Section II
Current Research on Building the Capacity of Community Development Organizations

Editor's Note

If the central theme of the previous section is that we need basic research on community economic development, this section attempts to address some of the questions posed by the first set of authors. Here we add to the literature by addressing questions of leaders aging out, nurturing new leadership, defining capacity, testing the theoretical elements of capacity, and assessing the role benefits play in attracting and retaining talent. The papers are exciting in that they present or summarize new data on the capacity challenges facing community-based development.

Replacing Passionate Leaders: The Current Challenge for Community Development

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The chief organizational and human capital issues facing community economic development organizations and how we can address these issues are the focus of this paper. In both arenas, we compare the community development[1] and nonprofit fields and extrapolate where appropriate. While much information exists about organizational development for both fields, little reliable data on leadership in the community development field is available—although somewhat more information exists for the independent sector as a whole.

We begin by briefly laying out the context in which community-based development organizations—community development corporations (CDCs)—and nonprofit organizations operate, noting the demographic shifts that affect the entire sector but that make life particularly cumbersome for small- and medium-sized nonprofits. The influx of immigrants (along with the resulting change in needs of service-based economies) and the impending retirement of the Baby Boomer generation are the two salient demographic trends that must inform any successful human capital strategy.

A key premise of the paper is that at a time when the nonprofit sector faces demanding challenges and increasing competition, nonprofit organizations—the majority of which are small and financially fragile—must focus on finding ways to strengthen their organizational and human capital development. We also argue that government and private funders must play a critical role in advancing capacity-building strategies in the community development field.

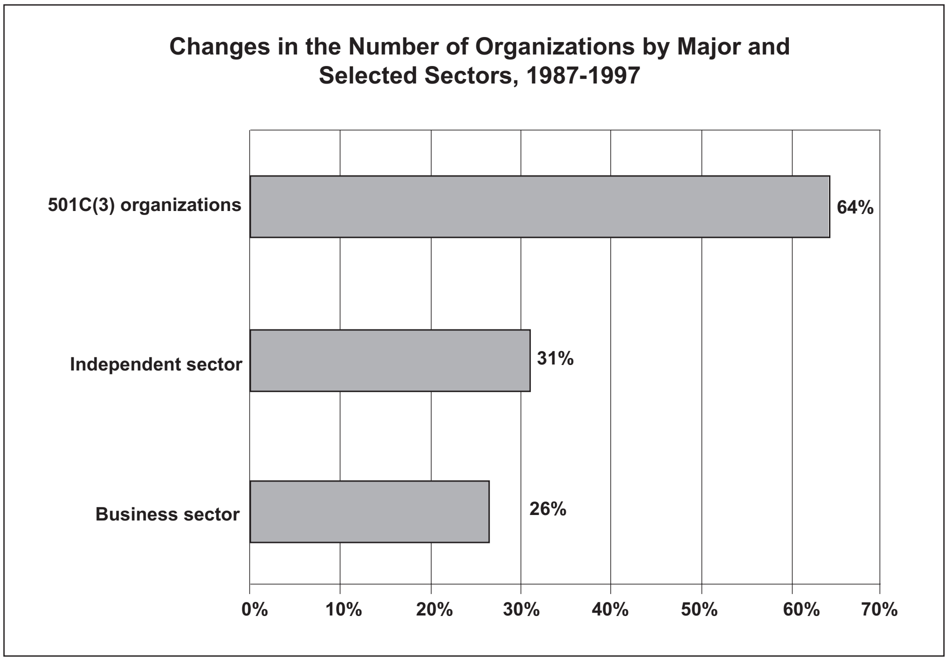
Although we present an overview of the current human capital capacity-building concerns of the community development field, we focus particular attention on the leadership crisis, the main concern voiced to us in our field interviews and research over the past 2 years for Living Cities: The National Community Development Initiative's human capital capacity-building grant.[2] This leadership crisis is a symptom/outgrowth of many other concerns, including a lack of clear pathways for building a second tier of leaders to step into vacated executive director (ED) positions. To make the matter more complicated, the exploration of this issue requires directly confronting the glass ceiling impeding capable people of color from leading their own community-based organizations (CBOs). We conclude with recommendations for strategies to begin to address the challenges confronting the community economic development sector.

CONTEXT

The nonprofit sector in the United States is a significant and growing part of the nation's economy—any challenges to the sector represent challenges to the social and economic health of the nation. In 2002, the *Independent Sector* published results summarizing data from the IRS Forms 990 and state profiles of the nonprofit sector developed by the National Center for Charitable Statistics of the Urban Institute. The results showed that…

> …between 1987 and 1997 the number of organizations in the independent sector increased by 31 percent, growing from 907,000 to almost 1.2 million. This was an annual growth rate of 2.7—higher than the 2.1 rate in the previous decade. This was largely accounted for by the 64 percent increase in the number of charitable 501(c)(3) organizations between 1987 and 1997 (see Figure 1). In comparison, the number of businesses grew by only 26 percent and government by 5 percent over the same time period. Churches, subordinate units, and conventions or associations of churches, although qualifying as 501(c)(3) entities, are not required to register with the IRS and are largely undercounted in this category. About 354,000 churches and analogous religious congregations, such as temples or mosques, can be identified (Weitzman and Jalandoni 2002, 9).

Figure 1. Nonprofit Sector Growth



Source: *The New Nonprofit Almanac and Desk Reference*, 2002

ECONOMIC

The lasting economic downturn and the September 11, 2001 tragedy have hit nonprofit organizations hard. Funds have been diverted from parts of the sector to emergency needs and disaster relief and to fill the gaps left by government and the private sector. As the economy itself shrinks and unemployment rises, fewer donations come to the independent sector, government and philanthropic wallets are thinner, requirements are more stringent, and funds become more competitive.

A recent 2001 study of the nonprofit sector in New York City showed that "one third of NYC nonprofits were ending the year with deficits…and that 70 percent reported trouble recruiting qualified management and staff" (Derryck and Abzug 2002; Seley and Wolpert 2002). Other studies—conducted in December 2001 and May 2002—show that the situation got worse after the September 11 tragedy. By May 2002, close to 85 percent of the nonprofits surveyed in New York City reported an impact from the terrorist attack, 72 percent of organizations had staff that needed counseling, 44 percent were dealing with changes in client participation, and 72 percent of the organizations were certain that September 11 had an economic impact on their organization (Derryck and Abzug 2002).

Competition is on the rise in the sector. Fees have always been large sources of income for nonprofits, but competition for fees and for government contracts has increased—from other nonprofits and from the private sector. The devolution of responsibility for the implementation of social policy from federal to state and local government—as a result of the passing in 1996 of both the Personal Responsibility and Work Opportunity Reconciliation Act and the Illegal Immigration Reform and Immigration Responsibility Act, and subsequent changes in major housing and jobs legislation—opened up new opportunities for local nonprofit organizations. According to Ben Hecht and Rey Ramsey, "They were able to compete to provide government services that in the past were not their domain. But they also found themselves competing with other nonprofits and, increasingly, with large private sector organizations" (Hecht and Ramsey 2001, 5).

Demographic

Demographic shifts in the nation's urban (and, increasingly, rural) areas also have an impact on the nation's nonprofit sector. "The 2000 Census highlights the increasing diversity in the United States. There has been tremendous growth in the Hispanic or Latino population to about 35 million people, making them roughly equal to the number of African Americans, and an almost 75 percent increase in the Asian population" (Peters and Wolfred 2001). This demographic shift has put enormous pressure on nonprofits to respond not only to more people with more needs but to new and different people with different needs. Managers have to know how to negotiate across ethnic and racial boundaries and across national identities. Some of the most innovative organizations think of themselves as transnational organizations.

In a 2000 study of organizations serving immigrants in New York City, the organizations report that "they have had to spend more time doing public education and advocacy on behalf of the organization, its services and their clients," as well as providing greater assistance with completing complicated paperwork, obtaining free food, and providing other basic services (Cordero-Guzman and Navarro 2000).

The aging and early retirement of the Baby Boomer generation further complicates the context for nonprofits. "As Baby Boomers reach retirement in 2011, they will increase the demand and attention for services for elderly, squeezing other social priorities" (Adams 2002). Moreover, as Baby Boomers retire, fewer people will be available to take their place in leadership positions—a challenge we discuss in more detail later in the paper (Adams 2002).

Social Policy

An additional challenge posed by the change in social policy comes from nonprofits trying to keep abreast of a quickly changing policy environment—getting informed and staying informed is becoming increasingly critical to survival. Accumulating and distributing relevant policy and practical information—for example, best-practice management information—often requires learning how to rely on intermediary organizations for the information.

Philanthropy

Nonprofits also face major changes in philanthropy. In the years just before the fall of 2001, the challenge was the growth in the number of "big money" donors who insisted on taking a direct interest in how their money was being "invested" and, as a result, increasingly influencing the missions of organizations. Most recently, the challenge has been the reduced spending by foundations as a response to the unexpected terrorism and economic downturn. This change has not only resulted in less spending for new projects but also an even greater call for accountability and monitoring of program outcomes. Groups feel increasing pressure to raise and donate funds through the Internet, often changing traditional notions of fundraising and gift giving (Atienza and Marino 2003).

