consider our results and conclusions to be *suggestive* of challenges being faced in the administrative management of OST-providing organizations. Confirmation of any of these conclusions or their applicability throughout the OST-providing sector more broadly would require additional research.

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[6] Responses to the more open-ended, qualitative inquiries in our interview (e.g. "What are your organization's biggest challenges in [relevant management area]?") in most cases tended to yield much more candid responses.

Despite these challenges and limitations, we collected a wealth of interesting and insightful data directly from those who manage OST-providing organizations on a daily basis. We heard and saw firsthand the strengths of these organizations' programs and systems, as well as areas in which they are coping or struggling. We believe that this study is an important first step in understanding and addressing the management needs of OST-providing organizations.

II. Programs in the Study

Organization Demographics

Eight OST-providing nonprofit organizations in New York City and eight such organizations in Chicago were considered in this study. The 16 organizations vary in size, structure, and mission; however, regardless of the differences in terminology or operational focus, all of the organizations have been identified as providers of enriching activities and exemplary learning opportunities for youth. The 16 organizations represented in our study include six stand-alone community-based providers of services primarily dedicated to school-age youth (three such organizations in each city) and 10 larger multi-service, multi-site nonprofit organizations that provide programs for an array of constituents, including youth. Our sample was segmented in this fashion to ensure adequate representation of both of these major "categories" of nonprofit organizations providing after-school services, on the assumption that management capacity needs could be substantially different between the two types of agencies.

Stand-Alone After-School Organizations

The six smaller stand-alone organizations in our study provide programming exclusively oriented toward school-age youth, with the provision of after-school programs being a major component of each organization's mission. These organizations are dedicated to providing quality programs to educate and support the young people in the community or neighborhood in which the organization is based. These providers vary in size, with annual budgets ranging from $0.6 to $5.3 million, with a median of $2.2 million. Each of these organizations provides programming to at least 100 young people annually, with several serving many hundred at various programming sites. The organizations have been in operation for a median of 15 years, with the newest organization 6 years old and the oldest more than 70 years old. Total number of personnel of these agencies ranges from eight to 120 employees, with a median of 33 staff.

Multi-Service Agencies

From providing college preparatory counseling and homeless prevention programs to offering a gathering place for senior citizens and other social groups, the multi-service organizations in our study work to foster community development and support a broad range of individuals and groups. After-school programming is one among many services offered by these agencies, and these programs tend to be housed in multiple sites (including public schools) throughout their home community and, often, throughout the city as a whole. In general, because of the multiple OST programs the organizations run, these agencies tend to serve more total youth than do those in the category above.

The providers in our sample range in budget size from $3.6 to over $50 million, with an average and median of $23.5 and $9.8 million, respectively. Each of these organizations provides OST programming to at least 200 young people annually, with the largest organizations serving up to 6,000 at various program sites. These organizations have been in operation for a median of 51 years, ranging from a minimum of 17 years in operation to a maximum of over 100. Total number of personnel of these organizations ranges from 62 to more than 2,000 employees, with a median of 260 staff.

Program Characteristics

While the community-based and multi-service agencies all serve young people, the organizations vary with regard to their mission and the primary goals of their after-school programs. A number of organizations are committed to the development of literacy and the improvement of attitudes towards reading among youth. Others are focused on providing young people with opportunities to work in teams, participate in collaborative problem solving, or enhance their social and leadership skills. Types of programs provided by the organizations in our sample include academic enrichment programs (providing after-school tutoring and homework help), teamwork-oriented sports programs, programs focusing on the creative arts including media production, and programs fostering community involvement and civic education among youth.

The organizations in our sample operate programs in school-provided classrooms and common spaces, the organizations' own headquarters or other site locations, and public parks and athletic fields and courts. Regardless of the differences in each organization's programmatic framework, all of the agencies are committed to creating a safe place where young people are comfortable, supported, and encouraged to be leaders in their community.

While we were not tasked with making an assessment or evaluation of these organizations' OST *programming*, our researchers' impressions based on our site visits, observations of program activities, and discussions with program and management staff, confirmed the characterization of these organizations as providers of high-quality OST services, with staff who were highly committed to the missions of the organizations.

Financial Characteristics

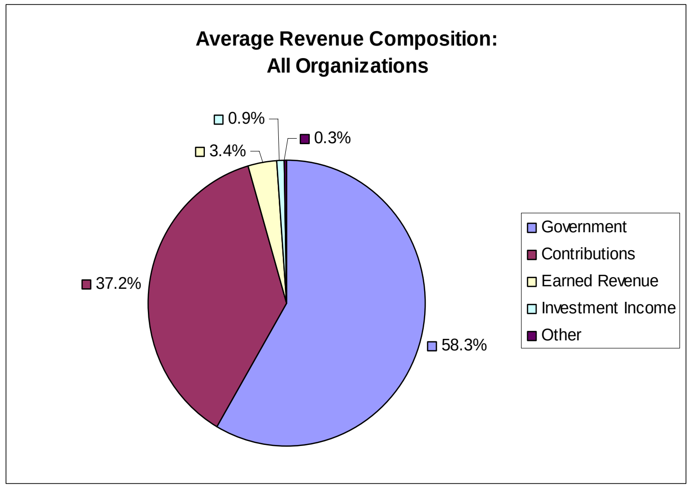
In order to ascertain the financial composition of the organizations in our study, we performed detailed analyses of their most recent audited financial statements and Forms 990. Specifically, we examined the revenue, expense, and net asset composition of each organization as of the last fiscal year in order to better understand the financial environment in which each organization is operating. These trends help to contextualize the responses of the sources we interviewed in our fieldwork, particularly in regards to the organizations' financial systems and ongoing liquidity challenges.

Revenue Composition

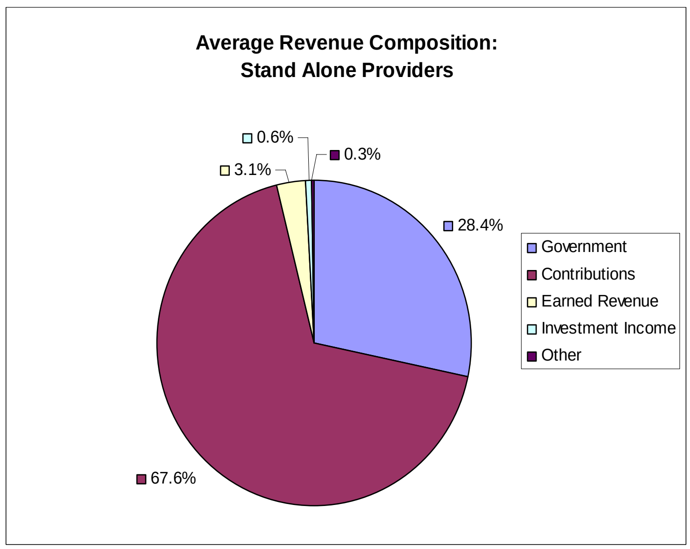
The most recently reported total revenue for the sixteen organizations under analysis ranges from $0.68 to over $80 million, with an average of $15.2 million and a median of $6.1 million. This revenue is comprised primarily of government grants and contracts, and contributions from foundations and individuals.

As is the case with many social-service providing nonprofits, nine out of the sixteen organizations earn more than half of their revenue from government grants and contracts. Over all, 72.4% of the total revenue of the organizations in our study comes in the form of government funding.

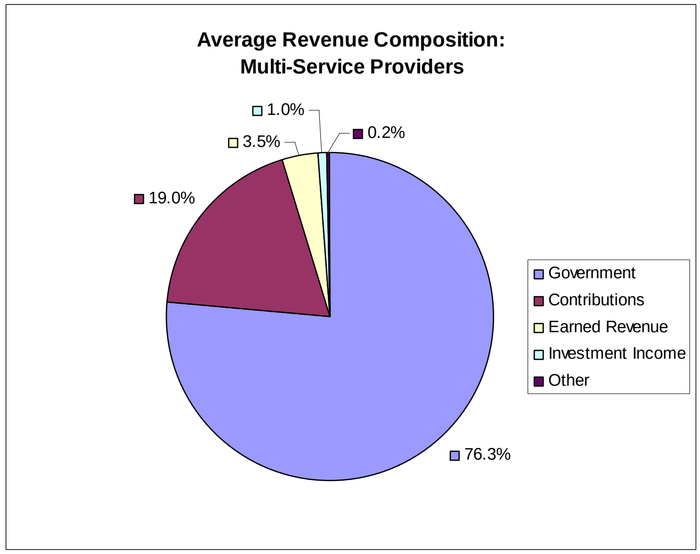
Government grant revenues make up approximately 58.3% of the organizations' revenue streams, with direct contributions being the next most significant source of revenue at 37.2%. Earned revenue, consisting of fees for services, constitutes an average of 3.4% of revenue for the organizations (note: here and in other data, any earned income that was from government sources was reclassified into government grant revenues). Investment income and other sources of income is approximately 1% of these organizations' average income.



The most recent revenue reported for the OST stand-alone providers consisted, on average, of a greater proportion of foundation and individual contributions as compared to the multi-service agencies. Sixty-eight percent of the revenue for the stand-alone providers, on average, is attributable to contributions. Government contracts constituted an average of 28.4% of total income for these organizations. Earned revenue makes up 3.1% of their total revenue. Investment and other income sources make up less than 1% of total revenues.



In contrast to the smaller stand-alone providers, government contracts make up the vast majority of revenue earned by the multi-service organizations in our sample. During the most recent fiscal year, these providers earned on average 76.3% of their revenue from government grants and contracts. Contributions constituted an average of 19% and earned revenue 3.5% of total revenue. Investment and other income sources also represented a minor share of these multi-service organizations' earnings.



The prevalence of government funding as a key source of revenue, particularly among the larger multi-service organizations in our study, has strong implications for the management capacity of these organizations, especially in the area of financial management. Due to concerns over accountability and effectiveness in the expenditure of public monies, government funding necessarily comes with more "strings" than do donations from the general public or even foundation grants. Government grants and contracts often require quite extensive reporting back to the funding agency on the specific use of the funds under contract, requiring sophisticated mechanisms for tracing the linkages between expenditures and the funding source. Consequences for mistaken or late reporting can include delayed reimbursements, difficulties in securing additional renewals or additional contracts, and, in extreme cases, even loss of the funding contract itself. For these reasons, the presence and extent of government funding is often one of the key factors influencing the capacity of an organization's management infrastructure.

Expense Composition

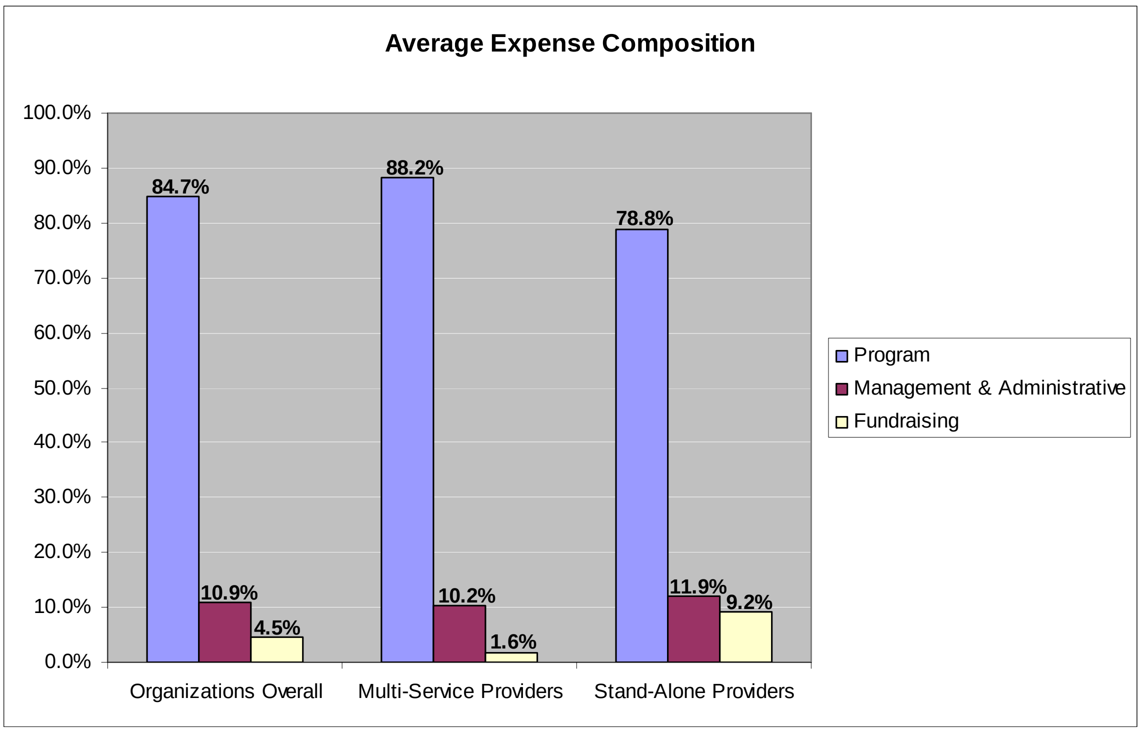
Funders and "watchdog" groups such as Charity Navigator and the Better Business Bureau have developed guidelines for the distribution of a nonprofit's resources among the three "functional expense" categories of program expenses, management and administration expenses, and fundraising expenses. According to Charity Navigator, nonprofit organizations should have no less than 75% of their total expenses dedicated to programmatic operations, with no more than 25% dedicated to management and administration expenses and fundraising.[7] The Better Business Bureau advises that at least 65% of expenses be attributable to program service. These guidelines should very much be considered rules of thumb and the actual experience of nonprofits can vary widely due to a great many factors; in fact, the "watchdog" groups themselves have come under a great deal of criticism for their supposed

[7] "Top 10 Best Practices of Savvy Donors," Charity Navigator. http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=419

adherence to a de-contextualized formula that attempts to subject all nonprofits to a set of "one size fits all" guidelines.[8]

Notwithstanding these often valid criticisms, we make mention of these guidelines as a way of understanding the data that follows. While the guidelines are typically used as a way of holding nonprofits accountable for dedicating an adequate amount of resources to their programmatic activities, we (with our focus on organizations' management infrastructure) will use the guidelines as a way of investigating the adequacy of organizations' funding for management and administration expenses.

The following table displays the average expense composition for: 1) the organizations overall; 2) multi-service providers; and 3) stand-alone OST providers. The average percentage of program expenses among multi-service providers, 88.2%, is greater than the average percentage of expenses spent on programs by stand-alone service providers, which totals 78.8%.



The organizations as a whole invest an average of only 10.9 and 4.5% in management and administration and fundraising expenses, respectively, far less than the benchmark of 25 to 35% that they are "allowed" under the guidelines set by many funders and watchdog groups. Among the sixteen organizations, M&G spending ranges from 2 to 21.4% of total expenses, with only two organizations in our sample spending at least 20% on management and administration expenses.

Fundraising expenses among the organizations range from zero to 18.9% of total expenses. As indicated in the above table, multi-service organizations spend only an average of 1.6% of total

[8] "Why Ratios Aren't the Last Word," GuideStar.org http://www.guidestar.org/DisplayArticle.do?articleId=850

expenses on fundraising, much lower than the 9.2% spent by the stand-alone providers. As previously discussed, multi-service providers depend much more heavily on government funding than their stand-alone counterparts. This fact, coupled with their low fundraising capacity, suggests that multi-service providers may have to invest additional funds in order to expand their funding mix.