The bottom line is that those operating in the nonprofit sector need to be smart, informed, versatile, and accountable, leading to a greater demand for strong management and organizational skills.

Major Capacity-Building Needs

The nonprofit sector—including CDCs and other CBOs—suffers from insufficient attention to organizational capacity-building. In *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*, Letts, Ryan, and Grossman (1999) argue that this deficiency stems in part from the reality that "the nonprofit sector has historically been ambivalent about building and sustaining organizational capacity…The focus has typically been on development of new programmatic initiatives and expanding existing programs to new markets." They rightfully argue that "nonprofits should invest more heavily and strategically in quality processes, product development processes, benchmarking, and human resource management" (Letts, Ryan, and Grossman 1999).

In the following section, we present information on the capacity-building needs of the community development field and the nonprofit sector as a whole.

Table 1. General Comparison of Nonprofits to Community Development

	Nonprofits[3]	Community Development Organizations[4]
Average number of employees	7.25[5]	6
Total number of organizations	1.6 million	3,600

The Nonprofit Sector

The research shows that the following are the most frequently mentioned capacity-building needs as ranked by nonprofit EDs in various studies: core funding (operations, compensation, benefits); human capital development (boards, staff recruitment and retention, staff training, and leadership development); strategic planning; technology; and financial and program-management systems.

Paul Light, in his insightful 2002 monograph, *Pathways to Nonprofit Excellence*, argues that the movement for organizational effectiveness suffers from two related problems. First, the movement suffers from a lack of a commonly understood definition of organizational effectiveness. "It can mean different things to different people," Light says. Second, Light writes, there is no "commonly accepted wisdom on what might actually help nonprofits improve performance—the field does not have good measurements of what interventions work under which circumstances" (Light 2002a).

	Nonprofits[3]	Community Development Organizations[4]
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In an attempt to begin to fill this knowledge gap, Light interviewed a random sample of 250 opinion leaders in the organizational effectiveness movement—including members of Grantmakers for Effective Organizations, the Association for Research on Nonprofit Organizations and Voluntary Action, and the Alliance for Nonprofit Management. In addition, he gathered information from a snowball sample of 250 EDs of exemplary nonprofits. The findings from two sets of interviews show "shared characteristics of high-performing nonprofits and some lessons that poorly performing nonprofits can use" (Light 2002a). The key findings relevant to an understanding of the state of the nonprofit field are as follows:

- "More than three-quarters (77 percent) [of those interviewed] strongly or somewhat agreed that nonprofits are better managed today than they were five years ago. Yet, only 21 percent said that most of the nonprofits they know well are high-performing" (Light 2002a, 43).

- "Respondents were more likely to see high performance in three settings: 1) in organizations with a budget between $500,000 and $10 million; 2) in organizations that are middle-aged (seven to 15 years old) or older (15 years plus); and 3) in organizations that experienced rapid or moderate growth over the past five years. Respondents saw less high performance in organizations that were very small or very large, and in organizations that were very young, and saw no high performers in organizations that had experienced moderate or rapid declines in growth" (Light 2002a, 44).
- "Opinion leaders who knew more nonprofits well were also less likely to say that management has improved. Familiarity does not breed contempt per se, but it does breed a sense that high performance is possible in many settings, but rare nonetheless" (Light 2002a, 44).

Letts, Ryan, and Grossman (1999) found that leading nonprofit organizations excel in three major areas of organizational capacity: (1) program delivery, (2) program expansion; and (3) adaptive capacity. The third area, adaptive capacity, makes an organization not only efficient but also effective.

A Brookings Institution Center for Public Service study (Light 2002b) based on information collected between October 2001 and January 2002 from a nationwide representative telephone survey of 1,140 nonprofit workers reported the following findings:

- Nonprofit employees were more likely than federal or private-sector employees to be able "to very easily describe how their jobs contribute to their organization's mission."
- "Nonprofit employees report serious shortages of the resources needed to succeed. Roughly a third of nonprofit employees said their organizations only sometimes or rarely provide the training they need to do their jobs well. Another two fifths reported that their organizations only sometimes or rarely provide enough employees to do their jobs well." They report "high levels of stress and potential burnout" and are more likely to say they felt proud of where they work.
- "The nonprofit sector may be losing the respect of the public it serves."
- "Viewed as a whole, nonprofit employees are highly motivated, hard working, and deeply committed, but often serve in organizations that do not provide the resources to succeed. Perhaps that is why turnover among EDs is

too high, why board vacancies are increasing, and why so many talented recruits leave early in their careers."

- "Younger respondents were less likely than older respondents to say their organizations were doing a good job at retaining employees…and were the most likely to say it would be easy for them to get another job in a different organization."
- Employees express dissatisfaction on several fronts. Sixty-four percent of those surveyed said they "need increased access to staff, training, technology, and funding." They believe too few opportunities are available for advancement and they doubt their organizations can do something about poor performance.

A fourth set of information—data collected in 2000 by the Puerto Rican Legal Defense and Education Fund from 336 Latino nonprofit organizations in New York City, New Jersey, and Connecticut—indicated that for the sample as a whole, the most serious problem facing the organizations was an inability to attract qualified personnel. The organizations claim they need qualified personnel to develop relationships with funding sources and help with strategic planning. They find it very difficult to attract individuals who could help fundraise, and the organizations do not have the time and resources to make long-term strategic plans. All these factors are related. Lack of funds also makes it difficult to pay the cost of employee benefits.

Another consistent concern is increasing the ability of the board to raise funds. In the focus group sessions among the Latino nonprofits, directors indicated that although long-time board members were instrumental in starting the organization, the needs of the organization change over time. All too often, board members who provided the skills needed to help establish and nourish an organization in its early years do not have equal skills in the art of fundraising.

In sum, the existing evidence points to a nonprofit sector that attracts committed employees and seems to be getting stronger, but that continues to be plagued by the need for capital and by failures in appropriately meeting the support, training, and career needs of its employees.

COMMUNITY DEVELOPMENT

During our last 2 years of research, and having interviewed more than 50 experts in the field, *recruitment* and *retention* were the most frequently mentioned impediments to CDC growth. Practitioners cited the low prestige and visibility associated with the field. The average organization's small size (six people) often caused problems by precluding a satisfying career ladder.

Others described a *looming leadership crisis*, with young and old staff facing a conflict of cultures and expectations. Many first-generation EDs relied primarily on charisma, devotion to mission, and raw talent for their success. Now some of these same passionate EDs are preparing to retire without a second-in-command who can handle the reins, creating a dire need for succession planning. "With over a million nonprofits in the United States (close to 3 million when emerging nonprofits are included), if even 10 percent a year—a conservative estimate given available data—are undergoing an executive transition, then there are over 100,000 nonprofit executive transitions happening every year. Further, with the predominance of Baby Boomers in executive director positions, it is likely that the number of transitions will increase as Baby Boomers retire (Independent Sector 2001; Smith and Goldstein 2001; Peters and Wolfred 2001; Wolfred, Allison, and Masaoka 1999).

While the evidence is just beginning to accumulate, field experience and qualitative research show other factors influencing transitions include racism, organization size and position in its life cycle, the type of transition (for example, founder/long-term executive director, volunteer leadership to staff leadership, resignation or termination), compensation, characteristics of the job, and the influence of the past executive (Altman 1995; Hodgkinson et al. 1996; Burkhardt and Adams 2001; Smith and Goldstein 2001; Redington and Vickers 2001; Bailey and Grochau 1993).

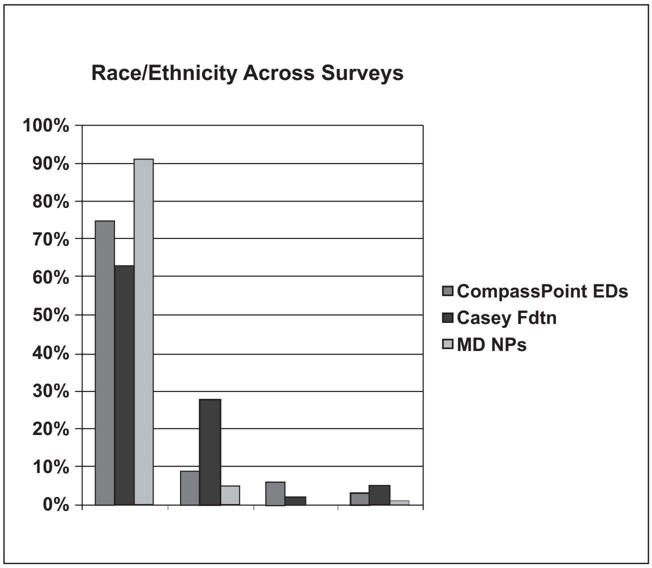
CDC providers also expressed interest in finding ways to *mentor the local population* to keep their skills in the community. They mentioned the need for increases in training budgets and building scholarship funds that promote community development programs in higher education to grow their labor pools. They also talked about the need for more highly skilled and better-trained project managers, but not at the expense of a commitment to mission. Another skill in low supply is financial management. Accounting for funds and reporting on their use require more sophisticated systems and staff to manage them (LISC 2000).

CDCs report difficulty attracting and retaining people of color. The industry's leadership and senior management staff reflect their communities less and less and often are separated by a cultural, racial, and/or educational gap (McNeeley 1995). This trend makes finding people who are literate in both the issues of the indigenous community and skilled in project development and high-finance dealings quite challenging. In addition, like its sibling nonprofit industry, CDCs often suffer from weak board structures (McNeeley 1995) and strained relationships between boards and leaders often are cited as reasons EDs leave.[6] Add to this picture an insufficient organizational management system and limited opportunity for advancement, and we have the makings of an industry whose seams are on the verge of bursting (McNeeley 1995).

THE LEADERSHIP CRISIS

Relying primarily on a 2001 CompassPoint survey of 1,072 executive directors, an Annie E. Casey Foundation survey of 129 of its funded CBOs (29 percent of which are community development organizations), and a Maryland Association of Nonprofit Organizations survey of 2001, the following composite emerges of a sector experiencing a fast-paced transition of leadership and culture, which, if not handled gingerly, could result in an irreparable leakage of experience and wisdom:

Figure 2. Race/Ethnicity Across Surveys



- **Most transitions are nonroutine.** The majority of executive transitions (60 percent) involve some kind of organizational crisis including loss of a founding leader or another major change.
- **High turnover**. Of the 129 Casey grantees surveyed, 23 percent reported executive transitions in the last 2 years and 62 percent of executive respondents reported their intention to leave their position within the next

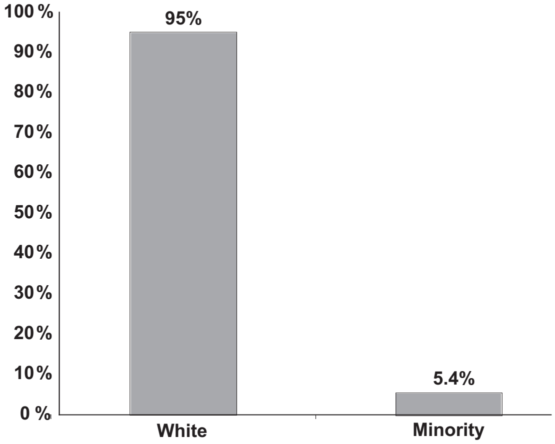
5 years. In short, over a 7-year period, these numbers show the possibility of 85 percent turnover of executives in these organizations alone.

- **Leadership Shortage**. According to the Annie E. Casey Foundation executive transitions 2002 update, "In the U.S. today, there is a shortage of prepared applicants ready to assume significant leadership positions in the communities where leadership is most needed" to support and development to reach their potential as leaders.
- **Developing leadership**. Most (between 65 and 70 percent) of the current CBO EDs are first-time executives. Many need significant support and development to reach their potential as leaders.
- **Succession**. Passing the torch internally serves a great many purposes: it can ensure continuity of culture and authentic representation of the community, while inspiring others in the organization to strive toward promotions.
- **Need for diversity**. At the executive level, CBOs do not represent, in terms of race and ethnicity, the people they serve. (The number of non-Caucasian EDs ranges from 9 to 37 percent.)

An Annie E. Casey Foundation analysis of these studies suggests that "the executive directors of CBOs often do not reflect the racial or ethnic diversity of the community their organization serves. Developing and recruiting leaders who better represent the communities a CBO serves can contribute to the reduction of the inequitable conditions that face many minority children and families in the United States."

The CompassPoint 2000 national survey of 1,072 executive directors yielded a wealth of information on EDs in nonprofit. Figure 3 summarizes a few of the major findings of the survey:[7]

Figure 3. Foundation CEOs as of 2002



Source: CompassPoint Nonprofit Services

- EDs are likely to be women ("In most regions they make up 60 percent or more of the population.") and White. Seventy-five percent of executive directors surveyed were European/White.
- Foundation heads are predominantly White (95 percent).
- Most EDs are hired externally. Almost two-thirds (64 percent) of executives were recruited from outside their agencies.
- Most EDs are first-time EDs (nearly two-thirds).
- Women earn less. Female executives are paid less than male counterparts for the same jobs. The differential is especially acute among large agencies.
- Men are likely to lead the larger organizations.
- Fewer than half of current EDs plan to take on another ED role.
- EDs rely on their peers for information and support.
- Supportive boards make a difference. "Boards have impact on executive tenure and satisfaction and on agency success" (Fernandopulle, Masaoka, and Parsa 2002, 3). Help with board development was requested by 23 percent, the second most-requested service.

Women Executive Directors of Color

CompassPoint also surveyed 125 women executive directors of color (WEDOCs) in the San Francisco Bay Area and summarized its findings with a composite of the written surveys of these leaders in "On the Rise: A Profile of Women of Color in Leadership." We have further summarized the findings in Table 2.

Table 2. Women Executive Directors of Color: Summary of a Survey

"On the Rise: A Profile of Women of Color in Leadership"	WEDOCs of Organizations Serving Primarily People of Color	WEDOCs of Organizations Without a Specific Focus on People of Color
Percent hired from within	43%	45%
Tenure on current job, average	7 years	5 years
Staff size, average	52	27
Percent of staff that are people of color, average	62%	50%
Percent of board members that are women of color, average	45%	37%

The survey concluded that a "… profile of a composite woman executive director of color would show her to be a first-time executive director, on the job almost four years, and running an organization with a budget of between $1 million and $5 million with a median of 12 staff. This organization is a health or human service organization serving primarily people of color, and approximately half the staff and half the board members are women of color. She has a master's degree, has been in the nonprofit sector 14 years, and has one year of management experience in a for-profit company. She is between 40 and 49 years old, is married, and has two grown children. There is a significant possibility that she is an immigrant (24 percent). She values her ability to connect with constituents served by her organization as well as advantages that may accrue in the mainstream from being a rarity. At the same time, she lacks access to people in power, and often has to work against stereotypes related to her race, ethnicity, gender, or age. She looks forward to being active in a network of women executive directors of color, and wants to see the network develop an advocacy agenda for working with government and philanthropy."

Community Development

The community economic development field reflects many of the same challenges evident in the nonprofit sector as a whole. Unfortunately, despite the overriding concern with human capital development within the capacity-building agenda of community development, very little empirical data exists that profiles the community development leadership. This prompted the Milano Graduate School to initiate a national study of executive directors of CDCs in 2003. Nonetheless, a review of the limited data that exist on community development, along with some extrapolation from the nonprofit sector trends, enables us to put together the following profile of leadership in community development organizations.

We begin with the Robert J. Milano Graduate School of Management and Urban Policy's initial groundlaying study conducted by Avis Vidal in 1992, *Rebuilding Communities: A National Study of Urban Community Development Corporations*. The three censuses from the National Congress for Community Economic Development (NCCED) provide information about production numbers, but offer less information about human capital concerns such as training, education, job satisfaction, leadership demographics, and the like, though their next census will include information on executive directors' race and ethnicity.[8] (Table 3 is from NCCED's latest census.)

Table 3. Industry Profile of Community Development Corporations

CDC Industry Profile (projected as of 12/97)
3,600 CDCs
52% serving urban areas
26% serving rural areas
22% serving mixed urban-rural areas
550,000 units of affordable housing
71 million square feet of commercial/industrial space
$1.9 billion in loans outstanding to 60,000 businesses
247,000 private sector jobs created

Source: NCCED, *Coming of Age*, CDC Census, 1999

In 1995, the U.S. Senate Appropriations Subcommittee for the U.S. Department of Housing and Urban Development, Veterans Affairs, and independent agencies funded a collaboration between the Neighborhood Reinvestment Corporation and the Development Training Institute that culminated in a 5-year comprehensive agenda for enhancing the workforce of CDCs (McNeeley 1995). This document, entitled *Human Capital for the Year 2000*, provided a wealth of information about community development and its relationship (and in some cases, lack thereof) with human capital, but already is 8 years old. While strides have been made as a result of this study and earlier work (including the short-term partnering of 12 national institutions into the Human Resources Consortium), a lack of substantial funding for human capital development has left much of the work undone.

Our limited knowledge about community development and people of color in leadership positions comes from experience, interviews, and extrapolation. According to a noted human capital development specialist in the community development field, "There really isn't sound and consistent information available on people of color in leadership positions. They certainly don't exist in large numbers at the national level. We know it's abysmal, particularly at the intermediary level and the collaborative level. It's not that they don't work there. But there aren't too many at the leadership level. At the community level, at the CDC level, it's a little better. But we need more people of color and women in CD as a whole. The leadership just isn't reflective of the communities." Her comments reflect, in essence, our findings of the last 2 years.