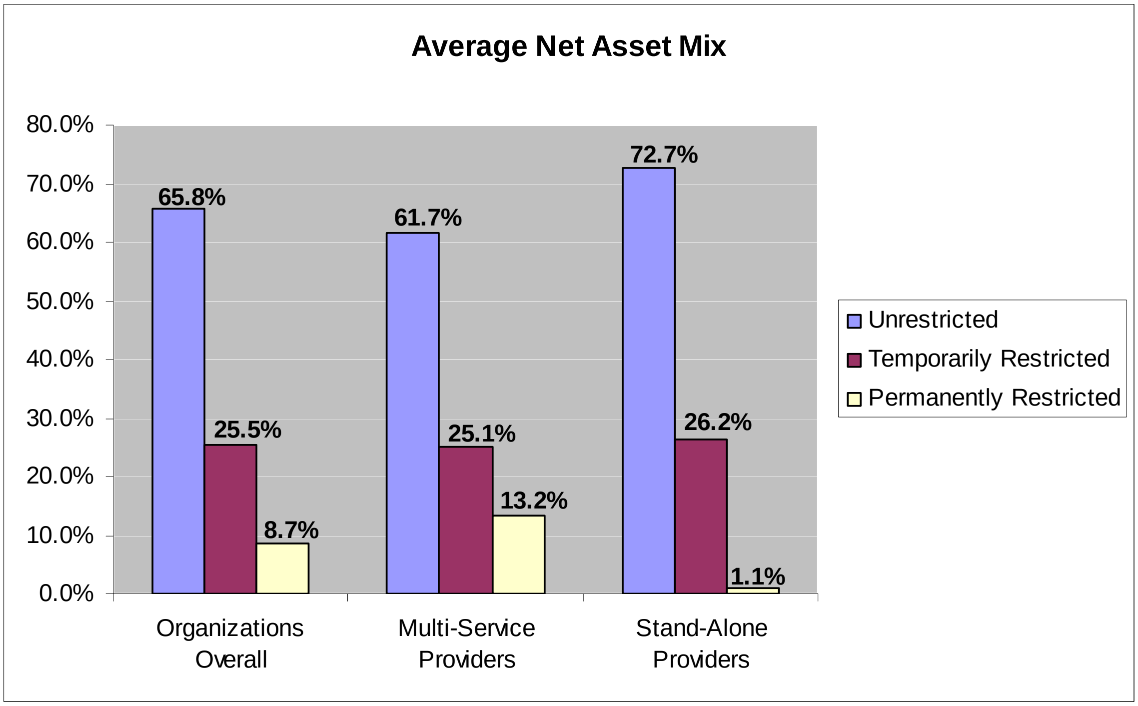
Again, it is easily possible to make too much of these kinds of ratios, especially given that opinions vary widely even among experienced nonprofit auditors as to what can accurately be characterized as one type of expense rather than another. Furthermore, with the increasing public pressure for nonprofits to be seen as translating donated dollars into direct services, organizations have something of an incentive to under spend (or at least understate their spending) on the management and other expenses that actually keep the organization running. All that being said, the data compiled from the organizations in our study show no evidence of exceptionally strong investment in the organizations' management capacity. These low levels of overhead spending help to substantiate the difficulty many of our sources voiced regarding their organizations' management capacity.

Net Asset Composition

A nonprofit organization's *net assets* can be classified as either unrestricted (available for use at the discretion of the organization), temporarily restricted (available for use only for a specific purpose, such as a designated program or project, or within a designated time frame, in the case of "out" years of multi-year grants), or permanently restricted (i.e. an endowment fund).

A large percentage of temporarily restricted net assets sends a few possible signals about the organization's operations. Unless saving for a future program or specific purchase, a ratio of temporarily restricted net assets in excess of 40% of total net assets may indicate that expenses are not being allocated to programs in a way proper to satisfy restrictions. A high percentage of temporarily restricted net assets may also indicate that the organization is having difficulty satisfying specific restrictions because it may have accepted a restricted grant without fully evaluating its ability to deliver services. A high percentage of permanently restricted net assets may indicate a healthy endowment.

The following table details the average percentage of unrestricted, temporarily restricted, and permanently restricted net assets of the organizations overall, multi-service, and stand-alone OST providers as of end of the last fiscal year. On average, stand-alone OST providers tend to have a greater percentage of unrestricted net assets and a very small amount of permanently restricted net assets while having a comparable percentage of temporarily restricted net assets.



Liquidity

Liquidity, meaning assets held in cash or in a form that can quickly be converted into cash, can be measured in two ways: months of cash on hand and liquidity of unrestricted reserves.

Industry standards suggest that organizations have at least three months of cash on hand at all times in order to satisfy general operating expenses. An analysis of the most recently audited financial statements of the 16 organizations was performed in order to ascertain the number of months of cash each provider had on hand at the end of the last fiscal year. The number of months of cash on hand is calculated based on the following equation:

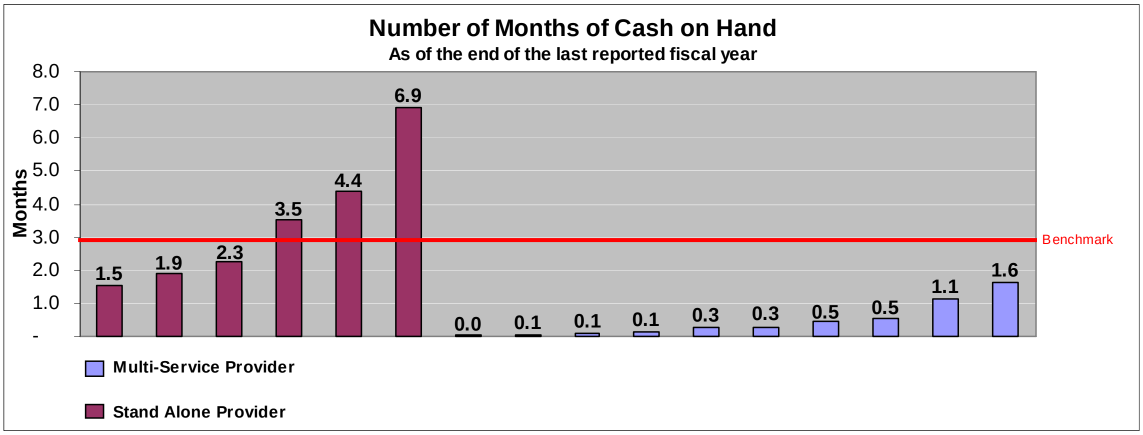
$$\frac{\text{(Cash + Cash equivalents)}}{\text{(Total expenses / 12)}}$$

Unrestricted reserves are the liquid portion of an organization's unrestricted net assets – the portion not tied up in buildings or other fixed assets. Months of operating expenses covered by unrestricted reserves is calculated based on the following equation:

$$\frac{\text{(Total unrestricted net assets – Fixed assets net of mortgages)}}{\text{(Total expenses / 12)}}$$

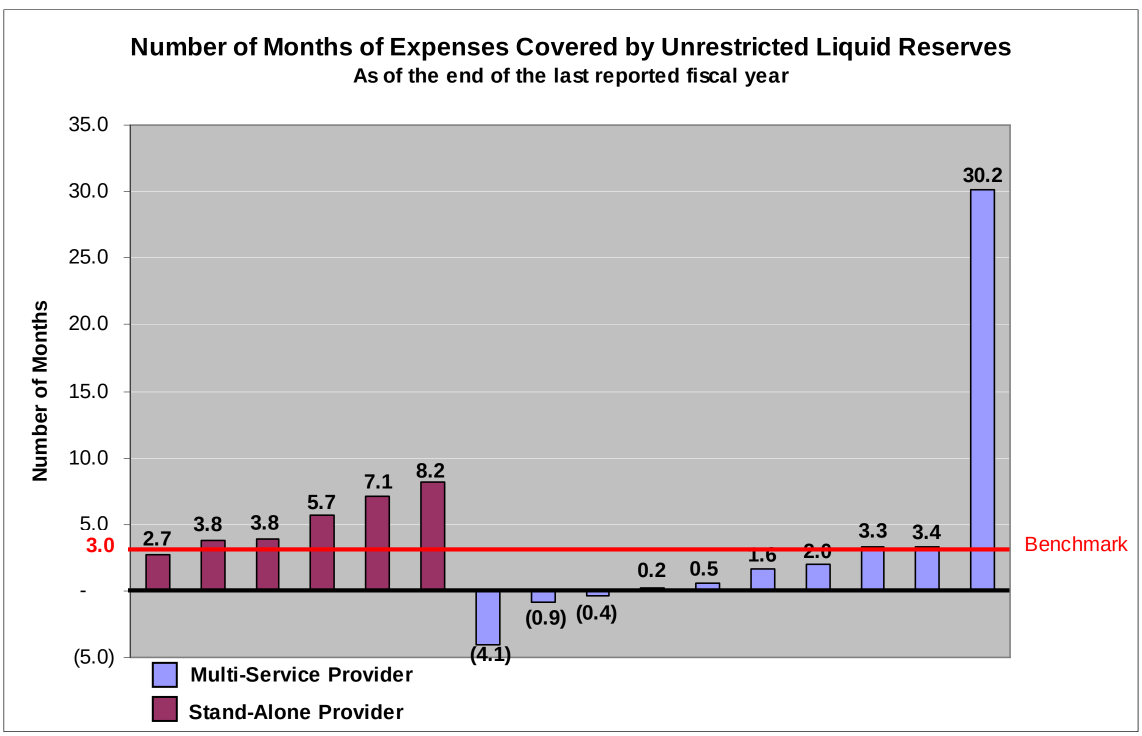
Unlike months of cash, which is measured as of a certain point in time and includes only cash and cash equivalents, liquidity of unrestricted reserves incorporates all liquid assets. This includes not only cash, but all investments and other assets net of liabilities and thus provides a more holistic view of liquidity on an accrual basis of accounting.

Months of Cash



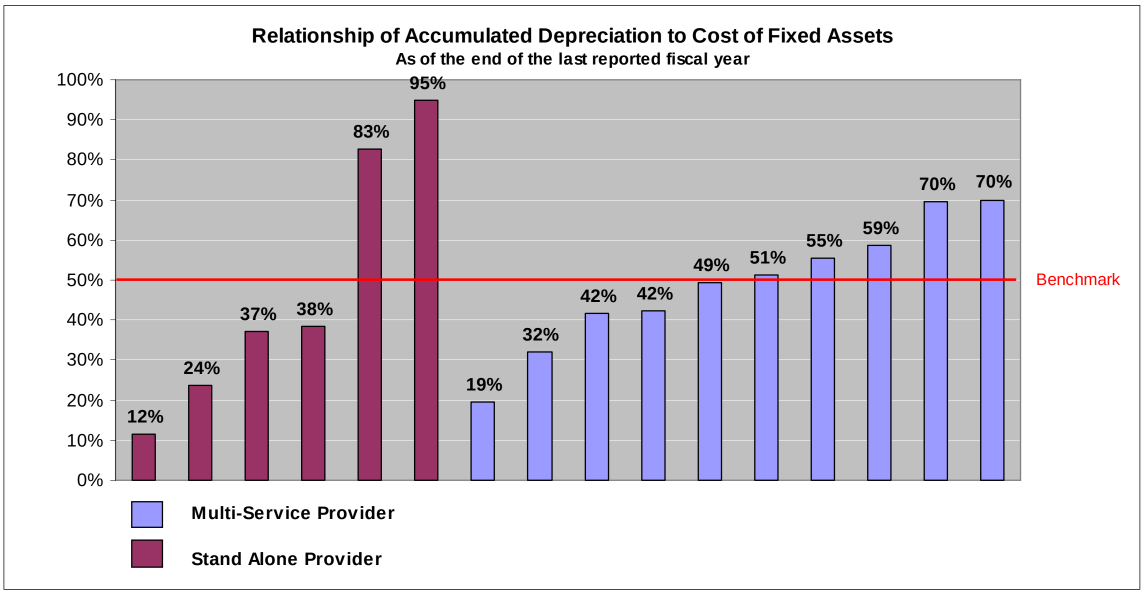
Although the analysis of the organizations' cash on hand presents a picture of the overall liquidity situation at only one point in time, the results are significant in that the majority of organizations fell below the standard three month benchmark at the close of the last fiscal year. As detailed above, all ten of the multi-service providers and half of the six stand-alone organizations reported less than three months of cash on hand. Moreover, eight of the ten multi-service organizations reported less than one month of cash on hand as of the end of the last reported fiscal year.

Liquidity of Unrestricted Reserves



An organization's ability to manage ongoing financial demands is highly dependent on the availability of *liquid* reserves to cover ongoing operating expenses as well as significant capital investments. Data indicate that eight of the 16 organizations have liquid reserves with the capacity to cover less than three months of operating expenses. Three of these organizations have zero liquidity. Another four organizations have just over three months of liquid unrestricted reserves. As a result, these organizations may potentially have trouble covering near-term operating expenses, as well as replacing aging capital assets.

Age of Capital Assets



The percentages shown in the above chart represent the age of the organizations' fixed assets. Data indicate that seven of the 16 organizations own assets that are, as a whole, over 50% depreciated. Four of the organizations have assets that are over 70% depreciated, indicating that the need for asset replacement or repair in these organizations may be great. Yet, according to liquidity data, the capital needed to finance asset replacement or repair may not be available.

III. Financial Management

Effective and efficient financial management is composed of three basic elements: staff with financial expertise, a properly configured accounting system, and processes that engage all of the various stakeholders. Integrated throughout is a strong internal control framework, which manages the risks faced by the organization and safeguards assets. Sound financial management is connected with every facet of the organization's operations and is essential to its success.

As part of this study we investigated the capacity of organizations to provide effective and efficient financial management. We asked questions on specific processes, such as budget development and monitoring, surveyed stakeholders on financial reporting and the communication between finance and other departments, and observed the challenging environment of government contract compliance and limited accessibility of funds, especially their effects on the workloads of already stretched financial staff.

To contextualize our central finding, we identify two "levels" of financial management function for any business enterprise: [9]

Type of Function	Description
Operational	Performing the day-to-day financial management activities such as paying bills, invoicing contracts, and processing payroll.
Strategic	Performing the planning and oversight role of the finance department, *e.g.,* developing a cost allocation framework, analyzing financial reports, and monitoring financial activities.

The central challenge that we observed regarding the financial function among the OST-providing organizations in our sample was the inability for some to move financial management from the level of day-to-day operational management toward the higher level of the strategic planning and monitoring around the organization's core business activities. This is due to a combination of the time and energy demands of "operational" level activities in OST-providing organizations, often with constrained staff and resources, and processes often designed more to *react* to the requirements of funders than to proactively address the organization's own business and potential growth plans.

Our particular key findings, which are detailed in the following sections, include:

1. Government contract compliance is a formidable challenge and requires significant time and effort to manage.
2. Many of the organizations are operating on a thin margin of cash and their ability to manage cash is critical.

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[9] This chart was adapted from Jeanne Bell Peters and Elizabeth Schaffer, *Financial Leadership for Nonprofit Executives*. CompassPoint Nonprofit Services, 2005.