Avis Vidal's survey of CDCs (Vidal 1992) 10 years ago painted a slightly brighter picture than the Annie E. Casey Foundation study. This corresponds to our results that showed the community development community was losing ground in terms of its directors racially reflecting the communities they serve. Vidal found that leadership within CDCs tended to reflect the makeup of the community served, although the ratio was not as pronounced in communities of color as in White populations.

Given the scant data, plus the knowledge that those same Baby Boomers preparing to retire are among the cohort of visionary founding directors that gave birth to the community development movement in the 1970s, the field has been bracing itself for a field-wide executive transition that CDCs are not prepared to manage.

RECOMMENDATIONS

A quick review of the major findings from the previous sections of the paper shows the following:

- Efforts to identify, develop, and support nonprofit leaders of color are desperately needed.
- Boards will be faced with hiring younger, less-experienced leaders, many with different professional and cultural experiences.
- Women executive directors of color are eager for networking opportunities to increase their influence in policy and advocacy matters. Male executive directors iof color might also benefit from similar networks.
- More opportunity must be created for peer-to-peer learning.

Isolation of Leaders of Color

Acknowledging and tackling the sensitive issue of race in hiring and leadership in community development are critical to building a truly sustainable path to the future for a thriving community development industry. Abundant anecdotal evidence suggests that two of the factors keeping experienced people of color from these senior positions are the isolation of the local CDC communities and the exclusion of people of color from networks of power and influence. We hypothesize that individuals who sit on the boards of directors of major national community development intermediaries, foundations, state-level associations, and large CDCs—the individuals legally responsible for hiring executive directors—share certain characteristics:

- They do not frequently associate with experienced people of color who can serve as strong leaders.
- They have preconceived notions of what it takes to be a chief executive officer of a CDC.
- They are likely to be male and hire individuals like themselves—men with the skills they think made themselves good leaders.

Strategies for Action

Any effort at ameliorating the leadership crisis of the nonprofit sector or the community development field has to consider that the problem runs through every element of human capital development. The challenge concerns compensation, organizational culture, discrimination, training and development, career ladders, and more. No solution that targets any one single facet of the problem will make much of a dent in this overarching dilemma. The issue must be addressed holistically.

The following recommendations flow directly from the findings of the previous sections:

- **Hiring from within.** Since many CDCs have talented people of color in mid-management positions already, we must begin encouraging and enabling boards of directors and executive directors to look inside their organizations more consistently to find leadership talent. Challenging the institutional hiring models by promoting hiring from within and promoting hiring practices that rely more on skill and experience than on academic credentials will begin to open up alternative pathways to leadership.
- **Scholarship funds** will be a critical tool to increase the education and training, and therefore the potential for advancement, of the local labor pool.

- **Executive coaching services** may be necessary for the newly appointed executive director who has never before been an executive. These services may also help prepare a middle manager to assume a new leadership position.
- **Interim executive directors** may be required if a commitment to finding executive directors that reflect the community requires a longer search and therefore a longer period without an executive director.
- **Interventions must be realistic** and engaging enough to warrant the busy executive director's precious time.
- **Information-gathering efforts** need continued funding. Research that monitors changes and challenges in the community development field is needed to continue to define effective program strategies.
- **Access to networks of power** will be critical for leaders of color to be effective and to be in a position to support the advancement of other talented people of color.
- **Peer-networking opportunities** provide leaders with a forum to exchange best practices, offer peer coaching, and create their own circles of influence.

A Leadership Model for the New Century

The only way to overcome these barriers would be to create new networks of peer associations—new spheres of influence that would be home to and reflect the sensibilities of people of color. These new networks would be composed of people of color with strong leadership experience or potential, and top leadership from other sectors and national- and state-level community development organizations. In addition, these peer networks would help break the isolation that many people of color feel and provide them with connections and experience outside their own sphere of influence. In other words, recruitment and retention of a diverse pool of leaders depends on creating interlocking networks of peer associations that lead to trust and influential information exchanges.

Leadership learning networks have cropped up in various sectors and are becoming a best practice in melding learning, networking, information sharing, building critical thinking across fields and sectors, and breaking the isolation of various fields.

Specifically, these leadership roundtables could address the field's needs in the following ways:

- Grooming a deputy into an executive director through networking and training.
- Serving as a source of interim executive directors.
- Providing executive coaching services to its members as well as serving as a source of such services to the community.
- Promoting a network of forward-thinking community development leaders to quickly become a bloc of influence and power as the network spreads and the alumni circle grows and expands geometrically to create a louder, more potent voice for advocacy and policy discussions.
- Redressing the inequity in access to leadership and influence.

Conclusion

America is always growing new communities. With every decade, the census reports tell us that our so-called melting pot has accepted new people and we have woven into our society whole new communities as they transport themselves from one shore to another. The government, nonprofit, and community development fields have maintained a three-way partnership since the 1970s to serve as instruments for these communities to thrive and achieve their own desires and wishes.

The fundamental tool of those community organizations is people. This finely guarded resource, unfortunately, often becomes undervalued, underutilized, and squandered away. Sometimes just the right amount of support in the most critical area can make the difference between making employees want to come to work and making them lose morale. As yesterday's pioneers begin to make way for a new generation of leaders from different backgrounds, offering different skills, the community development field has an opportunity to greet the 21st century with new ideas and practices for identifying, developing and retaining community leaders.

Notes

[1] We use the following definitions of community development and community development corporations (CDCs): "Community development is the economic, physical, and social revitalization of a community, led by the people who live in that community." "CDCs are neighborhood-based organizations that usually originate from and are controlled by residents determined to turn their neighborhoods

into healthy, thriving communities." Paul C. Brophy and Alice Shabecoff, *A Guide to Careers in Community Development* (Washington, DC: Island Press, 2001), 2, 5.

[2] Two years ago, the Robert J. Milano Graduate School of Management and Urban Policy was given a planning grant by Living Cities (formerly the National Community Development Initiative) to explore human capital development capacity issues in community development and arrive at some creative solutions to the problems identified. We were charged with combing the field, interviewing experts, reviewing data (what little existed) and compiling any existing research to delineate a field in its adolescence and its relationship with its own human capital development. A year later we were funded to implement our suggestions for strengthening human capital.

[3] The two figures in the "Nonprofits" column are taken from Weitzman and Jalandoni (2002, 8, 19).

[4] The two figures in the "Community Development Organizations" column come from NCCED (1999, 5, 7). These NCCED numbers were projected as of December 1997. More recent research suggests that the total number of organizations is now significantly higher than when NCCED collected numbers for its last census.

[5] This average was derived by dividing the total of 11.6 million paid employees of nonprofits in United States by the 1.6 million nonprofits in the United States (Weitzman and Jalandoni 2002).

[6] Neighborhood Reinvestment study as cited by LISC in "Resources on Executive Director Transitions," compiled by LISC's Organizational Development Initiative: "An extensive study by Neighborhood Reinvestment revealed that…inadequate compensation and poor Executive Director/Board relationships are among the frequently cited reasons for departures" (1).

[7] Data collected in the fall of 2000 (representation from the San Francisco Bay Area/Silicon Valley, Fresno, Dallas, Washington D.C., and Hawaii).

[8] NCCED has issued three census reports to date: *Coming of Age: Trends and Achievements of Community-based Development Organizations*, 1999; *Tying it all Together: The Comprehensive Achievements of Community-based Development Organizations*, 1995; *Changing the Odds: The Achievements of Community-based Development Organizations*, 1991.

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Building the Capacity of Community-Based Development Organizations: The Case of Community Development Partnerships

Norman J. Glickman

In this paper, I use a multidimensional definition of capacity to assess the effectiveness of community development partnerships (CDPs), local intermediaries designed to improve the capacity of community development corporations (CDCs).[1] I also show how to measure capacity, which has proven difficult for analysts.

CDPs first emerged in the early 1980s in response to federal reductions in spending for community development activities. The public, philanthropic, and private sectors in cities such as Pittsburgh, Cleveland, and Boston wanted to support the organizational development of CDCs. Pooling their resources, these stakeholders provided core operating money—funds to support day-to-day efforts—to selected CDCs in return for measurable progress in improving internal operations of CDCs and their broader impact in community revitalization. In almost all cases, the partnerships also provided organizational and technical assistance to CDCs accepted into their capacity-building programs. CDCs typically received multiyear support and eventually funds to sustain projects in housing, social services, and the like.

Those local experiments eventually received national sponsorship from the Ford Foundation and other philanthropic organizations to strengthen and expand their efforts. Ford, in particular, adopted the idea and grew it into a national strategy encompassing 25 cities, states, and rural places (Ford Foundation 1996). The development of funder partnerships now is so widespread that other national foundations and national community development intermediaries work with them as a matter of course in programmatic attempts to build the capacity of CDCs and other community development organizations.

Despite widespread acceptance and proliferation of partnerships, assessment and evaluation of them were lacking. Individual partnerships have commissioned some local assessments, but no overarching national study has been conducted to provide funders and policymakers with an objective view of what the partnerships were accomplishing (Clay 1990).

To fill this assessment gap, the Ford Foundation supported research at the Center for Urban Policy Research at Rutgers University beginning in 1995 to assess the impact of the partnerships' ability to help CDCs build capacity. This paper reports select results from this research followed by policy recommendations and the need for further research on community development partnerships.

DEFINING CAPACITY

Glickman and Servon (1999, 2003) maintain that defining and measuring the capacity of CDCs by using the number of houses built or any other "production" numbers is too narrow and misses important fundamental activities of community organizations. To develop guidelines for nonprofit organizations, they defined and measured capacity according to a typology of five elements of capacity: resource management, organizational, programmatic, networking, and political.

- **Resource Management.** CDCs must generate and acquire resources from grants, contracts, loans, and other mechanisms. They must attract, manage, and maintain funding to meet their objectives.

- **Organizational.** Community organizations must develop effective management frameworks, use modern management techniques and technology, and raise the level of staff productivity through investment in human capital.

- **Programmatic.** CDCs must provide a type of service or can expand the range of services that they offer (based on available financial resources). Many begin with providing affordable housing, but later manage housing, economic and business development, job training, environmental services, and cultural programming. Their capacity level depends on their ability and efficiency in meeting the goals that their communities set.

- **Networking.** Neighborhood groups possess the ability to work with other community organizations as well as those outside the area—including banks, governments, foundations, training groups, and others. Networking can increase community-based organizations' (CBOs') ability to provide services and expand other activities.

- **Political.** Community organizations must relate to and establish relationships with many constituents, both inside and outside their communities: neighborhood residents, other nonprofits, downtown business and governmental leaders, and others. The extent to which they have success reflects their level of political capacity.

All five elements help community development corporations improve their operations and make them more capable of meeting their goals. Furthermore, these types of capacity mutually interact and reinforce each other—for example, better organizational capacity can build on the group's ability to manage programs and resources. Although not all community organizations may be able to improve all elements of capacity simultaneously, many try to work on each over time.

Measuring Capacity

Although defining capacity is difficult, scholars have found it even harder to measure it. Many of the components of capacity do not lend themselves to easy quantification. Glickman and Servon (2003), however, provided a comprehensive attempt to measure their five elements. They surveyed 218 community development corporations as part of their evaluation of the Ford Foundation's Community Development Partnership Strategy. They examined three groups of CDCs: (1) partnership-funded CDCs in 16 cities (P-CDC); (2) CDCs in the same cities that did not have Ford funding (NP-CDC); and (3) CDCs in four "control" cities without partnerships (C-CDC). Glickman and Servon recognized a selection bias in the analysis because the first group would be expected to have more capacity than the second does because it had been selected and supported by the local intermediaries based on past performance. The control group (#3) was surveyed to reduce that bias.[2]

Resource Management Capacity

The Glickman-Servon results are summarized in Table 1. The CDCs with partnership funding (P-CDC) had 40 percent more core support (a very important portion of resource capacity) than the nonpartnership groups (NP-CDC) and 57 percent more than the control groups (C-CDC). The partnership groups' project support grew by 17.5 percent a year, compared to 7 percent for NP-CDCs and 26.5 percent for the control organizations. Note, however, the control CDCs started growing from a relatively small base. These results show that the partnerships contributed to capacity building among CDCs.

Table 1. How They Stack Up: A Profile of Community Development Corporation's Capacity

	Partnership	Nonpartnership	Control
Resource Management Capacity			
Core Operating Support ($000)	376	283	232
Project Support ($000)	2,423	1,506	1,375
Average Annual Growth of Project Support (%)	17.5	7.0	26.5
Organizational Capacity			
Full-Time Professionals (Number)	14.0	9.5	10.0
Average Annual Growth of Staff, 1992-1997 (%)	12.5	3.0	7.9
Pension Coverage for Executive Director (%)	46	37	25
Programmatic Capacity			
Total Housing Units Completed, 1992-1997	229	201	197
Average Annual Growth of Housing Units Completed, 1992-1997 (%)	13.9	-3.2	2.0
Housing Units Managed 1997 (Number)	130	98	120
Networking Capacity			
Supports Staff Training with other CDCs (%)	32	33	25
Supports Community Organizing with other CDCs (%)	64	63	53
Works with For-Profit Developers (%)	65	58	75
Political Capacity			
Publishes a Newsletter (%)	66	57	58
Has Contacts with Business Community (%)	44	37	36
Public Meetings Per Year (Number)	8	17	23

Source: Glickman and Servon 2003

What role did the partnerships play in the capacity building of the community organizations? Glickman and Servon asked the P-CDC respondents what types of help mattered most. As Table 2 shows, the most important aid they got from the local intermediaries was help with operating support (81 percent of the P-CDCs listed this factor), followed by help with support for their projects (67 percent) and access to local governments (61 percent).

Table 2. Differences Partnership Support Makes

Elements of Capacity	Partnership CDC Responded "Very Important or Somewhat Important"[a] (%)
Resource Management Capacity	
Freed time formerly spent on fundraising	53
Assisted in leveraging project funds from other sources	73
Increased access to funding due to working with partnership	27
Contributed to long-term operating support	81
Contributed to project support	67
Assisted in gaining funds from local governments	61
Assisted in gaining loans from banks	51
Organizational Capacity	
Caused staff benefits to increase	27
Improved the kind of training available to CDC staff	74
Improved the process for replacing personnel	30
Provided training and other forms of technical assistance	74
Assisted in recruitment of staff	30
Networking Capacity	
CDCs that said partnerships facilitated joint ventures with:	
Other community-based organizations	43
Private developers	14
Governmental bodies	22
National intermediaries	30
Other	5
Programmatic Capacity	
Established financial management systems	58
Developed a strategic-planning process	64
Encouraged development of benchmarks	88
Contributed to programs that CDC regards as successful	61
Political Capacity	
Improved access to elected officials	26
Facilitated relationship with the corporate business community	41
Strengthened relations with private-sector funder	60

[a] Glickman and Servon use "very important or somewhat important" here to streamline Table 2. Actual wording for response choices varied somewhat among the questions. For example, some answers were "very useful or somewhat useful" or "strong encouragement or some encouragement."

Source: Glickman and Servon 2003

Organizational Capacity

The local partnerships provided considerable resources and expertise toward increasing organizational capacity. In the Ford-funded cities, more than four in five CDPs brought in outside consultants to help CDCs carry out training programs. The partnership CDCs were far more likely to offer pensions than were nonpartnership groups (46 percent vs. 22 percent). The level of human capital, as measured by staff size, was more than 40 percent larger (see Table 1).

Local partnerships and their national counterparts have played important roles in building capacity among CDCs. As Table 2 shows, the P-CDCs said that the CDPs helped them primarily through training and technical assistance (both at 74 percent). They viewed the partnerships, however, as considerably less helpful at increasing benefits (27 percent) and assisting with recruitment (30 percent).

Programmatic Capacity

The P-CDCs' housing production grew far faster (by 26.3 percent per year between 1992 and 1998) than the NP-CDCs (9.1 percent) and the C-CDCs (11.6 percent). P-CDCs were also the most productive of the three groups in an absolute sense, as Table 1 shows. However, the P-CDCs were less efficient in building housing units than the NP-CDCs: average housing costs for the P-CDCs was $41,266, 6 percent more than the costs registered by the NP-CDCs. The P-CDCs also managed slightly more units than the NP-CDCs. However, there were relatively small differences among the three groups for other program areas: the mix and efficiency of their economic development, training, social services and organizing efforts looked quite similar to each other.

The local partnerships had their biggest impacts by helping their CDCs with housing production. The partnerships were also most likely to assist with community organizing. Importantly, the CDPs encouraged the CDCs to set benchmarks for their work and to try to reach reasonable goals.[3] When we asked the CDCs if the partnerships had changed the programs that they offered, most of them said that they and the CDPs had very similar goals. About 89 percent said that they set benchmarks, and a large percentage of these claimed to have met these benchmarks.

Networking Capacity

The Ford survey examined the types of networks that CDCs join. These included networks in housing counseling, commercial real estate development and management, business assistance, and social services. Across the board, CDCs participated broadly in networks: more than three-quarters of the CDCs said they had increased their involvement in networks over time. For the P-CDCs, this increase was a direct result of partnership encouragement. All types of CDCs work with networks of community organizers and those carrying out housing development.

POLITICAL CAPACITY

The Ford partnership CDCs did not show appreciatively more political capacity than the other groups they surveyed. The CDP-funded organizations tended to have slightly more ability to attain outreach through newsletters and facilitated outreach to the business world at a slightly higher level. The CDCs, however, gave the local partnerships relatively little credit for providing access to elected officials (26 percent) and corporate sources (41 percent). The partnerships were far more successful at helping the CDCs contact private-sector funders (61 percent).

CONCLUSION

Progress is evident in building the capacity of local CDCs through the presence of local intermediary community development partnerships. Many organizations were transformed and made more effective through the capacity-building process. Several brief conclusions stand out from the research discussed in this paper. First, capacity building can be *defined and measured* in a straightforward and comprehensive manner. This definition is operational, easy to understand, and can be used by CDCs and funders alike to understand progress by the community groups—as it already has been used. It can be used for helping groups set parameters for strategic planning. Yet, more work remains in this area—especially in the realm of measurement.