3. Not enough attention is being given to program-based budgeting and monitoring.
4. Accounting software is not reported to be a concern, but data indicates that some systems are not being utilized to their full capacity.
5. Many organizations are experiencing a shortage of skilled finance department staff.
6. Most boards are structured to perform appropriate financial oversight of their organizations.

1. Government contract compliance is a formidable challenge and requires significant time and effort to manage.

City, state and federal governments subcontract many public services through nonprofit organizations—the Independent Sector states that government provides 31% of revenue to charities (including money appropriated for Medicare and Medicaid) and that number increases to 52% for organizations that provide social services.[10] Though government contracts provide significant funding for nonprofits, such funding comes with a cost. Most of the organizations in our sample reported challenges related to contracts management and compliance, which in turn affects many other aspects of their financial management capacity.

Volume and complexity of reporting requirements

Contracts vary widely from government agency to agency—different contracts may have different funding structures (e.g. cost reimbursement or performance-based contracts), alternative types and frequency of reporting, and varying start and end dates. An organization's ability to negotiate, monitor and comply with contract expectations is essential to sustainability in a demanding funding environment.

Finance managers from nine organizations in our sample stated that their biggest challenge in contract compliance is staying on top of changing reporting demands and necessary paperwork. When asked about contract compliance challenges, finance managers speak of unrealistic reporting deadlines and the complexity in managing a large number of contracts:[11]

- *Funders constantly change reporting requirements without providing necessary training.*

  ~ Director of Finance, Multi-Service Agency

- *Invoicing is time consuming. Our government funders recently changed from requiring quarterly reports to monthly reporting.*

  ~ Executive Director, Stand-Alone OST Organization

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[10] "Facts and Figures about Charitable Organizations," Independent Sector, http://www.independentsector.org/programs/research/Charitable_Fact_Sheet.pdf

[11] Here and throughout the report, italicized bullets represent comments from study participants in response to open-ended, qualitative items in our questionnaire. Following each comment is an attribution indicating the respondent's position within the organization and the type of organization the respondent represents (i.e. multi-service agency or stand-alone OST provider).

- *Figuring out conflicting grant calendar years is one of our biggest challenges.*

  ~ Executive Director, Stand-Alone OST Organization

Each contract has its own budget, and an allocation methodology must be established to allocate staff and expense items across multiple contracts. The multi-service organizations in our sample seemed particularly challenged in this regard:

- *We are very diverse, with many different programs, and it is quite a challenge to handle the diversity. How do we manage 160 contracts?*

  ~ Director of Finance and Operations, Multi-Service Agency

- *Indirect cost allocation is one of the biggest challenges in contract compliance.*

  ~ Executive Director, Multi-Service Agency

- *We have more than 120 cost centers, so it's hard to keep on top of them.*

  ~ Executive Director, Multi-Service Agency

Several of the OST provider organizations in New York City expressed high levels of concern about the rigorous reporting requirements that they experience. One organization based in New York City reported that one of their major funders requires reports "*to be in before the organization has even closed its books for the month; so we get a warning every month*." The organization added that this reporting requirement is "*very labor intensive*."
Among the other "hidden" costs of government contracts are the audit requirements associated with many such contracts. Harvard researchers found that:

> The burden of these audits on nonprofits is substantial, measured both in terms of the preparation of documentation that is required and the managerial attention that is needed for months at a time…Often they must be staffed and monitored by senior executives since the costs of having an unsuccessful audit are high: the potential loss of future public funding. [12]

Low overhead reimbursement rates

Government contracts provide a low rate of reimbursement for administrative (or overhead) expenses. The typical rate is about 10%; whereas benchmark administrative rates for nonprofits can range from 25 to 35%. This has multiple implications for organizations, most notably the responsibility to raise private funds to make up the gap. The more contracts the organization takes on, the wider the gap is. Some of the organizations in our study understood this as a limitation on their ability to properly manage their programs:

- *There is a lack of funding to cover all management/ administrative expenses.*

  ~ Executive Director, Stand-Alone OST Organization

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[12] Peter Frumkin and Mark T. Kim "The Effect of Government Funding on Nonprofit Administrative Efficiency: An Empirical Test." http://www.ashinstitute.harvard.edu/Ash/PAQ.pdf

- *There is a lack of general operating support, which is necessary to support the organization's administration. There is lack of grant funding for fiscal staff.*

  ~ Executive Director, Multi-Service Agency

- *Trying to find the rest of the funds to make up what is not covered by government contracts is challenging.*

  ~ Executive Director, Stand-Alone OST Organization

This also has the potential to directly affect the administrative workload of program staff – in at least one organization, program managers are also responsible for finding and applying for private funding for their own programs. As noted in the analysis of organizations' Financial Characteristics (See Section II of the report), organizations with more government contracts also have very low fundraising expenses. The combination of high government revenues and low private fundraising is a vicious cycle that has consequences for administrative capacity.

Contracts are signed and renewed for years at a time, and a few organizations cited the challenges with meeting expenses in programs funded by contracts that do not raise reimbursement amounts or cover staff salary increases in pace with inflation.

Communication on government contracts management and compliance

When much of its funding comes from government sources, the presence of effective communication channels around contracts management becomes essential to an organization's financial sustainability. In deciding whether to apply for a government contract, multiple stakeholders from the organization should convene to discuss the Request for Proposal (RFP) and to delegate responsibilities for preparation of the proposal and budget. This would be the first of many meetings of this core group of senior management, program managers, finance staff, and development (fundraising) staff. That is to say, ideally, the communication among stakeholders would start from the beginning and continue throughout the process for a deliberate and well-organized contracts management system.

Based on the responses from our sample, some organizations do not have a formalized system of contracts management and often have difficulties communicating among departments. One organization stated outright that communication between departments was its key concern.

Communication between departments—particularly between finance and program staff—is especially critical once the contract is awarded. Contract reporting often requires both programmatic and fiscal data, and, depending on the funder, reimbursement vouchers may be due on a monthly basis. Some organizations cited specific examples of when communication delays affected vouchering ability:

- *Not receiving purchase documentation from program directors delays vouchering and ultimately payments, affecting cash flow.*

  ~ Finance Manager, Multi-Service Agency

- *Our biggest challenge in contract management is getting program numbers to match finance numbers for vouchering purposes.*

  ~ Finance Manager, Multi-Service Agency

Contract Compliance				
Question	**Yes**	**No**	**Don't Know**	**Notes**
Does your finance and program staff share information with each other on program indicators of contract compliance?	12	4	0	*An example of program indicators may be enrollment figures, which is a programmatic outcome but ties to spending and contract compliance.*
Do you have a 'tickler' or calendar system to track grant reporting and other deadlines?	11	5	0	*A calendar system is essential to keep pace with multiple contract deadlines.*

With some exceptions, however, the organizations in our sample are developing mechanisms to communicate critical indicators of contract compliance. Twelve organizations have a mechanism through which finance and program staff can share program indicators of contract compliance, and eleven organizations maintain a "tickler" or calendar system to track grant reporting and other deadlines. Overall, program staff are involved in satisfying funder requirements, and judging from answers to our inquiries, more information is shared between the finance office and program staff surrounding contract compliance than any other type of financial communication.

Because contracts management relies on cooperation between multiple departments, responsibilities are often distributed throughout the organization. There is no overall "standard" among the organizations in our sample regarding the role or position that is ultimately responsible for contract management. From the Executive Director and the Chief Financial Officer to Program Managers and the Director of Development, the roles charged with ultimate responsibility for contract compliance vary. Regardless of who bears the responsibility, the organizations we surveyed do manage to satisfy their reporting requirements and, ultimately, ensure the maintenance of this critical revenue source. Indeed, only two organizations in our sample reported that at any time during the last two years contract payments had been delayed or any contracts themselves threatened due to financial reporting issues.

2. Many organizations are operating on a thin margin of cash and their ability to manage cash is critical.

Executive Directors and Fiscal Managers noted the effect that timing of payments from funders had on their cash flow and subsequently their programmatic activities.

- *There is often a payment delay from city contracts, which causes a huge burden on the organization's cash flow.*

  ~ Executive Director, Multi-Service Agency

- *We are having difficulty in dealing with different government agencies and their inability to turn things around in a timely manner.*

  ~ Executive Director, Stand-Alone OST Organization

The environment of thin margins of cash has left many of the organizations with less than one month of cash on hand and anxiety in their ability to make payroll. The inability to have the necessary cash at the right time also potentially impacts OST programs' ability to deliver services.

Cash Flow Forecasts

The cash flow forecast is an important tool in the financial planning and monitoring process. It can be used to predict cash in-flows and out-flows and evaluate whether revenues will cover costs during certain periods of time.

Cash Flow: Forecasting				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Do you have a cash flow forecast? If so, how many months does it project? **One year 8** **Four months 1** **One month 2**	11	5	0	*Revenues and expenses in the operating budget do not necessarily correspond to the receipt of or expenditure of cash. A long-term cash flow forecast helps managers anticipate the ebbs and flows of available cash.*

Eight of the 16 organizations in our sample report that they have a cash flow forecast that extends 12 months. One organization reported projecting cash flow for four months, and two organizations forecast cash one month in advance. The rest of the organizations do not use a cash flow forecast. Not forecasting cash flow or making a projection only over a short period (e.g. one to four months) limits the ability of organizations to anticipate and plan for possible cash shortages. Some of these organizations mentioned their uncertainty as to the timing of funds (due, for example, to delays in budget approvals at the government level itself) as the cause of their inability to effectively forecast revenues.

As outlined in the introduction, many organizations are operating in an environment of tight cash margins. Salaries and benefits constitute the largest expenses of organizations, making up approximately 70% of operating budgets, and these payments must happen on a regular and recurring basis. Half of the organizations in our sample report that making payroll is either always (two organizations) or sometimes (six organizations) a concern for them.

An analysis of organizations' cash margins and their ability to manage cash shows mixed results.

Management of Cash Flow				
Months of cash on hand (self-reported)	Payroll is a concern	Cash flow forecast: no. of months	Line of credit?	How often do you use your line of credit?
< 1	Always	12	Yes	Often
<1	Always	1	Yes	Often
<1	Sometimes	12	Yes	Often
<1	Sometimes	12	No	N/A
<1	Sometimes	1	Yes	Rarely
<1	Sometimes	0	Yes	Often
<1	Never	12	Yes	As needed
<1	Never	0	Yes	Often
2 to 3	Sometimes	4	Yes	Rarely
2 to 3	Sometimes	12	Yes	Rarely
4 to 6	Never	12	Yes	Never
4 to 6	Never	12	Yes	Never
4 to 6	Never	0	No	N/A
6 to 9	Never	0	No	N/A
6 to 9	Never	0	No	N/A
12+	Never	12	No	N/A

Fifty percent of organizations with less than one month of cash on hand produce a 12-month cash flow forecast. But almost all (seven of eight) have access to a line of credit.

Access to a line of credit is a financial management tool, and organizations with little cash on hand are using their line of credit often.[13] A cost to that, of course, is interest expense. While this was outside the scope of our study, further investigation could show how organizations are also managing the cost of interest, and whether lines of credit are being used more as a proactive cash management strategy or as an emergency "life raft."

Not surprisingly, organizations with at least four months of cash reserves are not concerned about making payroll, and may or may not forecast cash or have a line of credit.

[13] As payroll is the typical nonprofit organization's most immediate and important expense, we have found that organizations that draw on their line of credit typically do so in order to meet payroll. This generally happens because the timing of payments from government and other funders does not always correspond with the timing of expenses, often due to circumstances beyond the organization's control; the credit line is used, therefore, as a kind of "float" to meet necessary expenses while awaiting grant and contract payments. We did not, however, specifically ask respondents in the current study whether this is the primary factor in their use of a credit line.

3. Not enough attention is being given to program-based budgeting and monitoring.

The budgeting process and product are critical opportunities to connect line item revenues and expenses with programmatic goals, and thereby enable finance and program staff to "speak the same language." The inclusion of a variety of stakeholders in budget development is critical to producing a plan that accurately and appropriately reflects the agency's operations, and one that can be monitored and managed throughout the year. The formulation of the budget is an opportunity for senior management, the finance department, program staff, and other stakeholders to explore the impact of decisions that have been made and implemented as well as the expected impact of those being considered.

In order for an organization's leaders to be able to make effective financial decisions and to ensure full cost recovery in accepting and managing contracts for services, it is essential to develop and monitor budgets that appropriately account for the organization's costs of providing its programs and services to clients. In the language of nonprofit accounting, the best practice is for organizations to develop a "program-based budget" that includes not only direct activity costs, but also the indirect administrative expenses that should be appropriately allocated to each program. In addition to improving organizations' ability to recover their true program costs provided under reimbursement contracts, program based budgeting is a pro-active financial management tool that allows organizations to assess the financial health of each of their programs and make the best decisions about how to advance the organization's mission through its program make-up.

As part of our assessment, FMA requested that the organizations in our sample supply us with their most recent consolidated operating budget by program. Based on our review of these documents, it appears that as many as eight organizations in the sample are not effectively developing true *program*-based budgets. In several cases, especially among primarily government-funded agencies, the organization-wide budget was really an aggregation of the organization's various government contracts. In other words, these organizations build their budgets from funder/contract stipulations (e.g. what is allowed for salaries, fringe benefits, and other program expenses under each contract) as opposed to developing a consolidated budget based on anticipated costs of providing each program. As a result, these organizations are not in a position to approach the financial planning and management process with a true sense of their program-by-program cost of doing business, including those portions of program operations left "unfunded" by any grant or contract.

A major challenge to accurately estimating the full cost of program activities is the allocation of indirect costs, such as rent, utilities and other administrative costs, to programs. While 13 organizations responded that they do have a method for allocation of indirect costs, seven of those 13 do not have a documented basis for the allocation. This suggests that, at the least, the method is not communicated across the organization—and also provides some doubt that the methodology itself has been "tested" to determine whether it is an adequate representation of the organization's indirect cost structure.

In addition, ten of the 16 organizations report following a formal budget development process. Lack of a formalized budget development process in these agencies limits the ability of stakeholders outside of the finance office, such as program or development staff, to contribute to financial planning.

When asked if there is anything in the budget development process that could be improved, three respondents specifically noted the absence of program-oriented budgeting and wished for more proactive, strategic planning between the finance office and program staff to improve the budget development process. Their comments included:

- *I would like to better align budget process with future program developments.*

  ~ Executive Director, Stand-Alone OST Organization

- *Program directors seem constrained by 'what is' and proactive planning does not take place between fiscal and program staff.*

  ~ Executive Director, Multi-Service Agency

- *It would be beneficial to start over and create the budget process from the ground up, instead of having it be contract-based. That is, to look at the program staffing needs and the program supplies needs first.*

  ~ Director of Finance and Administration, Stand-Alone OST Organization

It appears from the data that it is in particular the very large (budgets of $20 million and greater) and very small (budgets of $5 million and smaller) who are particularly challenged in developing budgets at the program level. In the case of the smaller organizations, this could be attributed to a lack of training or knowledge of effective budget management practices, while in the larger organizations the sheer number and complexity of the programs themselves tend to inhibit the ability to assess overall program costs.

As a result, many of the organizations in our sample are unlikely to be able to calculate the actual "unit-costs" of their programs, limiting their ability to accurately estimate program expenses for the purposes of grant and contract applications.[14]

Once approved and adopted, the budget becomes an essential financial management tool that can help an organization to monitor and manage its activities throughout the year. To be most effective, budget monitoring activities should take place regularly, be inclusive of all relevant stakeholders, and be based on accurate and current information.