Second, *national and local intermediaries helped promote capacity building* in cities where they were active. The funding of operating support, technical assistance, management tools, strategic planning, and related techniques certainly gives CDCs receiving that assistance a leg up on other groups. More needs to be done, especially funding from governments, to move the process even further along.

Third, the measurement of capacity building shows *advantages to CDP-funded organizations*, although not in overwhelming increments in some cases. CDCs in the control cities did relatively well and the advantages shown by the partnership-funded groups in the Ford cities could be attributed to selection bias.

Although CDPs are a good model for building local CDC capacity, they remain fragile. Local funders (of all stripes) move on to other issues and problems, often leaving successful partnerships on what amounts to life support. Efforts to get local and statewide partnerships written into city and state budgets on an ongoing basis have been undertaken, but little is known about the number of these government-supported partnerships and case histories of their development. Do these partnerships lose their independence and flexibility when they receive primary support from government? Another question: Is there a bias toward established CDCs with state- and city-supported CDPs at the expense of emerging groups?

In the policy arena, CBO experience shows a need for greater federal government involvement. This support can come from existing programs (such as HOME technical assistance) or new efforts to make it easier to deliver resources to a significant, time-tested model that builds the capacity of CDCs. Strong local capacity-building intermediaries are especially critical with the emergence of a new generation of community-based development organizations—many of them an outgrowth of faith institutions. If this new generation of community developers is to thrive, local intermediaries such as the CDPs are in the best position to grow them from emergence to maturity.

Notes

[1] For more on community development organization capacity, see Local Initiatives Support Corporation (LISC) 1998, 2002; Rohe, Bratt, and Biswas 2003; Seessel 2003; Walker and Weinheimer 1998; and Walker 2002.

[2] Partnership-supported CDCs represented 132 of the 218 community organizations in their sample. Nonpartnership-backed CDCs (50) and control CDCs (36) rounded out the sample. The survey contained 93 questions (often with followup or subquestions) that took the respondents (usually the CDCs' executive directors) approximately 90 minutes to answer. All but a few of the questions were closed ended. Local community development experts in each of the cities administered the survey.

[3] The other groups also carried on community organizing, but slightly less than the P-CDCs.

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Capacity Building: The Case of Faith-Based Organizations

Michael Leo Owens

The issue of capacity is as important to faith-based community development specifically (Vidal 2001) as it is to community development generally (Glickman and Servon 1999; Chaskin 2001; Chaskin et al. 2001; Nye and Glickman 2000). In the current policy context, federal laws and a growing number of state laws invite partnerships between the public and faith sector—both taxpayer-supported and voluntary—for community development, inclusive of social welfare services provision. The laws (for example, Charitable Choice) seek to improve the ability of present and future initiatives to rely on faith-based organizations to help residents of disadvantaged communities overcome afflictions and addictions that prevent them from achieving economic self-sufficiency and their neighborhoods from becoming decent and stable places, particularly for youth.[1] They intend to sponsor and help expand programs that reform the personal situations and environmental conditions of the poor.

The laws promoting public-faith sector partnerships contain an implicit policy assumption about the capacity of faith-based organizations for community development, one many policymakers and practitioners hold: faith-based organizations have the ability to foster physical and social change. This assumption rests on the belief that faith-based organizations have considerable resources—large memberships, sizable annual incomes, and a store of expert volunteers—that give them the ability to design, deliver, and sustain community development services. In short, convention holds that congregations possess the "bricks, bodies, and bucks" for rebuilding neighborhoods and strengthening families (Hacala 2001). The effects of faith-based organizations' activities in disadvantaged communities, however, may be negligible, despite their value to community renewal. Faith-based organizations may yield few outputs and achieve small outcomes because their capacity cannot accommodate the needs of community renewal. This may be so, despite a policy attitude that faith-based organizations, above all other organizations, have the capacity for community development.

The efforts of faith-based organizations range from affordable-housing production and economic development to social services and community organizing (Cnaan 1999). Whether faith-based organizations have the capacity for community development, measured by increased assets owned by the individuals and families of disadvantaged neighborhoods, is an empirical question that remains unanswered. Nevertheless, observers note that faith-based organizations have "created some of the most persistent and innovative community development programs in cities, they have organized significant resources for the benefit of the poor, and they have contributed to the national dialogue about faith-based development" (Thomas and Blake 1996).

Many observers see faith-based organizations as "rising stars" in the universe of community development, with vast distances to cover before reaching their apex in terms of services and effects (Thomas 1997). The most observed organizations among the ascending stars are faith-based community development corporations (CDCs), especially those associated with African-American churches, which receive the bulk of scholarly attention (for example, Frederick 2001; Hinesmon-Matthews 2003; Owens 2001, 2003).[2] This paper, however, attends to another type of faith-based organization responsible for creating most faith-based CDCs in the United States—the congregation. It addresses capacity, a topic in need of empirical investigation.

Although development projects of congregations have been well documented (for example, Clemetson and Coates 1992), the capacity of congregations for improving poor neighborhoods remains largely unstudied and questionable (Foley, McCarthy, and Chaves 2001; Vidal 2001). Political scientist James Q. Wilson observes: "We have no systematic evidence as to whether [their] programs are working in any large sense—that is, for lots of people—but ample testimony that they do work in a small sense—that is, by changing the lives of identifiable individuals" (2000). Still, as John DiIulio, Jr., the former director of the White House Office of Faith-Based and Community Initiatives, notes, "it remains to be seen how, if at all, the local faith-based efforts can be taken to scale in ways that predictably, reliably, and cost-effectively cut crime, reduce poverty, or yield other desirable social consequences" (2000).

If it is true that congregations have the capacity for effective community development, we may expect the faith sector generally to do more to help the poor reform their lives and the conditions they endure in their neighborhoods. We may also then believe that congregations have the capacity to resolve collective problems in poor neighborhoods, such as affordable-housing shortages and limited employment opportunities. If the answer to the question is false, however, we may need to look to other organizations in the faith sector, even other sectors of society, to improve the assets of disadvantaged communities and their residents. We may also need to see congregations specifically and faith-based organizations generally as tangential, not central, to community renewal in the United States.

After defining "faith-based community development" and providing an overview of congregational involvement in the United States, this paper considers recent scholarship on community development capacity. The paper's purpose is to identify factors that influence the ability and effectiveness of neighborhood-based organizations for neighborhood change. From there, the paper moves to an empirical examination of congregational capacity for faith-based community development. It relies on data from a survey of congregations in the metropolitan area of Atlanta, Georgia. Subsequently, the paper identifies key issues for those concerned specifically with helping congregations build capacity to expand their services, become more effective, and achieve sustainability for the purpose of fostering community transformation and social change. These issues also are appropriate for those interested in setting a public-private agenda for strengthening the abilities of organizations of all types to revitalize communities in the United States.

Faith-Based Community Development

In an essay on faith-based community development, urban planning scholars June Manning Thomas and Reynard Blake declared: "Individuals involved in neighborhood development in distressed central-city neighborhoods in the United States must confront, sooner or later, faith-based community development" (1996). Their declaration, however, came without definition. Since then, the term "faith-based community development" has become more common, but also more vague for practitioners, scholars, and policymakers engaged in community development discourse. Consequently, they conceive of faith-based community development in numerous ways.

Some conceive of faith-based community development as a distinct type of community development, but others find such an idea unintelligible. Others believe that the term explicitly incorporates religious activities (for example, prayer and proselytism), while some contend that it does not. Some see only certain types of faith-based organizations (such as Christian churches) when they peruse the community development landscape, whereas others are less myopic and more panoramic.

Others aver that community development via "faith-based initiative has an even higher standard to follow" than secular initiative (College of Biblical Studies 2001). Many caution against the claim. Jay Hein of the Hudson Institute, for example, commented a few years ago during a symposium on Charitable Choice, "we need to be very careful not to set the bar too high. We shouldn't set the bar higher for faith-based organizations…We do need to look at the unique characteristics of faith-based organizations, but we somehow shouldn't test them above what we expect in our regular and secular training programs" (2000).

At a minimum, faith-based community development fits within the set of metaphorical frames that makes local development understandable (Mier and Bingham 1993). When faith-based community development builds assets for the poor and bridges to new social opportunity structures, it is development as the liberation of human potential. When it defines problems, identifies policy alternatives, and designs programs, especially in collaboration with other stakeholders, faith-based community development is development as problem solving and the exertion of leadership. If it seeks sustainable development and growth without dramatic displacement of incumbents, faith-based community development is development as preservation.

As it revitalizes neighborhood economies and begins to transform poverty areas into middle-class neighborhoods through gentrification, it is development as a growth machine. As it advocates on behalf of the poor and seeks their inclusion in public decisionmaking, it is development as the pursuit of justice and empowerment. If it creates more subsidiaries for congregations and clerics to steward collective resources, it is development as managing an enterprise.

Based on my own review of the community development literature and interviews with key actors in and supportive of the faith sector, I define *faith-based community development* as the practice by organizations from the faith sector to produce services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents. Ostensibly rooted in religious traditions and tenets, faith-based community development is a process composed of four elements—crisis relief, services and counseling, economic and social advocacy, and market intervention—that take the faith sector "beyond helping—to the initiation, sustenance and management of long-term growth, improvement, and change" (Pickman et al. 1987). Elements of faith-based community development include emergency assistance (for example, sheltering victims of domestic abuse), ministry (such as assisting youth to make moral decisions), physical improvements (for example, housing production), commercial enterprise (such as owning retail properties), and community organizing (for example, fostering neighborhood associations and lobbying for policy changes).

The ability of the faith sector to move past emergency relief requires that it collaborate with other sectors of society. The faith sector by itself cannot develop communities. It needs to couple its human, physical, economic, social, and political capital to that possessed by the public, philanthropic, and market sectors to improve the physical, economic, and social conditions of disadvantaged communities. Policymakers acknowledge this fact. Consequently, in 2000, federal agencies permitted faith-based organizations to share with secular community organizations in approximately $1 billion in federal assistance; it awarded approximately 500 grants to faith-based organizations to deliver homeless and HIV/AIDS services, and it distributed approximately two-fifths of its Section 202 elderly housing production funds and technical assistance grants to faith-based organizations (Hacala 2001).

When the coupling of capital among the sectors endures, faith-based community development increases its capacity for strengthening families and transforming neighborhoods. It becomes, borrowing from community building scholar and former U.S. Housing and Urban Development (HUD) official Xavier de Souza Briggs (1998), a conduit for the poor to "get by" and "get ahead."

CONGREGATIONS AND FAITH-BASED COMMUNITY DEVELOPMENT: A NATIONAL OVERVIEW

At its best, "faith-based community development is comprehensive, asset based, and driven from the bottom up" (Ramsay 1998). Congregations do not necessarily control it. Most congregations do not practice community development, and congregations typically do not engage in community development through congregation-affiliated subsidiaries, such as separate nonprofit or commercial organizations (Clerkin and Gronberg 2003; De Vita and Palmer 2003a; Owens and Smith 2003). Nationally, a minority of congregations engages in activities typical of community development organizations (Chaves 1999). Table 1 confirms this fact, relying on data from the National Congregations Study (Chaves 1998), a random survey of 1,236 congregations in the United States. It shows the community development involvement of congregations nationwide, those in cities and those in urban poverty neighborhoods, for a select set of activities. It also identifies the involvement of suburban congregations for comparison purposes.

Table 1. Select Community Development Activities of Congregations, 1998

	Congregations			
Activity	**National Sample (%)**	**Urban Areas (%)**	**Urban Low-Poverty Areas (%)**	**Urban High-Poverty Areas (%)**
Housing	18	21	23	12
Habitat for Humanity	13	7	8	4
Homeless Assistance	8	14	15	9
Employment Assistance	1	2	2	2
Job Training	0	0	0	1
Health	4	5	5	2
Education	6	8	8	8
Any Social Welfare Service	57	60	62	55
Activity		**Suburban Areas (%)**	**Suburban Low-Poverty Areas (%)**	**Suburban High-Poverty Areas (%)**
Housing		19	19	11
Habitat for Humanity		9	8	5
Homeless Assistance		7	8	7
Employment Assistance		1	1	1
Job Training		0	0	1
Health		6	4	2
Education		3	6	6
Any Social Welfare Service		55	59	46

Note: "High-Poverty Areas" are census tracts with poverty rates exceeding 30 percent as of 1990 that are located in cities. Census tracts with less than 30 percent poverty are "Low-Poverty Areas."

Source: Author's independent analysis of the National Congregations Study dataset (Chaves 1998)

Most congregations participate in or support some social welfare service, such as services apart from sacramental activities, annually. Their service, however, involves mainly emergency relief for individuals and families, youth-focused outreach, or services for senior citizens. As the Reverend Dr. Fred Lucas, former pastor of Bridge Street A.W.M.E. Church in Bedford Stuyvesant, Brooklyn, and founder and president of the Faith Center for Community Development, a technical assistance provider in New York City, observes, "the preponderance of [congregations] have not yet found the proper equation for significant community impact. Although many run soup kitchens or youth programs successfully, expanding into building housing or economic development is a huge leap that most churches do not have the capacity to accomplish" (cited in Walker 2001).

A minority of congregations, even in urban and suburban high-poverty areas, does not participate directly in key areas of community development. Few congregations, for instance, engage in housing or workforce development (for example, job training and employment assistance), the two pivotal "product sectors" of community development in the United States (Ferguson and Dickens 1999; NCCED 1999). The national data suggest that the effects of the community development work of congregations, compared to the scale of community problems and needs, particularly in high-poverty areas, is extremely limited, especially in urban areas of high poverty.

Sociologists Mark Chaves and William Tsitsos (2001) conclude from the National Congregations Study data that the social welfare services that congregations participate in or support tend to have short durations and address the problems of a relatively small population of clients. As for financing them, approximately $1,200 is the median dollar amount spent by congregations directly in support of social welfare services. The median for congregations in urban high-poverty areas is approximately $6,000 compared to a median of $3,000 for congregations located in urban low-poverty areas.[3]

The lack of overt action in the community development arena by congregations does not mean they necessarily keep themselves out of it. Avis Vidal, based on her review of the literature about faith-based organizations in community development, explains: "Congregations have two preferred approaches to service: they donate small amounts of cash or in-kind goods to other service delivery groups, or they provide small groups of volunteers to conduct relatively well-defined, periodic [activities]. By contrast, community development activities require regular and sustained involvement in a range of complex processes and tasks" (2001). Therefore, congregations may not see the necessity for practicing community development themselves. Alternatively, they may perceive a need but lack the ability to address it. If so, the capacity of congregations may structure the preferences of congregations for community development and approaches to it.

Nationally, of those congregations involved in their communities through partnerships with other organizations to provide neighborhood services, 10 percent identify their activities as aiding or supporting community development (Ammerman 2001). The remainder participates in partnerships that provide direct service to the immediate needs of the poor (such as food, cash assistance, clothing). It provides resources that help people survive, but not necessarily get beyond their conditions, through linkages to other community institutions. As one study of congregations in a

Chicago urban poverty neighborhood concludes, "the bridging is meager" (Laudarji and Livezey 2000).

The meager bridging to prosperity that congregations provide the poor is rooted in a set of factors (Chaves and Tsitsos 2001). Among the factors that explain congregational involvement in social welfare services specifically and community development generally, congregation size determines much of the type and scale of outreach by congregations. In particular, congregations with large memberships are more likely to practice community development than those with small memberships. Theology matters, too, as congregations from liberal Christian traditions are more likely to engage in community development than those that are not. Yet capacity may explain much of the limited involvement of congregations in community development. It may also account for why scholars find that many urban congregations are disengaged from reforming conditions in the geographic communities where they are located (McRoberts 2003; Smith 2001).

Capacity: Identifying Its Components

Capacity concerns ability.[4] It is the ability to accomplish what an individual or institution needs or wants to accomplish. As such, capacity refers to the ability of organizations to translate their missions into achievable goals and accomplish them (McPhee and Bare 2001). It provides organizations with an ability to perform in ways that permit them to realize values and objectives for themselves, their partners, or their clients. In the community development domain, and at the organizational level, capacity "is reflected in the ability of…groups to carry out their functions responsively, effectively, and efficiently, connecting to larger systems, both within and beyond the community, as appropriate" (Chaskin et al. 2001).

All organizations have some degree of capacity or ability, and they are "always in the process of becoming more capable" (Boris 2001). Consequently, as Ginger Elliot suggests, "there is no point at which an organization does or does not have capacity; instead, the variations in capacity indicate the relative ease with which goals can be achieved" (2002). As others observe, however, "the existing literature provides no easy formula for building…capacity or achieving favorable outcomes" (De Vita, Fleming, and Twombly 2001). We know that, in terms of its composition, capacity is the byproduct of human, social, financial, and physical capital brought to bear by organizations on collective problems. It results from possessing and combining a set of interdependent factors produced by the interplay of organizational resources and assets.

Because we can debate the distinct set of resources and assets that matter to community development capacity, many alternative frameworks exist for considering capacity. In defining community development, Ronald Ferguson and William Dickens identify social, physical, intellectual, financial, and political capital as the elements of capacity vital to community development as process, practice, and product (1999). In contrast, Carol J. De Vita, Cory Fleming, and Eric Twombly devise a framework that highlights vision and mission, leadership, resources, outreach, and products and services as the critical components of capacity (2001). Avis Vidal, relying on earlier work by Christopher Walker and Mark Weinheimer (1998), contends that the abilities of community development organizations to plan effectively, secure resources, develop strong internal management and governance, deliver programs, and network matter most in terms of capacity (2001). Small differences exist among these three frameworks and others; but they share a broad overlap among their sets. Their disagreements revolve around the specific components of the critical abilities.