The strength of the communication between the finance office and program staff directly affects the value that organizations obtain from the budget-to-actual report. In some of the cases in our sample, Finance Managers believe variance reports are regularly delivered to program staff, but Program Managers in three of those cases indicated that budget-to-actual reports are either not received regularly or are not meaningful to them (perhaps due to lack of training on how to interpret and manage them).

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[14] This finding corresponds with the observation of the researchers of The Finance Project and Public/Private Ventures' Cost Study (discussed in the Introduction section of this document) that many organizations in their study had a great deal of difficulty in producing the information required for the researchers to calculate unit costs.

Budget Monitoring: Communication								
	Finance Manager				Program Manager			
Question	Yes	No	Don't Know		Yes	No	Don't Know	Significance
Do program managers receive budget-to-actual reports by program?	12	4	0		9	6	1	*Budget to actual reports guide the communication between finance and program staff.*

These inconsistent responses regarding the delivery and use of budget-to-actual reports become even more significant when financial responsibilities of program managers are explored. The Executive Directors of 13 organizations indicated that Program Managers are wholly (in nine organizations) or partially (in four organizations) responsible for program financial goals. Although most Program Managers are held responsible for the budgetary results of their program, 10 of 16 Program Managers cite challenges in receiving regular variance reports or difficulty correlating the relevance of the information contained in such reports to day-to-day operations.

An overwhelming challenge noted by many Finance Managers is that budget monitoring at the program-level is often overpowered by contract management requirements. Significant resources are spent on vouchering, contract compliance, and reporting, and thus shift the focus away from the kind of budget monitoring more oriented to actually managing the organization's programs and overall *business*. When asked about the biggest challenge in monitoring budgetary results, respondents stated:

- *There is a significant volume of reports that budget managers have to review.*

  ~ Executive Director, Multi-Service Agency

- *There are multiple funding sources for different programs, all with different methodologies.*

  ~ Executive Director, Multi-Service Agency

- *Those responsible for programs do not understand the importance of monitoring budgets and its potential impacts.*

  ~ Director of Finance, Multi-Service Agency

The quality of the budget monitoring process is dependent on the quality of the developed budget itself as well as the capacity and training of both finance and program staff. In many cases, budget development and monitoring is an auxiliary skill set for program staff. In response to questions about challenges in budget monitoring, at least half of the Finance Managers in our sample referred to the need for more financial training for program staff.

4. Accounting software is not reported to be a concern, but data indicates that systems are not being utilized to their full capacity.

The accounting software is the system by which all financial data are entered, organized, processed, analyzed, and then drawn from to produce financial reports. The accounting needs of nonprofits are unique—organizations must track categories of funding and allocate costs to specific programs and contracts. As an organization grows and its revenue streams and reporting needs become more complex, so does its need for a fund-accounting software package that can track the unrestricted, temporarily restricted, and permanently restricted funding categories that are peculiar to nonprofit organizations. A properly configured fund-based system can also track multiple dimensions of revenue and expense information (including revenue sources, expense categories, locations, etc.), and allocate "shared" overhead costs consistently and accurately.

Overall, the access to and utilization of accounting software was not reported to be a significant challenge among the organizations in our sample:

FINANCIAL REPORTING: SOFTWARE				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Is your accounting software fund-based?	10	6	0	*Fund-based software is designed to effectively account for unrestricted, temporary, or permanently restricted funds.*
Does your organization have an updated chart of accounts with categories that are consistent with the reporting requirements?	14	2	0	*A well-designed chart of accounts eases the process of financial reporting.*
Is the budget entered into the software?	12	4	0	*Entering the budget into accounting software minimizes errors and allows for the creation of valuable planning and analysis tools.*
If so, do budget-to-actual results come directly from the software?	10	2	0	

- Ten organizations utilize fund-based accounting systems, and of the six that did not—three are small organizations (with budgets of less than $1 million), for whom use of a more basic commercial software package is generally the most reasonable option. Two others are larger organizations using powerful commercial-based software that can be configured to do fund-accounting. In sum, nearly every organization in our sample is using an accounting software package that has the capacity to manage its accounting and financial reporting needs.
- Fourteen finance managers report that their chart of accounts is up-to-date with categories that are consistent with the organization's reporting requirements. The chart of accounts is the "heart" of the accounting software, and a well-designed and up-to-date chart of accounts enables an organization to easily capture information and translate it into financial reports.
- Twelve finance managers indicate that their organization budget is entered into their accounting software, allowing for budget-to-actual reports to be produced by the system itself (ten of the organizations in our sample make use of this capacity).

While the systems in use appear to be generally capable of the tasks for which these organizations need them, an accounting software system like any other tool is only valuable to the extent that it is being used properly. As we noted in the section above, many organizations in our sample are challenged to develop effective budgets at the program level, making program budget-to-actual reports, even if generated from the data in the system, of extremely limited utility in monitoring and managing a program's financial performance.

Some of our further inquiries also suggested that some organizations are not fully utilizing their accounting systems and are often relying on manual workarounds, limiting the benefits they could be gaining from better use of the systems. For example, of the 13 organizations who reported having a method for allocating costs across programs, only six use the accounting system to perform allocation calculations. This indicates that allocations are being performed manually, outside of the accounting system, which can be more time-consuming and more open to calculation errors.

Though many of the organizations in the sample did not report issues with the accounting software, the data indicates that they are in some cases not fully utilizing the software and thus limiting its effectiveness.

5. Many organizations are experiencing a shortage of skilled finance department staff

We found that most organizations had limited staff capacity in the finance function and that the focus was on the operational level, performing the day-to-day accounting activities with little time or attention left to devote to the strategic function of planning and oversight of the finance department.

The organizations in the study expressed chronic shortages of finance staff. When asked about the needs of their fiscal offices, Finance Managers from 12 organizations in our sample directly cite the lack of staff support. Executive Directors also stated that lack of capacity in the finance department was among their biggest management challenges. Many point directly to funding issues and resource constraints on the ability to hire adequate numbers of skilled finance staff. Comments from finance managers included:

- *The finance function is understaffed; resources to support administrative costs are limited.*

  ~ Director of Finance, Multi-Service Agency

- *There is a lack of capacity and funding to staff the department adequately.*

  ~ Director of Finance, Stand-Alone OST Organization

- *We would like someone on staff full-time, but it is not currently financially feasible.*

  ~ Executive Director, Stand-Alone OST Organization

Two organizations stated that they have had to recently reduce the size of the fiscal office due to the lack of funding:

- *We eliminated four positions in the finance office, including the Controller. Meanwhile we have increased reporting requirements. We have stretched staff and poor morale.*

  ~ Director of Finance, Multi-Service Agency

Challenges in finding finance staff with the appropriate skill set was also cited by finance managers:

- *The financial staff skill set is not up to what is needed.*

  ~ Finance Manager, Multi-Service Agency

- *It is difficult to find qualified staff.*

  ~ Finance Manager, Multi-Service Agency

- *Competency and supervision is an issue because of lack of financial expertise.*

  ~ Director of Finance and Administration, Stand-Alone OST Organization

Given that not-for-profit accounting is a specialized skill set that is not widely distributed even throughout the accounting profession nor a primary focus of most academic preparation for accountants, these staffing challenges are unsurprising.[15]

As an alternative, some organizations have outsourced fiscal staff functions. One Executive Director described how high fiscal staff turnover, lack of contracts management expertise, and the challenge of keeping up with reporting requirements led to the decision to completely outsource their finance function – for that organization, outsourcing was "*the only way we could get qualified help*."

The fiscal offices of the smaller organizations in our sample often have little to no internal support. Fiscal offices for these agencies are made up mostly of volunteers, interns, and part-time administrative assistants, all of whom are functioning at the operational level. In these organizations the strategic function is the responsibility of senior executives with other responsibilities (e.g. Executive Director or Chief Administrative Officer) or is outsourced.

6. Most Boards are structured to perform appropriate financial oversight of their organizations.

Board leadership ensures organization-wide accountability, transparency, and compliance with professional and legal guidelines. Effective and value-added governance is achieved through a solid Board structure, member awareness and exercise of fiduciary responsibilities.

Structurally, the Boards of the 16 organizations appear to be adequate. Board sizes range from 10 members in the very small organizations to over 50 members in the largest multi-service organization. Fourteen organizations report the existence of a Finance (or Finance/Audit) Committee and a Board Treasurer.

According to management, Board members understand their fiduciary responsibilities and key members have financial expertise. Most organizations provide their Board with comprehensive financial reports, and the Board receives an opportunity to ask questions about the financial reports.

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[15] We can corroborate these challenges from our own perspective: FMA maintains a recruiting practice to assist nonprofits in hiring both front-line and management level fiscal staff, and see firsthand the shortage of skilled nonprofit financial professionals on the job market.

In other areas we evaluated, the Board of Directors appeared to be fulfilling their fiduciary responsibility:

- All organizations reported that the full Board approves the budget, and most (at least 11) report that this approval happens before the beginning of the fiscal year.
- Fifteen organizations reported that at least the Finance Committee reviewed a copy of the annual audit prior to final issuance (nine of those were reviewed by the full Board; six were reviewed by the Finance Committee only).
- Twelve organizations evaluate the Executive Director's performance on an annual basis, and all but one includes a review of the Executive Director's total compensation package.
- Thirteen Boards of Directors issued a conflict of interest policy.

In an era of increased attention on the role of the nonprofit Board of Directors, there is room for improvement in performing the fiduciary responsibility. There are two Sarbanes Oxley Act provisions that apply to nonprofit organizations: provisions prohibiting retaliation against whistleblowers and prohibiting the destruction, alteration or concealment of certain documents or the impediment of investigations. Of our sample, 11 had issued a whistleblower policy, but only seven issued a document retention/destruction policy.

While our study indicates that the Boards of the organizations in our sample are adequately structured and "staffed" to meet their fiduciary obligations, we did not explore the extent to which the Boards are involved in strategic planning and direction-setting for their organizations. Given the difficulties that many OST-providing organizations seem to be having in moving their financial management function from the operational up to a more strategic level, this is a potential area for Boards to take on a more proactive role. We recommend additional, targeted investigation into the role of Boards in governing as well as strategically guiding OST-providing organizations, with an eye toward an agenda to strengthen this function through additional training and Board development.

Conclusion

Our overall impression based on our review of the financial management function among 16 OST-providing organizations is that, for many organizations, financial management systems are, by necessity and often by design, *reactive* rather than *proactive*.

Necessity drives the contract compliance process, and strategic management of an organization's financial function beyond the needs of pure compliance is often missing due to limited time and staff capacity as well as mounting funder requirements. Organizations admit that their financial systems are more reactive than proactive, with contracts driving the set-up of their financial accounting systems and their budgeting and reporting systems. Comments indicating this included:

- *What is done is contract-based, and not program-based.*

  ~ Program Manager, Multi-Service Agency

- *The budget process is very voucher-driven.*

  ~ Executive Director, Multi-Service Agency

- *Our fiscal system was initially organized by contract, not program. Currently the organization has 65 contracts funding its programs. It has been a nightmare managing multiple contracts. The Controller is attempting to reorganize the system to build budgets by program instead of contract, but the process is very cumbersome. While the current contract-based system has made vouchering easier, programs have become more difficult to monitor. If we could have a budget by program it would be a huge help for planning and allocation purposes.*

  ~ Executive Director, Multi-Service Agency

The volume of transactions that the fiscal office must process is high - in addition to the day-to-day activity of cash receipts and bill paying, contract vouchers must be submitted to funders, the cash situation is tightly monitored, and allocations are constantly adjusted and re-adjusted. With a shortage of staff and insufficient skills, workload and work stress are compounded.

Ultimately, the emphasis on contract compliance shifts the attention of the finance office and Program Managers from the planning, reporting, and communicating activities around the organization's core business model to focusing on a hodge-podge of reporting requirements. Communication between fiscal staff and program staff happens around the necessary—contracts compliance—and is less evident as part of the budgeting and monitoring processes that would allow organizations to begin to take a more strategic look at their financial situation and future.

IV. Human Resources Management

The HR functions within an organization can be thought of as a continuum from purely administrative record-keeping activities to staff recruitment and development and ultimately to the level of strategic planning and implementation. The actual services provided through HR and the expectations for those services are unique to each organization.

In order to assess the capacity of OST providers in the area of human resources management, we examined functions such as staff recruitment and retention, personnel record keeping and reporting, compliance with legal and regulatory HR requirements,[16] and staff development and talent management. The majority of the organizations surveyed faced challenges in one or more of these areas. Based on their responses, it appears that the HR function is strained or missing in many OST providers due to lack of resources. As a result, many organizations have "coping" mechanisms in place for HR management rather than truly strategic plans to anticipate and address human resource needs.

Key findings from our study, which are detailed in the following sections, include:

1. Insufficient HR support within OST-providing organizations due to lack of staff and/or staff working "out of area" in HR
2. Lack of effective systems and processes for HR data management
3. Presence of appropriate orientation and "talent management" programs
4. Concern regarding the competitiveness of compensation levels

1. Insufficient HR support within OST-providing organizations due to lack of staff and/or staff working "out of area" in HR

The majority of organizations in our sample cite a lack of HR staff and the dollars to fill such positions as one of their biggest obstacles. In "open-ended" responses to an inquiry about their biggest challenge in managing their organizations' HR function, representatives of nine out of the 16 organizations (including Executive Directors, program managers, and staff members with responsibility for HR) reported an inadequate number of staff to perform HR duties. This was partially attributed to the pressure to reduce administrative expenses. In an attempt to cut costs, HR duties are often transferred out either in pieces or entirely to other areas such as the finance department, where specialized HR expertise is less likely to be found. Responses from representatives of organizations of a range of staff sizes include:

- *Due to a recent restructuring that occurred, in order to cut back on administrative costs…the HR Director position was eliminated. The HR function has been brought into Finance…but there is not adequate staff in this department to cover both.*

  ~ Director of Finance, Multi-Service Agency

[16] It should be noted that organizations with as few as 15 employees are subject to 19 federal labor laws as well as various state laws.

- *While the fiscal office helps to perform some HR functions, the HR Administrator is very overwhelmed. The organization must identify the HR related tasks performed by the fiscal office and hire additional staff…to meet our HR needs.*

  ~ Director of Human Resources, Multi-Service Agency

- *Our growing organization needs expertise in HR.*

  ~ Executive Director, Multi-Service Agency

- *We have a lack of HR expertise on staff and a growing need for it.*

  ~ Deputy Director, Stand-Alone OST Organization

Among the agencies in our sample, responsibility for the HR function is delegated across a range of positions, from a multi-tasking Executive Director or even a junior-level administrative position in the organizations with the fewest number of employees to a formal HR Director overseeing a full department in the largest organizations. Most of the larger organizations in our study (100+ employees) have established a function with one or more full-time employees dedicated to providing some HR support. Smaller organizations employ a decentralized model in which HR activities are informally handled through various administrative and program staff, often with limited knowledge or formal training in the area.

Of the eight organizations with at least one full-time employee dedicated solely to HR, the median ratio of HR staff per 100 full-time employees is 1.00. This ratio falls between the 25th and 50th percentile indicated by benchmarking studies.[17] This is an indicator that the organizations are receiving less than optimal HR support. When one considers the impact of large numbers of part-time employees which are common in OST programs, this becomes even more of a detriment. The remaining six organizations, which range in size from eight to 130 employees, do not have a full time staff member dedicated to the Human Resources function.

Management of Record Keeping

Our study also provides evidence that not only is the Human Resource function in many OST-providing organizations understaffed, but the staff who are performing HR functions often lack the specialized knowledge or training to most effectively perform the duties associated with the role. Generally this is attributable to staff fulfilling HR functions that are out of their area of expertise, for example, an Executive Director, Finance Manager, or even Program Manager called upon to manage HR responsibilities.

As a measure of HR-specific knowledge among staff members charged with HR responsibilities, we asked a range of questions regarding how the organization handles certain record-keeping and reporting requirements, typically ones with legal or regulatory implications. As referenced in the introduction to this section, these tasks fall at the beginning of the HR "continuum."

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[17] Society for Human Resource Management Human Capital Benchmarking Study, "2007 Executive Summary."
http://moss07.shrm.org/Research/SurveyFindings/Documents/SHRM%20Human%20Capital%20Benchmarking%20Study%202007%20Executive%20Summary.pdf

The evidence suggests that often the staff member responsible for the HR function lacks knowledge about important technical and legal requirements. Eleven of the organizations report having a checklist outlining contents of a personnel folder, suggesting that

a formal policy and procedure is in place. Despite this, nearly half of the respondents show some indications of failure to maintain records in a manner that is compliant with the requirements of employment law.

Employee Records				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Is there a checklist of the contents for personnel folders?	11	5	0	Shows administrative processes are in place to collect documents
Are the personnel folders in a locked drawer?	15	1	0	Protects personal, confidential information
Are medical and personnel records maintained in separate files?	9	7	0	Meets requirements of the Americans with Disabilities Act
Do you have a written privacy policy for HIPAA compliance?	8	8	0	Maintains compliance with federal employment law
Question	**Separate File**	**Not in Separate File**	**Don't Know**	**Significance**
Where are employees' I-9 forms kept?	8	8	0	Should be maintained separately from other personnel records

As an additional example, the US Equal Employment Opportunity Commission collects workforce data from employers with more than 100 employees. Employers who meet the reporting threshold have a legal obligation to collect and report data about gender and race/ethnicity by job category on the Employer Information Report EEO-1 each year. In addition to the three respondents with responsibility for this area responding "Don't know" to the question as to whether their organization is required to file, two other HR representatives answered the question incorrectly based on their number of employees.

Along with representing a potential risk area for legal compliance, these results suggest that the HR function in many organizations is being filled by staff members with limited knowledge or formal training in HR management.

Management of the Recruiting Function

In addition to posing challenges in meeting the requirements of the beginning of the HR "continuum" (i.e. record keeping and reporting), the lack of adequate HR support is also felt acutely in the area of employee recruitment. After-school programs face many of the same staffing challenges experienced throughout much of the nonprofit sector—a shrinking labor pool, limited compensation dollars, increasing costs of benefits, and limited professional development resources. The large number of part-time and seasonal employees inherent to OST programs further compounds these challenges. Given the high turnover common in the part-time positions, as well as the necessity of seasonal staffing for programs operating during the summer months, OST-providing organizations face a continual process of recruiting, hiring, and "on-boarding" new staff members. In response to open-ended inquiries, HR representatives of several of the organizations in our sample referred to high turnover and high volume of new OST staff as central challenges.

Our study shows the limited resources devoted to the HR function places a particular burden on an organization's *Program Managers* in the area of recruiting. Among the organizations in our study, recruiting was most often performed at the program level, even in organizations with a centralized HR function.[18]

Challenges reported by various Program Managers in our sample include:

- *There is no longer an HR Director, which means the Program Director and program staff do a lot of recruiting/orienting work themselves.*

  ~ Program Director, Multi-Service Agency

- *Recruitment and job postings are performed by program directors; not done centrally.*

  ~ Program Director, Multi-Service Agency

- *There is no HR department; programs do their own recruiting, but it would be more efficient if centralized.*

  ~ Program Director, Stand-Alone OST Organization

Specific questions on the recruiting process further demonstrated the often dispersed or decentralized nature of the recruiting function.

Résumé Management	
Question	**Significance**
Who is responsible for résumé management? ***Program Staff*** ***5*** ***Human Resources Department*** ***3*** ***Executive Director*** ***2*** ***Multiple or No one*** ***6***	Having a centralized function helps to ensure most effective sourcing of candidates, as well as compliance with regulatory requirements.

Posting job advertisements and receiving and processing applications and résumés is the "front line" of the recruiting function, and ideally a specialized HR responsibility. In six organizations, this responsibility was not clearly defined as a matter of procedure. In five others, it is a program level responsibility. There are legal and practical reasons for such decentralization to be an area of concern. Federal anti-discrimination laws address retention of employment records, specifically requiring that hiring records including applications and résumés for each

18 In terms of roles and responsibilities regarding staffing, there is a distinction between recruiting (attracting a pool of candidates) and selecting (hiring from the pool of candidates). In a typical business environment, HR staff is usually responsible for recruiting, while senior management or the relevant functional area is responsible for selecting. Due to the limited HR support available, we found within our sample that program staff is often responsible for the entire function.

position be retained for at least one year from the date of the hiring decision. Decentralization of these records makes consistent application of appropriate procedures a greater challenge. Furthermore, well-organized résumé files can be an excellent source of future employees.

Another advantage of handling recruiting tasks by means of a specialized and trained HR function is that experienced HR staff generally have a greater degree of expertise in sourcing candidates (that is, soliciting an adequate quantity and quality of applicants) than do staff without a strong HR background and experience. To investigate how the organizations in our study are handling the task of candidate sourcing, we asked about the use of various methods.

Recruitment Sources	
Question	**Significance**
When recruiting for new staff, which sources do you use to find candidates? (can select multiple options) ***Websites 15*** ***Internal Job Posting 11*** ***Newspapers 7*** ***Networking 6*** ***Schools 6*** ***Job Fairs 2*** ***Staffing Agencies 1***	The recruitment process is more likely to be successful if the organization utilizes multiple sources to attract candidates

All 15 of the organizations responding to this question recruit through websites, and in many cases identify this as their primary method. Internal recruitment is the next most common method. Less than half recruit through newspapers, networking, and schools. Job fairs and staffing agencies are the least popular methods, possibly due to time commitment and expense. Here, the concern is not necessarily that one method is necessarily "better" than any other (although the limited amount of recruiting through schools is surprising given that college students are often a strong source of OST program candidates), but that diversifying recruitment sources enlarges the candidate pool, increasing the probability of finding the right candidate for a position. Six of the organizations in our sample report using only one or two of the available methods, with websites as the primary method.[19]

In sum, a program manager's dedication of time and energy to the recruiting (as opposed to selection) function is not necessarily the best use of that person's skills. Both in terms of the efficiency and effectiveness gains from centralizing and specializing the recruiting function, as well as in terms of ensuring that program staff can devote the maximum amount of their attention to responsibilities directly related to providing OST programming, it would be preferable to have recruiting handled through a specialized HR function. It appears that most of the organizations in our sample, however, lack the resources to make this happen.

That said, and while recruiting and hiring are clearly a substantial resource drain for HR departments and OST program managers, *we found no evidence or indication that OST programs*

19 According to a recent staffing survey, only 16% of new employees found their job via the Internet. Source: Kelly Services, Inc. Standing Out From the Competition in an Uncertain Labor Market. February 6, 2008.

were being inadequately or inappropriately staffed. Our concern here is simply that this goal be met while allowing the organization to distribute its staff time and resources in the way that best advances its programs and mission.

2. Lack of effective systems and processes for HR data management

Maintaining detailed information about potential, current, and prior employees for internal planning and decision making, as well as for regulatory compliance purposes, is an important function for effective HR management. Effective use of available HR database technologies can increase efficiency of the many record-keeping requirements associated with HR. Moreover, as an organization moves along the "continuum" of HR function, the availability of sophisticated HR data and reporting capabilities is a critical tool for strategic decision making regarding such matters as appropriate staffing levels and effectiveness of recruiting tools and methods, as well as an effective "early warning" sign about challenges such as high staff turnover or extended vacancies.

The evidence from our study indicates a heavy reliance by many organizations on manual, and often limited, methods of HR data collection. Several organizations highlight the administrative burden associated with having so many part-time and seasonal employees, compounded by high turnover. These agencies must collect and maintain employment-related documents, complete and document background checks, and verify staff time and attendance for payroll purposes, all of which can be a challenge without effective data tracking and reporting mechanisms.

Asked to comment on their primary challenges in the HR management of OST programs, respondents at several organizations report concerns regarding data management, including some specific mentions of the challenges of manual systems for recording staff time and attendance. When asked about their HR challenges, interviewees responded:

- *Very high turnover and high volume of new staff requires time to orient, compile records, and maintain records in compliance with funder rules.*

  ~ Executive Director, Multi-Service Agency

- *All time and attendance information is manual, resulting in lots of administrative headaches in contract reporting.*

  ~ Executive Director, Multi-Service Agency

- *Managing timesheets*

  ~ Director of Human Resources, Multi-Service Agency

- *Program leadership needs to understand the liability of not having the appropriate documentation and program staff needed to understand the importance of providing and getting documentation.*

  ~ Director of Human Resources, Stand-Alone OST Organization

(As an aside, we should note that the final comment indicates that, in the case of this organization, the management of records in compliance with applicable laws and regulations is again considered to be a *program* responsibility.)

Data Management: Use of Technology

The use of appropriate technology for human resource management can realize significant efficiencies, especially as staff size increases.

Use of Technology			
Question	**Yes**	**No**	**Significance**
Do you have an HR Information System?	7	8	Avoids manual recordkeeping and enhances ability to monitor employment metrics
If so, does it integrate with Payroll?	7	0	Gains additional efficiencies by avoiding duplicate entry

A Human Resource Information System (HRIS) is a software package or online solution for tracking data related to employees, former employees, and applicants. Eight out of 15 organizations responding to this question report not utilizing an HRIS. Out of these eight, four are large (100+ employees) where the sheer size of the staff requires more tracking and reporting. Of the seven organizations with an HRIS, all do report that the system is integrated with their payroll software or provider to create further administrative efficiencies in the processing of payroll information, which is a significant task for both HR and fiscal staff.

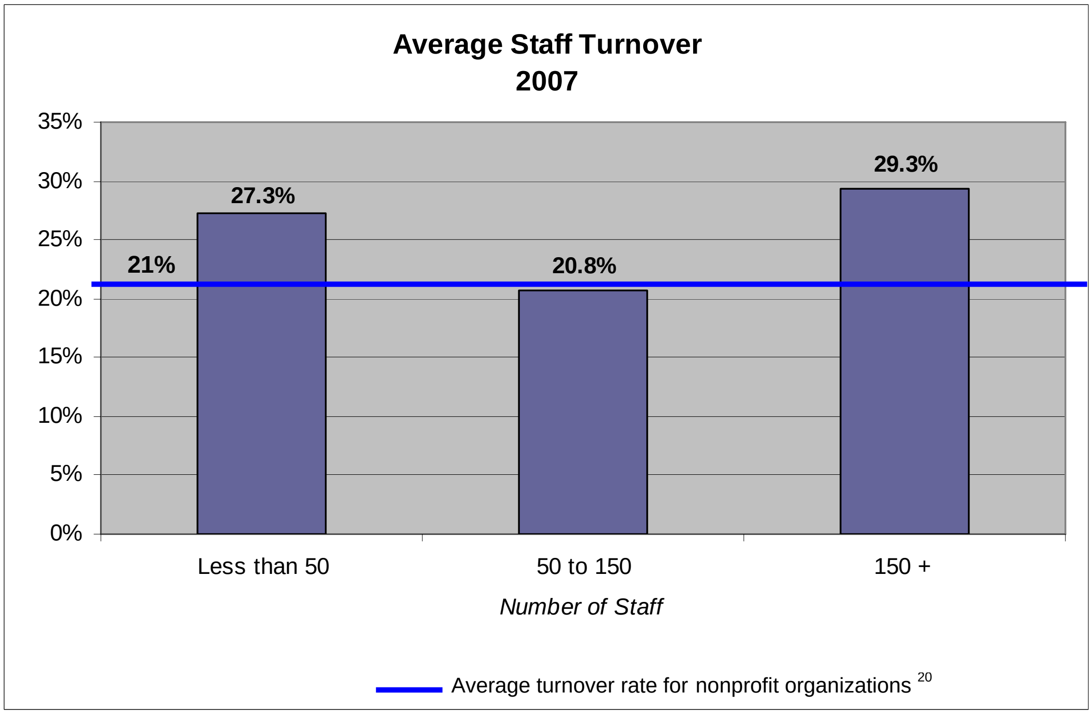
Data Management: Tracking Significant Statistics

The limitations of organizations' HR record-keeping and data management systems can also be seen in our inquiries regarding agencies' monitoring of certain important HR metrics.

Tracking Vacancies				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Do you track how long it takes to fill positions?	3	13	0	Shows capacity to monitor a key metric for evaluating effectiveness of recruiting activities

One indicator of a proactive HR function is its ability to track the length of time a position remains vacant. This type of benchmarking allows for an organization to analyze hiring challenges and strategize ways that the hiring process can be improved. Additionally, this monitoring can be useful for budgeting as well as contracts administration purposes when determining and justifying the need for a budget modification. Only three organizations in our sample report tracking vacancy lengths.

For some organizations in our sample, staff turnover appears to be significant. Using raw data provided by the organizations, we calculated annualized turnover rates as ranging from a low of 11.9% to a high of 54.1%, with an average of 26.3%. The average turnover rate for all nonprofits in a recent survey was 21%.[20] The graph below shows average turnover rates for the organizations in our study, segmented by organization size.



Monitoring turnover statistics, as well as the reasons for staff departures, can help an organization proactively identify staffing issues and to take strategic measures to address them. Our evidence also indicates that many organizations do not formally track or analyze these statistics. Four organizations could not provide information on terminations by employee status (full-time or part-time) or reason for leaving (voluntary or involuntary). Only five organizations could identify the number of employees who were terminated due to the end of one or more programs. Again, the limited collection and analysis of such data also limits management's ability to proactively address staffing-related issues.

3. Presence of appropriate orientation and "talent management" programs

Development and management of an organization's staff members, known as "talent management," provides immediate and long-term benefits to the organization in terms of staff performance and service delivery. Effective staff orientation and supervision programs can increase staff's performance of their responsibilities as well as enhancing job satisfaction and

[20] Opportunity Knocks. *Nonprofit Retention and Vacancy Report*. 2008. http://content.opportunityknocks.org/research/Retention_Vacancy_Report.pdf

possibly minimizing turnover. Formal performance appraisals provide the opportunity to identify specific objectives and create action plans to reach them.

This is an area in which most of the organizations in our sample have systems and programs in place to ease the entry process for new employees and to develop the skills of staff members.

Orientation				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Do you have an orientation program?	13	3	0	Eases staff transition into organization and increases likelihood of retention

Thirteen organizations report that they provide an orientation to new hires. Although the majority of programs are comprehensive, some programs in our sample were limited to full-time staff or consisted mainly of fulfilling paperwork obligations.

The Appraisal Process				
Question	**Yes**	**No**	**Don't Know**	**Significance**
Do you have a formal performance appraisal system for after-school personnel?	15	1	0	Identifies strengths and development opportunities for staff members
Do employees and supervisors agree upon objectives/goals for the next appraisal period?	14	2	0	Sets expectations for performance and help link to overall program goals

Nearly all organizations in our sample, 15 of 16, have a formal performance appraisal system in place for after-school personnel. Of the 15, the appraisal process for 14 includes a process wherein employees and supervisors agree upon objectives and goals for the next appraisal period.

Four interviewees reported in response to open-ended inquiries that conducting performance appraisals is a significant HR management challenge in their organization. This is most frequently attributed to a lack of time and resources. Sample concerns include:

- *Putting together timely evaluations for staff members.*

  ~ Executive Director, Stand-Alone OST Organization

- *Lack of consistency in performance appraisals.*

  ~ Administrative Coordinator, Stand-Alone OST Organization

Supervision				
Question	**Yes**	**No**	**Don't Know / NA**	**Significance**
Is there a formal supervisory system for after-school personnel	13	2	1	Helps to ensure staff performance of responsibilities and program quality

Thirteen organizations have a formal supervisory system for after-school personnel. Two organizations reported not having a formal system. Even with a formal process in place for supervision, some organizations report specific challenges regarding resources or the nature of supervision within the OST model itself. Specific concerns included:

- *There is not adequate staffing to ensure regular, effective supervision.*

  ~ Program Director, Multi-Service Agency

- *Low confidence in most college students' ability to supervise.*

  ~ Program Director, Multi-Service Agency

In general, this appears to be a solid area for most of the OST-providing organizations in our sample. This is an expected outcome given the fact that one of the elements of the program quality screener used to select programs into our sample was based on the presence of effective staff supervisory systems for OST personnel. The large number of positive answers to talent management-related questions illustrates the awareness of the OST providers in our study about the important link between talent management and program quality.

4. Concern regarding the competitiveness of compensation levels

Salary and benefits is the largest single budget expense item for most non-profit organizations, and OST programs are no exception. On average, payroll related expenses represented nearly 70% for the organizations in our study for which data was available. Successful organizations take steps to ensure their compensation and benefits programs are competitive within the relevant labor market, satisfy regulatory requirements, and reward employees appropriately. Organizations which take a proactive approach in developing a compensation strategy, and ensure that practices and procedures comply with regulations governing pay and benefits administration, maximize their chances of attracting and retaining the best qualified and most appropriate staff members.

The organizations in our study are well aware of their limited resources and often express concerns about their ability to pay competitive salaries to current and potential employees. Nonetheless, they feel extremely limited in their ability to proactively manage this area.

Compensation: Challenges

In the unprompted portion of our interviews, representatives of ten organizations cited adequately and fairly compensating employees as a major challenge. Cash flow and funding constraints are common obstacles. Oftentimes, raises are linked to government contracts and are given only when the contract allows for it. This is not inherent to OST providers, but rather of organizations that are heavily government funded, with little unrestricted operating revenue to supplement salaries and raises when appropriate. Organizations with multiple contracts are prone to exhibit salary disparity across programs. A contract funding one position may include a salary increase but another contract funding a similar position may not. Specific challenges cited include:

- *Salaries are non-competitive; raises are given in January but are not funded until April.*

  ~ Director of Human Resources, Multi-Service Agency

- *Increases controlled by government contract*

  ~ Executive Director, Multi-Service Agency

- *Pay is the biggest issue for program and assistant directors.*

  ~ Director of Human Resources, Multi-Service Agency

- *Competitiveness of compensation*

  ~ Executive Director, Multi-Service Agency

- *Paying adequate salary*

  ~ Executive Director, Multi-Service Agency

- *The organization seems to be at the bottom of the range of pay offered by similar organizations.*

  ~ Director of Finance, Multi-Service Agency

Determining Compensation				
Question	**Annually**	**Never**	**Don't Know**	**Significance**
How often is the internal compensation and benefits program reviewed?	13	1	2	Helps set and maintain adequate compensation levels
How do you determine the competitiveness of your pay program? ***Purchase/Participate in Surveys 8*** ***Scan the Marketplace 6*** ***Do not 4***				Helps set and maintain adequate compensation levels

At least 13 organizations in our sample review their compensation and benefits program annually, and 12 compare their compensation levels with the broader marketplace using one or more methods, indicating that issues related to compensation are not from lack of awareness.

Question	Yes	No	Don't Know	Significance
Is there a written compensation policy?	5	11	0	Helps ensure consistency of compensation standards and aid budgeting process
Is there a formal pay structure with grades and salary ranges?	11	5	0	Ensures that staff compensation levels adhere to consistent internal standards regardless of funder specifications

Even in the face of resource constraints that affect compensation levels throughout the organization, some policies and practices can help to (somewhat) mitigate the sting of lower-than-average pay. Documenting and communicating compensation policies and processes is good practice for a variety of reasons, including governance, budgeting, and the impact on employee morale. By taking the "mystery" out of compensation, employees are less likely to believe they are being treated unfairly, even when resource constraints affect compensation levels across the organization. As only five organizations in our sample report having a written policy on compensation, this is an area which could be developed in many organizations.

Likewise, a formal pay structure with pay grades and ranges can help to ensure that staff compensation levels will be internally consistent, so that, for example, OST staff working on programs funded by different contracts will have comparable pay, even if the contracts themselves use different reimbursement rates. Such a policy, which is in place at most but not all of the organizations in our sample, represents a demonstration to equity on the part of the organization and can help to head off morale problems regarding pay levels.

Conclusion

Our central finding around human resource management is that the majority of organizations in the study lack sufficient resources to move beyond administrative tasks and no-frills processes toward more proactive planning and implementation of strategic HR management systems.

Although larger organizations in the study may have evolved further along the continuum than smaller ones due to the presence of a centralized HR function with processes in place, they too struggle with the sheer volume of work and in many cases a lack of formal training. Smaller organizations depend on a combination of administrative, fiscal or program staff who do the best they can, often while being diverted from their primary job functions.

In several of the cases in our sample, the entire staffing function is delegated to program staff. Although Program Managers have out of necessity developed "on the job experience" in recruiting, they are not a substitute for a skilled recruiter. Furthermore, using staff "out-of-area" to handle HR responsibilities reduces time available for program design, supervision, financial oversight, and long term planning.

Many OST-providing organizations are also not utilizing available tools, such as HRIS software and more sophisticated data management systems to increase administrative efficiencies as well as to collect the information necessary for more strategic management of recruiting and other HR functions. Manual record keeping and time reporting consume time that could be better spent on activities that add value to the organization.

Finally, while most are monitoring their salary structure and its relation to the broader labor market, and some have taken some steps to mitigate internal salary inequities, many OST-providing organizations feel that resource constraints cause their own organizations' salary levels to remain uncompetitive.

V. Information Technology

Information Technology can be defined as computer hardware, software, networks, knowledge management, and the staff and consultant services that support the use of technology systems. In the after-school programs evaluated in this study, IT supports the management and administration of the organization and, in some cases, also forms the basis of certain program activities. For some participating youth, the after-school program is the only place where access to the Internet and other technology resources is readily available.[21] Strategic planning, investment, implementation, and management in the area of Information Technology is therefore critical to ensuring the continued effectiveness of both administrative as well as program-related activities.

In order to assess an organization's ability to effectively manage its IT infrastructure, we asked questions regarding the efficiency and effectiveness of IT systems and data management, levels of investment in the IT function, the ability to respond quickly and effectively to IT problems, and the extent to which staff members receive appropriate IT training.

Key findings from our study, which are detailed in the following sections, include:

1. Adequate capacity to provide for basic organizational IT needs, including access
2. Lack of resources for infrastructure and training
3. Lack of sufficient strategic and long-term planning around the IT function
4. Limited ability to use IT to streamline internal data collection and external government reporting processes

1. Adequate capacity to provide for basic organizational IT needs, including access

In a contemporary organization, adequate information technology is simply essential for carrying out day-to-day responsibilities. Providing networked systems, maintaining the functionality of those systems, and ensuring that staff members have access to the systems that they need are all critical components of an adequate IT infrastructure. In general, the organizations in our study are capable of providing IT support that meets basic requirements for access and communication.

21 See Coca, Vanessa, and Elaine M. Allensworth, "Trends in Access to Computing Technology and Its Use in Chicago Public Schools, 2001-2005." Consortium on Chicago School Research at the University of Chicago, November 2007.
http://eric.ed.gov/ERICDocs/data/ericdocs2sql/content_storage_01/0000019b/80/3a/ed/82.pdf

IT Integration and Access			
Question	**Yes**	**No**	**Significance**
Are the IT functions networked?	14	2	Enhances access to and storage of data
Do all the staff who need it have access to email?	15	1	Promotes ease of communication
Do the staff who need it have access to basic office software?	16	0	Supports productivity of both administrative and programmatic staff

With a few exceptions, the organizations evaluated do provide staff with access to necessary software systems and maintain a level of IT centralization. Only two organizations indicate that the IT functions are not networked and only one organization fails to provide email access to every staff member who needs it. All 16 organizations indicate that staff has access to basic office software.

IT Maintenance and Support			
Question	**Rarely/ never**	**Other**	**Significance**
How often does the system go down?	14	2	Indicates basic system integrity

In addition to being available to trouble-shoot minor day-to-day issues, IT staff is also charged with maintaining the integrity of the network systems. Data indicate that the IT staff and consultants working for these organizations are largely successful in minimizing network downtime. When asked how much network downtime there is, nearly every organization indicates that the network either "never" or "rarely" goes down.

2. Lack of resources for infrastructure and training

Maximizing the impact of Information Technology on administrative and programmatic functions requires a significant investment. Answers to questions regarding the IT function indicate that, beyond a level of basic functionality, many of the organizations in our sample feel that they are not able to invest adequate resources to meet technology needs. Six organizations cite the need for capital to either update equipment or provide more computers for staff and/or program participant use. Additionally, when asked about challenges faced in the area of IT, organization staff cited a need for:

- *The capacity to assess software needs and provide training to staff in the IT area.*

  ~ Executive Director, Stand-Alone OST Organization

- *More resources to be able to update technology equipment.*

  ~ Director of Finance, Multi-Service Agency

- *An onsite staff person dedicated to IT.*

  ~ Executive Director, Stand-Alone OST Organization

- *A topographical analysis and an IT strategic plan.*

  ~Executive Director, Multi-Service Agency

- *The ability to ensure that we are adopting state-of-the-art technology and integrating it into both administrative and programmatic functions.*

  ~ Executive Director, Stand-Alone OST Organization

IT Staffing

An organization's ability to operate effectively is dependent upon properly supported technology systems. Effective IT operations can be measured by an organization's ability to quickly respond to and resolve user requests.

When asked about the adequacy of staffing levels for IT functions, staff stated:

- *With only three IT staff for 19 sites, it is a challenge to respond to requests and problems.*

  ~ Director of IT, Multi-Service Agency

- *It is hard to plan and move the agency to the next level when so much [IT staff] time is spent trouble-shooting.*

  ~ Director of IT, Multi-Service Agency

- *Lack of funding [for IT] results in a lack of staff resources.*

  ~ Director of Finance & Administration, Stand-Alone OST Organization

- *IT services are fine at the main site but offsite locations do not get adequate help.*

  ~ Program Manager, Multi-Service Organization

Data collected indicates that a number of the organizations are understaffed in the IT area. During the interview process, seven of the organizations cited the need for additional staff resources devoted to this function. Several organizations have no trained IT staff whatsoever—even on a part-time basis. Staff charged with managing the IT functions for the organizations include:

- *Part-time office manager*
- *Part-time volunteer*
- *Two part-time work-study students overseen by the CFO*

IT Maintenance and Support			
Question	**Yes**	**No**	**Significance**
Is there a helpdesk?	11	5	Indicates existence of a system to manage IT problems in a timely manner

Five of the 16 organizations indicate that there is no "helpdesk" function—i.e., an IT staff person who can be directly contacted to trouble-shoot technology problems in a timely manner. Organizations without a helpdesk function state that they often rely on IT consultants who may take several days or in some cases weeks to resolve problems.

IT Training

Maximizing the impact of IT resources depends not only on acquiring and implementing necessary systems, but also on staff receiving appropriate training in the use of those systems. Training in software and other IT applications can lead to the more efficient and effective use of technology by organization staff. Professional development for IT staff is especially crucial as the IT field is one in which advances in knowledge occur at a very fast pace.

When asked to describe the most significant challenges in the IT area, staff of six of the organizations mentioned the issue of training in IT. Responses included:

- *We need the capacity to provide training for staff in the IT area.*

  ~ Executive Director, Stand-Alone OST Organization

- *Site location training needs are chronic due to staff turnover.*

  ~ Director of IT, Multi-Service Agency

Cross-organization data also indicated that IT training needs are not being fully met in many organizations.

IT Training					
Question	**All**	**Most**	**Few**	**None**	**Significance**
How many staff have received formal training in software used by the organization?	2	7	4	3	Indicates level of expertise among users of the organizations IT systems
How many IT staff have received formal training in software used by the organization?	5	4	1	6	Indicates ability of IT staff to troubleshoot issues related to the software used by organization's staff

When discussing the level of training staff have received in IT, only two of the 16 organizations indicate that all staff have received formal training. Only five organizations indicate that all members of their IT staff have received formal training in their organization's software. Without IT staff who are capable of diagnosing and resolving software-related issues, organizations are often forced to turn to the software providers themselves for help, which generally slows solution time and decreases productivity in the interim.

3. Lack of sufficient strategic and long-term planning around the IT function

An Information Technology system that both meets current needs and grows in tandem with those needs can enhance organizational outcomes. Proactive management of an organization's Information Technology needs requires a significant investment, and a defined plan—be it a budget or a strategic plan—which assists organizations in building a strong IT function. Budgeting and planning around the IT function can allow an organization to understand what technology will best support administrative and program outcomes and to focus on targeting fundraising and resource allocation efforts on providing that technology.

Data from our sample indicates that the organizations may not be devoting enough resources to proactive *planning* around the IT function.

IT Maintenance and Support			
Question	**Yes**	**No**	**Significance**
Are there regularly scheduled software assessments?	7	9	Indicates proactive planning for software needs
Are there regularly scheduled software upgrades?	9	7	Indicates organization is keeping pace with advancements in software technology

In order to ensure that IT systems will continue to keep pace with changing technologies as well as organizational needs, IT staff and consultants should proactively assess the need for and implement technology improvements on a continuous basis. However, nine of the organizations indicate that no regularly scheduled software assessments occur. Seven indicate that there are no regularly scheduled software upgrades.

IT Planning and Investment			
Question	**Yes**	**No/Don't Know**	**Significance**
Does the organization have a budget for the IT department?	10	6	Indicates existence of overall planning for IT function
Does the organization have a budget for IT capital needs?	7	9	Indicates that resources are being set aside for IT hardware and software needs
Is there an IT strategic plan?	5	11	Indicates that organization is assessing IT needs and allocating sufficient resources to meet those needs

When asked how much is budgeted for IT on an annual basis, six of the 16 respondents were either unable to answer the question or responded that there is no specified budget for IT. Only seven of the organizations have a capital budget designated for IT needs. Most tellingly, only five organizations indicate that there is an overall IT strategic plan in place.

These responses suggest that, for many (perhaps most) organizations, information technology management is a largely reactive process, devoted primarily to maintaining system access and a basic level of functionality but far less focused on long-term planning on how to fully *maximize* the contribution of IT to the organization's long-term goals.

4. Limited ability to use IT to streamline internal data collection and external government reporting processes

Integrated centralized systems best serve an organization's administrative and programmatic goals and can be helpful in ensuring the efficiency and effectiveness of IT systems and data management. In particular, a centralized program database is essential to tracking program data and can help to streamline the process of providing funders with required information on program performance. Tracking program data internally on a centralized database may also assist an organization in maximizing the services it is able to offer to its clients.

Internal Data Collection

Centralized Program Database			
Question	**Yes**	**No/Don't know**	**Significance**
Is there a program database for after-school programs?	12	4	Assists in tracking and reporting of program data
If yes, is the database centralized for multiple sites and/or programs with data consolidated for all programs?	7	5	Assists in tracking and reporting of program data on an organization-wide level

Data indicated that the majority of organizations are not employing a centralized client tracking database. Four indicate that they have no database to track data on after-school program participants. Of the 12 organizations that do maintain an after-school program database, only seven indicate that the database centralizes information for multiple sites and/or programs and has the capacity to provide organization-wide consolidated data. This limits the organizations' ability to take a "big picture" view of their client base and the programs and services being accessed, which in turn limits their capacity to perform truly strategic and data-driven program planning across the organization as a whole.

External Reporting Processes

Some government agencies that fund after-school programs require organizations to report program data electronically. The New York City Department of Youth and Community Development employs a program-tracking database called OST Online. The Chicago Department of Children and Youth Services is in the process of bringing a similar system online. Called Youthservices.net, this system will also track after-school program data.

To the extent that an organization's internal database can be integrated with funder-required electronic reporting systems, the reporting process can be streamlined. However, anecdotal evidence suggests that the organizations evaluated in this study find integrating in-house systems with public databases to be a challenging task.

When asked to describe their own internal databases and how they may or may not connect with various government databases, staff stated:

- *Depending on the school system, IT systems can be a problem – especially when replicating data input into different databases for different government agencies.*

  ~ Director of Finance and Operations, Multi-Service Agency

- *Offsite locations do not have the computers/technology they need to be recording and transferring program data.*

  ~ Program Manager, Multi-Service Agency

- *Databases required for outside funders/compliance often require IT support that the organization cannot provide internally.*

  ~ Executive Director, Multi-Service Agency

In further elaborating the last comment, our respondent explained that problems with the outside funder's program-reporting database had to be "troubleshot" by the program manager or staff member using the system, as their own IT staff were unable to provide support with outside systems. As a result, much program staff time was being diverted to this sort of technological challenge.

Conclusion

The successful employment of technology can improve organizational performance and help sustain mission-related outcomes. However, the data we collected indicates that—for many of the organizations in our study—adequate resources may not be available to support the full range of Information Technology needs. Nearly all the organizations maintain networked systems and provide staff with access to basic software applications. However, many organizations suffer from a lack of capital to invest in IT, less than optimal staffing in the IT department, insufficient professional development and training in IT, and a lack of a centralized program database.

Additionally, organizations demonstrate limited ability to plan strategically around the IT function, use technology to streamline reporting to funders, and regularly assess and update technology systems. Given resource limitations, the organizations do not appear to have the capacity to both maintain current system functionality and at the same time plan strategically around how to best maximize the impact of technology. A continued reliance on a reactive rather than proactive IT function may not only prevent the organizations from keeping pace with the changing technology environment and funder requirements, but also stymie efforts to use technology to enhance mission-related outcomes.

In order to maximize the use of available IT systems and put technology to work in supporting program goals, more resources should be devoted to building organizational capacity in Information Technology management, with a particular focus on building capacity for proactive planning and attention to the strategic role of IT in supporting an organization's development.

VI. Facilities Management

The provision and maintenance of adequate physical space for program activities is a critical issue for after-school programs. The amount and quality of space available is an important determinant of the number of children an organization is able to serve as well as the quality of the programming provided.

An in-depth review of facilities management was out of the scope of this study; however, we did collect observational and anecdotal data on facilities management while onsite at programs. We asked questions regarding the extent to which organizations control their own facilities management, their capacity to plan for future facilities needs, and their ability to provide for safe and secure facilities to house their after-school programs.

Key findings from our study, which are detailed in the following sections, include:

1. Space limitations are a challenge.
2. Providing adequate maintenance—including ensuring the security, safety, and cleanliness of program facilities—is a challenge.

1. Space limitations are a challenge.

The provision of successful after-school programs is in part dependent on the availability of physical space for program activities. Programs cannot fully meet the needs of the communities they serve if space constraints limit the number of program participants.

Our data indicates that providing adequate space is a challenge for many organizations.

Adequacy of Program Space			
Question	**Yes**	**No**	**Significance**
Is the space adequate for the number of participants being served?	9	7	Indicates whether space constraints exist

Representatives of seven organizations indicate that the space shortages are a concern for the programs currently operating, indicating the possibility of a *physical* limitation to any program development or expansion.

Additionally, during conversations regarding overall facilities challenges, leaders in several organizations stated that providing adequate space for programs is an ongoing issue. According to discussions with staff members:

- *More space would help cut down the waiting list to get into the after-school programs.*

  ~ Executive Director, Multi-Service Agency

- *Programs are bursting at the seams in terms of space.*

  ~ Program Manager, Stand-Alone OST Organization

- *Space is too small.*

  ~ Program Manager, Stand-Alone OST Organization

Lack of space for non program-related activities is also a concern. Two organizations cited a need for space to house administrative staff and two others mentioned a need for additional storage space for supplies and equipment.

2. Providing adequate maintenance—including ensuring the security, safety, and cleanliness of program facilities—is a challenge.

Maintenance

Ensuring that facilities are safe, secure, clean, comfortable, and in good repair is critical to the quality of after-school programs. The degree of control an organization has over its space is an important factor in the ability of the organization to ensure adequate maintenance of program facilities.

Facilities Ownership				
Question	**Own**	**Rent**	**In-kind**	**Significance**
Does the organization rent, own, or receive in-kind space for programs?	7	6	4	Indicates degree of control over space

Data indicates that each of the 16 organizations operates after-school programs in multiple locations. Some organizations operate programs in space owned by the organization, others use "in-kind" facilities provided by public schools, and others in rented facilities. (At least one organization has a mix of more than one of these arrangements at various program sites.) Of the organizations in our sample, only seven own some or all of their program space.

For those organizations that operate programs in rented or donated space, lack of control over the maintenance of the facilities is an important issue. Staff state:

- *It is a challenge to run programs in public schools that are not well maintained.*

  ~ Program Manager, Stand-Alone OST Organization

- *The facilities department is dealing with issues that are in many cases beyond their control.*

  ~ Program Manager, Multi-Service Agency

- *Maintenance is an issue because the main building and outdoor recreation areas are maintained by the Parks Department and it can be frustrating to try and get them to fix things.*

  ~ Program Director, Stand-Alone OST Organization

For organizations that operate programs in spaces they own, maintenance can still be a challenge. Several organizations own aging buildings that are difficult to configure to modern program needs and keep maintained. Our interviewees stated:

- *Keeping aging facilities up to date is a challenge.*

  ~ Director of Facilities Management, Multi-Service Agency

- *Building was built for another time and it is difficult to reconfigure the space to meet program needs.*

  ~ Executive Director, Multi-Service Agency

- *Funding for infrastructure repair is scarce.*

  ~ Executive Director, Multi-Service Agency

Resource constraints obviously cause and compound many of these difficulties. One organization which provides programs both in facilities owned by the organization itself and in free public school space noted that government contracts do not provide additional reimbursement for the services provided in the organization's own locations, despite the higher occupancy costs associated with those programs.

Security, Safety, and Cleanliness

Maintaining a secure space for program activities is an essential component of successful after-school programming. Several organizations cite security as a challenging issue related to facilities management. Concerns included the following:

- *Making sure the space is secure for the kids is a challenge due to neighborhood gang activity and loiterers.*

  ~ Executive Director, Stand-Alone OST Organization

- *Security is an issue as staff is not able to monitor the comings and goings of program participants.*

  ~ Program Manager, Stand-Alone OST Organization

FMA staff attempted to gauge the security of the program spaces visited during site walkthroughs. These cursory observations suggest that program facilities do appear to be fairly secure on a basic level. However, FMA staff noted the absence of some basic security measures—such as a requirement to check-in with a receptionist or a guard posted at the entrance—in three of the programs visited.

Ensuring a safe and clean environment for program participants is also an important component of facilities management. During site walkthroughs conducted at program locations, FMA staff noticed some potential problems stemming from inadequate maintenance. These included missing handrails on stairways, holes in the floor and roof, and one instance of a broken window long overdue for repair. While we do not claim to be "inspectors," our staff noted potential safety concerns such as these at five of the 16 organizations.

During site walkthroughs, FMA staff also observed significant cleanliness issues at three of the 16 organizations. When asked about facilities management challenges, program or facilities representatives at five organizations themselves cited difficulties with keeping program space clean. Comments included:

- *Keeping the facility clean is an issue.*

  ~ Program Manager, Stand-Alone OST Organization

- *Maintaining a clean environment is a challenge due to facilities staff having limited access and time.*

  ~ Director of Operations, Multi-Service Agency

- *Many times, rooms are not cleaned before a program starts and program directors will have to do it themselves.*

  ~ Program Manager, Multi-Service Agency

As the last comment shows, and as we have noted in other areas (human resources and recruiting, for example), administrative challenges frequently have a tendency to become program challenges, with the diversion of program managers and staff on the front lines to more administrative (and, in some cases, maintenance) responsibilities.

Conclusion

The provision and expansion of successful after-school programs is in part dependent on the availability and quality of physical space for program activities. While an in-depth review of facilities challenges faced by after-school program providers was not within the scope of our study, observational and anecdotal data collected on facilities management does indicate that it is an area of potential concern.

Data indicates that space constraints—both for program and administrative activities—are a challenge for many of the organizations evaluated. Additionally, data indicates that providing adequate maintenance is also a challenge. Organizations that do not own their own space have difficulty in ensuring that facilities are maintained. Organizations that do own their own space report that, despite having a greater degree of control over the space, maintenance remains a challenge due to the lack of resources available for the repair of aging facilities. Other organizations demonstrate difficulty in providing adequate levels of security, safety, and cleanliness at program facilities.

The number of challenges observed in the area of facilities management suggests that the organizations could devote more resources to strategic planning regarding current facilities management and maintenance and future needs. Absent this level of planning, organizations may continue to experience space constraints, a lack of adequate maintenance, and difficulty in expanding successful programs to serve a greater number of participants.

VII. Conclusions and Recommendations

Our study shows a picture of a wide range of OST-providing organizations in two major cities, all of which are providing first-rate program services to the young people they serve, and all of whom to one degree or another evidence and articulate difficulties in providing the administrative infrastructure to effectively support, develop, and expand those programs. Across each of the four areas investigated in our study—financial management, human resources, information technology and facilities management—organizations were generally capable of providing for a certain level of administrative support and functioning: in some instances, however, this level was a necessary minimum, but little more. (We should note that, at the same time our overall impressions were of resource and administrative constraints, there are examples in our sample of organizations that do function at a very high administrative level, and are models of practice in some areas.)

Our study, therefore, does not support the notion of OST-providing organizations on the brink of collapse from a feeble administrative infrastructure. Organizations which have been able to "muddle through" on thin margins and limited resources devoted to management and general support tend to develop mechanisms that allow them to continue to muddle through, even if the resulting allocation of energies and resources is less than optimal, and even if crisis management becomes a too-frequent mode of operation.

But a "less than optimal" management infrastructure has real consequences, notably at the program level. However prized by many funders and watchdogs around the nonprofit sector, a "lean" administrative management structure is all too often a weak one. An organization devoting an inadequate share of its resources to fund management and general expenses will be able to carry out, at best, the most basic management functions, but will lack the capacity for effective, proactive, strategic management.

Moreover, without adequate funding for administrative expenses, program staff have to do more "administration" to make up the gap. This appears to be especially evident in the case of OST providers, in which a program manager may also be a recruiter, IT troubleshooter, liaison to funders, and (as we witnessed directly in a site visit at one organization) leaky-roof repair person. Thus, rather than being *supported by* proactive planning and management strategies which seek to maximize their role in advancing the organization's programs and mission, program staff are too often in the position of *supporting* the organization's administrative functions.

What many, indeed we could safely say most, of the organizations we examined here lack are the resources and capacity for more forward-looking, proactive, and truly strategic administrative management. As funding levels for OST programs have recently increased in the cities in our study, organizations need strategic plans and processes to understand when and how they can best use additional available resources to improve and expand their programs. They need the information to make effective decisions about who is being served in and by their organizations, and how to maximize the impact of those services. They need systems and processes to effectively plan for their resource needs, both human and financial. In sum, they need investment in an administrative infrastructure that can move beyond the basic functional level and into the area of strategic, value-adding management. That this is not in many cases currently occurring is not necessarily the "fault" of organizational leaders or staff members, who are generally doing the very best they can with their available resources, and responding appropriately to the incentives and constraints presented to them.

The interaction and interdependence between administrative and program functions often define organizational mission success, and it is clear that enhancing and expanding OST programs is at least in part a function of improved administrative capacity. Improved administrative functions and systems can result in more time by program staff spent on actual program activity, clearer delineation of administrative and programmatic responsibilities, better training for any number of roles, access to and better use of data to evaluate and run programs, better facilities, or strategic and planning capacity brought to implementation on an on-going basis.

While the organizations we observed do a number of programmatic and administrative functions right, and there is no shortage of staff competence, commitment and dedication, there exist in many organizations obstacles or barriers to strengthening administrative capacity and building efficient administrative systems. Often these obstacles cut across one or more of the administrative functions we examined in this study.

In very broad terms, these obstacles include the following:

- Many organizations lack the financial resources to invest significantly in administrative staff, facilities needs, IT infrastructure and support, and transformational purchases such as improved space. Even incremental cash investments with direct quantifiable impact seem outside the reach of some organizations, often to the point where many administrative costs aren't even directly budgeted.
- The complexity of OST programs and the resulting need for program specific resources result in a heavy organizational focus on those few core administrative activities which must be accomplished for the organization to function, such as grant compliance, part-time hiring, and facilities and IT management across multiple sites. These efforts often come at the necessary expense of other critical administrative functions, particularly those concerned with a longer-term and more strategic approach to management. The continuum of administrative capacity is often heavily weighted toward the functional/transactional level rather than the strategic level, out of actual and perceived necessity.
- OST-providing organizations often don't have full control over their costs. Administrative tasks are often dictated and corresponding funding limited by outside partners, whether it is through the government granting process and related compliance requirements, costs associated with the ownership of facilities, legal compliance costs associated with personnel and employment regulations, or other costs either “mandated” or otherwise outside of an organization’s direct control.
- Many organizations lack necessary administrative strategic initiatives. Whether it is through lack of resources, time, or organizational commitment, we saw little capacity for true proactive planning, even when such planning was expressed as a desire by organizations’ leaders.

- Organizations often can't identify where and how particular investments would have the greatest impact. The heavy reliance on part time staff, the lack of clarity of roles across and within administrative functions, and the circumstances forcing program staff to perform many administrative tasks lead to confusion and non-matching skill sets. Without more clarity on roles, along with an accurate calculation of the true scope and costs of administrative functions, additional investment in administrative resources may be misdirected or not achieve clear results.
- Communication between administrative staff and program staff is limited, and ultimately forums for decision making or opportunities for better and more efficient working relationships are being missed.

Programmatic management and success cannot be maximized until action is taken to overcome these obstacles. Internal and external investment that serves to remove these impediments to programmatic focus and mission fulfillment while at the same time providing organizational administrative support and vision would result in not only improved administrative systems but strengthened, and even expanded, programs.

Preliminary Recommendations

Our own recommendations to serve these purposes are broad and exploratory in nature. While many specific recommendations can be advanced, only after further testing of numerous options could there be any assurance of their viability, likelihood of implementation, and evidence of desired performance outcomes over the long term.

Some of our "exploratory" recommendations are below.

Contracting: We recommend that government-based and other funders of OST programs make themselves fully aware of the consequences of "capping" administrative funding with respect to the ultimate program-level effects of administrative challenges. OST-providing nonprofit organizations too, of course, need to understand that limited investment in administrative functions has program implications. As much as possible, organizations should take steps to calculate and understand the true costs of providing OST services, incorporating realistic assessments of administrative costs, and make strategic decisions about programs and contracts based on more complete information.

Funders and contactors should also do as much as possible to understand the full costs associated with complying with the funding that they themselves provide, and to work to minimize these "mandated tasks" associated with grant and contract compliance and build appropriate funding to cover such costs into the structure of the contracts.

Financial Management: Since OST programs are in many cases heavily funded by government contracts, we recommend exploring ways of better aligning the financial reporting requirements associated with these contracts with the kinds of reporting that would be most relevant and beneficial for an organization's own internal use. An organization required to regularly report on 20 different contracts will often organize its own internal budget simply as an aggregation of 20 different contracts, rather than as a set of programs with costs that can be understood, calculated, and managed. Exploring ways to align *externally* imposed financial reporting requirements with those measures and metrics that would be most useful for the *internal* management purposes of organizations would go a long way toward encouraging the kind of proactive, strategic business planning that would benefit all constituencies in the long term. At the very least, sources of funding should seek as much as possible to minimize those elements of financial reporting that entail heavy administrative burdens, and fully consider the position of service providers in bearing these burdens.

Human Resources: Given that the recruitment function is also such an obvious and ongoing burden for OST-providing organizations, we recommend exploring the feasibility of establishing city-wide OST **recruiting** initiatives from which programs could draw from a database of screened and qualified candidates. Such an initiative could achieve economies of scale in sourcing appropriate OST candidates and reduce the administrative burden on individual organizations, while at the same time maintaining the appropriate role of the organization's own staff and leadership teams in the **selection** of candidates for its programs.

Information Technology: As information technology infrastructure is critical to OST-providing organizations' efficiency and effectiveness in providing their services (and is sometimes an actual component of the services themselves), as well as to supporting other operational and management areas, this is an area in which appropriate investment can have strong and widespread impact. Therefore we recommend further exploring the needs for and likely impacts of enhanced capital investments in information technology, and the potential development of a funding agenda to support such investments.

Further Research Agendas: In contrast to the current tendency to praise and promote those nonprofit organizations which minimize the amount of their resources "diverted" from program services to administrative overhead, we recommend a research agenda that would seek to determine some realistic standards and benchmarks for appropriate levels of administrative investment. Such an agenda would work to correlate levels of financial investment with some of the measures of administrative capacity that we have begun to explore in this study. As such benchmarks would likely be sector-specific, understanding the specific levels of investment associated with administrative quality in the OST sector would offer important guidelines to organizations as well as to funders and the general public, and would help to counteract the distressingly common belief that investments in management and administrative functions are somehow divergent from the goal of advancing an organization's programs and mission.

The evidence supports the notion that administrative capacity and programmatic capacity are intricately linked. Whether through time, money, planning, control, communication or understanding and accounting for the unique complexities of a nonprofit organization and the programs it provides, administrative capacity influences the capacity of programs to make their impact. Our study has examined those high impact areas where better defining and strengthening the link between the two will not just improve the administrative functions of OST programs, but in turn enhance the capacities of the after-school and other important programs that they serve.

Appendix A: Interview Tool

EXECUTIVE DIRECTOR

Governance

1. How many members are on the Board of Directors?
2. Is there a Board Treasurer?
3. Do you have a committee structure?
4. Is the Board's composition in alignment with the organization's by-laws?
5. How many members of the full Board would you say understand their fiduciary responsibilities?
6. Has the Board issued any of the following policies?
    - Ethics Statement or "code of conduct"
    - Conflict of Interest
    - Whistleblower
    - Document Retention/Destruction
    - Follow up: Do they apply to both Board and staff?
7. Do you have a Board Finance Committee?
8. Do you have a Board Audit Committee?
9. How many members of the finance/audit committee members would you say have "financial expertise"?
10. Do the Finance/Audit Committee and/or the full Board receive a copy of the 990 prior to filing?
11. Do the Finance/Audit Committee and/or the full Board receive a copy of the annual audit prior to final issuance?

Talent Management

12. How often does the Board evaluate the CEO/Executive Director's performance?

Follow up: Is this a formal written process? Does it include a review of their total compensation package?

Budget Development & Monitoring

13. Does the full Board approve the budget?

Follow up: Is it before the Fiscal Year begins?

14. Is there a regularly scheduled meeting to discuss financial reports with senior management?

Follow up: Are decisions made based on these discussions?

15. Is each program manager accountable for his/her program's financial goals?

16. What would you say are your biggest challenges in monitoring your budgetary results?

Follow up: What have been the obstacles?

Overall

17. What are the challenges you face in maximizing your Board's impact on the organization's success?

18. What would you say are the biggest management challenges for your after-school program in these areas?

FISCAL MANAGER

Fiscal Staffing

19. What is the organization's budget for the finance department?

20. How many (full-time and part-time) staff positions are in the fiscal department?

21. What is the structure of the finance office?

22. Do you outsource any of your fiscal functions?

Follow up: What functions do you outsource?

23. How many of the staff positions are vacant?

24. What types of staffing issues have you had within the fiscal department during the past two years?

Budget Development & Monitoring

25. Is there a formal budget development process?

26. Who plays a role in developing the budgets?

27. Does the organization have a consolidated budget?
    - By program?
    - By location?
    - By funder/contract?

28. Is there a method for allocating indirect costs to different programs?

Follow up: Is there a documented basis for this allocation?

29. Is there anything about the budget development process that you would like to improve?

30. Is there a process for formally revising your budget during the year?

Follow up: Does the Board approve the revised budget?

31. Do you forecast end-of-year results on a periodic basis?

32. Do program managers receive budget-to-actual reports?

- By program?
- By location?
- By funder/contract?

Follow up: How often? Would you say that reports are understandable to program managers?

33. Is there a regularly scheduled meeting to discuss financial results between fiscal and program departments?

Follow up: Do you feel the meetings are effective?

34. What would you say are your biggest challenges in monitoring your budgetary results?

Cash Management

35. Do you have a cash flow forecast?

Follow up: How many months does it project?

36. How many months of cash on hand do you have currently?

37. Is making payroll ever a concern for you?

Follow up: Have you ever missed payroll? How many times in the last year?

38. Do you have a credit line?

Follow up: How often do you dip into it?

39. Do you have an investment policy?

Follow up: Is it approved by the Board?

Software

40. What accounting software do you use?

41. Does your organization have an updated chart of accounts, with categories that are consistent with the organization's reporting requirements?

42. Is the budget entered into the software?

Follow up: Do budget-to-actual results come directly from the software? Are you able to create customized financial reports as needed?

43. Are allocation calculations built into the accounting system or are they done outside of it?

44. Does your software have modules that you aren't currently using?

Follow up: Why?

45. Which other software packages are currently integrated with your general ledger?

46. How do you reconcile development and finance numbers?

47. How many of the fiscal staff been formally trained on the accounting software?

Financial Reporting

48. Do you have a formal/official month-end close process?

Follow up: How long after the end of the month do you officially close the books?

49. Which reports do you regularly produce for senior management?

50. Is there a regularly scheduled meeting to discuss financial results between the fiscal department and senior management?

Follow up: How often?

Follow up: How would you describe the type of feedback you usually receive (e.g. very detailed, general or big picture and strategic)?

51. Which financial reports does the Board receive for their meetings?

52. Does the Board have an opportunity to ask questions about the financial reports?

Follow up: How would you describe the type of feedback you usually receive? (e.g. very detailed, general or big picture and strategic)

Contract Compliance

53. Who negotiates your government contracts?

54. Which staff person is ultimately responsible for contract compliance?

55. Does your finance and program staff share information with each other on program indicators of contract compliance? For example, enrollment figures for the DYCD/DYCS contract.

56. Do you have a 'tickler' or calendar system to track grant reporting and other deadlines?

57. In the last two years, have any contracts been on conditional status or delayed payment because of financial reporting issues?

58. What are your biggest challenges in contract compliance? Potential follow up question: what have been the obstacles?

Policies & Procedures

59. Do you have a policies and procedures manual?

Follow up: When was it developed? How many years ago? Is the manual up-to-date?

60. Were there internal controls comments on your most recent management letter?

Follow up: What were the primary comments?

61. Are at least 2 signatures required of checks above a certain dollar threshold?

62. Has the organization established a maximum amount that can be withdrawn from petty cash at one time?

63. How often are bank statements reconciled?

64. Do you have an outside payroll provider?

Overall

65. What is the biggest challenge you face in ensuring appropriate internal controls in your organization?

HUMAN RESOURCES

Overall

66. How much is the organization's budget for the HR department?

67. How many employees currently work in Human Resources? Full-time and part-time

68. Do you outsource any HR functions?

Follow up: which programs or activities are outsourced?

69. What was the employee headcount for the organization on December 31, 2006? 2007?

70. How many employees left the organization during 2007?

Follow up: Of those, how many separations were voluntary?

71. How many separations were due to programmatic decisions?

72. How many separations were released (involuntarily terminated)?

73. What is the biggest challenge you face in HR, with respect to after-school programs?

Recruitment & Selection

74. When recruiting for new staff, which sources do you use to find candidates?

75. Who is responsible for résumé management?

76. How do you ensure non-discriminatory interviews?

77. How do you maintain compliance with state required background checks?

78. What is included in your background check?

79. When getting ready to hire for a position, are job descriptions reviewed?

Follow up: Are they revised as necessary?

80. Do you track how long it takes to fill positions?

Follow up: How long is the average open position?

Talent Management

81. Do you have an orientation program?

Follow up: What is included in the orientation program?

82. Is there a formal supervisory system for after-school personnel?

83. Do you have a formal performance appraisal system for after-school personnel?

84. Do employees and supervisors agree upon objectives/goals for the next appraisal period?

85. What type of training has the organization's managers received in the last 2 years?

Compensation & Benefits

86. How often is the compensation and benefits program reviewed?

87. Is there a written compensation policy?

88. How are salary increases determined?

89. Is there a formal pay structure with grades and salary ranges?

90. How do you determine the competitiveness of your pay program?

91. Are any salaried staff non-exempt?

92. How do you determine if a position is considered to be a consultant (1099) or staff (W2)?

Follow up: What kind of process do you use to make the determination?

93. Do you use an outside party (brokers or consultants) to help select and retain insurance coverage?

94. Do you distribute summary plan descriptions to all employees?

95. Do you have a written privacy policy for HIPAA compliance?

96. Who is responsible for COBRA administration?

Recordkeeping & Reporting

97. Do you have an HR Information System?

Follow up: What's the name? Does the HRIS integrate with payroll?

98. Who is responsible for establishing what records are maintained in the personnel folder?

99. Is there a checklist of the contents for personnel folders?

100. Are medical and personnel records maintained in separate files?

101. Where are employees' I-9 forms kept?

102. Are the personnel folders in a locked drawer?

103. Are you required to file an EEO-1 report?

INFORMATION TECHNOLOGY

Planning & Investment

104. How much is the organization's budget for the IT department?

105. What is the capital budget size of the IT department?

106. How many employees currently work in IT?

107. Do you outsource any IT functions?

Follow up: Which programs or activities are outsourced?

108. Is there an IT strategic plan?

Follow up: Is it followed? How often is it updated?

IT Management

109. Are the IT functions networked?

110. Is there a program database for AFTER-SCHOOL programs?

Follow up: Is the database centralized for your multiple sites/multiple programs with data consolidated for all programs?

111. Do you know how service data is entered into OST Online database? (NYC Only) If not, ask the Program Manager.

112. Do the staff who need it have access to Basic Office software?

113. Do all the staff who need it have access to E-mail?

Maintenance & Support

114. Is there a helpdesk?

Follow up: If not, how do you respond to staff technology problems?

115. What is the average response time to a request?

116. Are there regularly scheduled software assessments?

117. Are there regularly scheduled software upgrades?

118. How much system downtime is there?

Access & Training

119. Are staff required to log-in to use:

- Software?
- Databases?
- Email?

120. Are there agency-wide security protocols in place for hardware? Software?

121. Software? For example, only IT people can install software and change settings

122. Is staff formally trained on software that the organization uses?

123. Is IT staff formally trained on the software that the organization uses?

124. What is the biggest challenge you face in IT?

FACILITIES MANAGER

Facilities Planning

125. How much is the organization's overall budget is for the facilities department?
126. How much is for the after-school program specifically?
127. What is the capital budget size of the Facilities Department?
128. Where are the after-school programs located?
129. Do you own or rent the after-school facilities?
130. How do you determine when you need new space for after-school programs?
131. How do you locate new space when you need to for after-school programs?

Operational Management

132. Is the space adequate for the numbers of students that you are serving?
133. Who is responsible for maintenance of the after-school facilities?
134. Rate your satisfaction with the after-school facility.
135. Rate your happiness with the maintenance service.
136. Who is responsible for ensuring supplies and equipment are adequately provided?
137. How does the organization keep track of its equipment?
138. Are there emergency plans in place at the after-school program?

Follow up: Has it been tested?

139. Are there regular emergency drills?
140. What is the biggest challenge you face in providing necessary facilities, especially with respect to after-school programs?

PROGRAMS – SITE WALKTHROUGH

Operational Facilities Management

141. Temperature comfort
142. Cleanliness
143. Safety
144. Equipment age and condition
145. Furniture age and condition
146. Lighting

147. Security

148. How crowded it is

149. Access

PROGRAM MANAGER

Overall

150. What are your biggest financial challenges in managing your after-school program?

151. Do program managers receive budget-to-actual reports?

- By program?
- By location?
- By funder/contract?

152. What are your biggest HR challenges in managing your after-school program?

153. What are your biggest IT challenges in managing your after-school program?

154. What are your biggest Facilities challenges in managing your after-school program?

Budget Monitoring

155. Do program managers receive budget-to-actual reports?

- By program?
- By location?
- By funder/contract?

Follow up: How often? Do you feel you understand the reports?

Appendix B: Document Request List

Document Request List

Document
1. Audited financial statements for the prior 2 fiscal years
2. Organization chart (entire organization)
3. Organization chart for operations departments (fiscal, HR, IT, facilities), if not covered in other org chart
4. The organization’s consolidated operating budget by program/ department
5. Most recently produced budget-to-actual report with variances
6. Sample Employment Application