Overall, the alternative frameworks applicable to comprehending community development capacity seem to agree on a set of capabilities that defines and measures the capacity of organizations, as well as determines the effects of it for families and neighborhoods. While one may quibble over the specific labels or question the elements of the capabilities, the conceptualization of capacity by Norman J. Glickman and Lisa Servon (1999), along with extensions and refinements of it by Elliot (2002), identifies a conventional set of capabilities as essential to effective community development organizations. Glickman and Servon's set includes five categories of capabilities—organizational capacity, resource capacity, programmatic capacity, network capacity, and political capacity. The five interdependent capabilities determine and measure the overall capacity of community development organizations to foster physical and social change in disadvantaged neighborhoods (Glickman and Servon 2003; Nye and Glickman 2000).

Organizational capacity pertains to the ability of organizations to develop their internal human resources to operate in a professional manner. It identifies the importance of recruiting, training, and retaining skilled principal and programmatic staff to manage community development organizations for effectiveness and sustainability.

Resource capacity relates to the ability of organizations to obtain and manage material resources, inclusive of money (for example, loans, contracts, and grants) and real property (such as land and buildings). It points to the obvious: community development organizations mortgage their ability to achieve goals and objectives to their ability to acquire financial support or leverage other resources to expand their finances.

Programmatic capacity refers to the ability of organizations to design and implement activities that cohere with their missions, as expressed through mission-appropriate goals and objectives. This capacity corresponds to the ability of an organization to plan and execute one activity or a multiplicity of activities. The skills and expertise associated with organizational capacity influence programmatic capacity. In terms of practice, programmatic capacity could include the ability of a community development organization to offer mortgage counseling, deliver addiction services, manage a charter school, operate a for-profit subsidiary such as a Christian bookstore, or engage in all of these activities. It does not correspond, however, to the quantity and types of services an organization provides for its clients. To assess programmatic capacity in such a manner is to take a census of the activities of an organization and to confuse the ability of organizations for community development with their performance as community developers.

Network capacity corresponds to the ability of organizations to build relationships through formal and informal partnerships with other stakeholders for effective collective action. The building of relationships permits the manifestation of missions by organizations. It speaks to the competence of organizations to identify interested parties, reach out to them, and then build and maintain collaborative relationships with them to effect community change. It also speaks to the reality of governing collective problems: managing a community problem such as a shortage of affordable housing or gang violence cannot be accomplished without collaborations among organizations with complementary resources and assets.

Political capacity corresponds to the ability of organizations to identify, mobilize, and maintain support for their missions, goals, objectives, and strategies from diverse stakeholders. Conversely, it corresponds to the ability of groups to acquire political support to effectively oppose the agendas of other groups, especially competitors or ideological opponents. It requires grassroots and local, state, or national elite support to seek greater governmental, commercial, and philanthropic responsiveness to the issues of an organization and its clients. Such a broad understanding of "politics" acknowledges that governmental authority alone cannot resolve most collective problems.

DATA

In considering the "relative ease" of congregations for community development, this paper reports findings based on data from a random sample of clergy in the metropolitan area of Atlanta, Georgia, surveyed by telephone in April 2002.[5] The sponsor of the survey intended it to establish a baseline for measuring the civic involvement of metropolitan Atlanta congregations over time. The survey data, however, provide a baseline for measuring the capacity of congregations, using the five dimensions of capacity devised and tested by Glickman and Servon (1999, 2003).[6] Specifically, the data are useful to this study of capacity building and faith-based organizations because they contain variables that measure aspects of the capacity of congregations for community development.

The Atlanta survey included questions that inquire about the attitude (for example, inclination and motivation) of congregations to involve themselves in community development, as well as behavioral questions that provide information about their preparation and involvement in community development. In addressing the subject of this paper, the analysis relies almost exclusively on the behavioral variables. While it recognizes the importance of congregational interest in community development, the paper speaks less to the motivation of congregations to practice it than to their ability to participate in community development.

The survey sampled 400 congregations, with a response rate of 81 percent. Table 2 provides a brief profile of the sample. It shows that small, mainline Christian, predominately White, and suburban congregations providing social welfare services and led by college-educated pastors made up a majority of the sample.[7]

Table 2. Profile of the Metropolitan Atlanta Sample

	Congregations		
Variable	**Metropolitan Atlanta Area (%)**	**Urban Atlanta Area (%)**	**Suburban Atlanta Area (%)**
Size			
< 100 members	21	26	19
100-499 members	51	42	54
500-999 members	14	18	13
≥ 1,000 members	14	14	14
Denomination			
Mainline Christian	66		
Non-mainline Christian	32	62	70
Other	3		
Membership			
Majority White	61	33	71
Majority Black	23	52	13
Majority Integrated	14	12	14
Other	2	3	2
Location			
Urban	26	–	–
Inner-Ring Suburban	51	–	–
Outer-Ring Suburban	23	–	–
Pastor			
No College Degree	11	12	11
College Degree	89	88	89
Social Services			
Operates a Social Welfare Ministry	54	59	53
Doesn't Operate a Social Welfare Ministry	46	41	48
N=325			

Note: Proportions may not equal 100 due to rounding.

THE ABILITIES OF CONGREGATIONS FOR COMMUNITY DEVELOPMENT: FINDINGS FROM METROPOLITAN ATLANTA

Many perceive faith-based organizations to have a comparative advantage over other sectors of society when it comes to community development.[8] They believe that this advantage comes from the presence, diversity, and resources of the faith sector. Former U.S. Housing and Urban Development Secretary Henry Cisneros observes, "faith communities are still there" in the neighborhoods of need (1996). The statement implies that presence gives faith-based organizations a clearer understanding than other nonprofit organizations and government agencies of the barriers that face the disadvantaged and the solutions to removing them. Presence may correspond to indigenous knowledge of the cause, scope, and scale of problems in poor places.

The diversity of the faith sector also may provide recipients of its services with more alternative types of programs, perhaps ones better suited to their needs, particularly their spiritual ones;The multiplicity of faith traditions potentially can speak to almost every type of individual in need, whereas the services of government agencies and many secular nonprofits cannot. Furthermore, the faith sector has moral and spiritual resources government and secular nonprofit agencies lack. Depending on the situation, those resources may be more appropriate to resolving the problems of individuals and families. For example, spirit-filled volunteers who devote time and energy to making the Word flesh may prove pivotal to moving families and individuals from poverty to prosperity.

Across a range of service areas, most clergy in the Atlanta sample say that faith-based organizations, not secular nonprofit organizations or government agencies, would best provide services to the needy. A majority (80 percent) believes that the public and nonprofit sectors, especially the nonprofit sector, would provide the best workforce development programs. Yet clergy assume that faith-based organizations are more capable than the public agencies and secular service providers at addressing homelessness and hunger (58 percent), facilitating the community reentry of ex-prisoners (58 percent), treating substance abusers (55 percent), and providing child care (50 percent).[9] These perceptions imply that many clergy believe that faith-based organizations generally have the capacity to accomplish a diversity of social welfare goals falling under the rubric of community development. The perceptions, however, may bear no relation to reality.

Conjecture aside, congregations may lack the capacity for community development, as measured by the five dimensions of capacity that seem to determine the effect of community development. The Atlanta data suggest that organizational capacity may be the weakest ability congregations possess for community development. The programmatic, resource, and political capacities of congregations may be mixed. Congregations may be strongest in terms of network capacity.

WEAK CONGREGATIONAL ABILITY: ORGANIZATIONAL CAPACITY

The competence of principal and frontline staff to perform duties and fulfill responsibilities critical to the operation of their organizations is an important ability for community development organizations to possess. This ability greatly influences all other sets of abilities of organizations, which, in turn, influence organizational capacity. Organizational capacity, for instance, influences resource capacity. Unless the leaders and staff of an organization possess the ability to position their organizations to seek funds, they will fail to obtain them, unless a patron is available. Conversely, unless an organization can obtain resources, it becomes difficult for the organization to recruit, train, and retain staff.

To assess critical elements of the organizational abilities of congregations, the survey asked Atlanta clergy who indicated that their congregations would apply for government money a series of questions that pertained to their ability to submit an application. It makes sense to focus on the ability of congregations to seek funding because of the skills required to accomplish the task. As Thomas Brock of MDRC notes, "The unglamorous side of social services is there's a tremendous amount of internal capacity that's needed just to be able to compete for a grant, to be able to comply with the reporting, both financial and programmatic that's required" (2000).

Initially, the survey asked clergy if their congregations would need assistance in applying for public funds. Approximately 7 of 10 pastors (69 percent) maintained that their congregations lacked the ability to complete a request for qualifications or proposals by themselves. As one may expect, size affects assistance needs. In particular, pastors of small congregations (88 percent) were more likely to acknowledge a congregational need for assistance than those of large congregations (53 percent). Following the initial inquiry, the survey posed to the respondents a battery of questions that identified specific forms of organizational assistance their congregations might need to apply for public funding or administer it as part of a community development initiative of the congregation. Each item on the survey identified an ability one would associate with "inner capacity" of community development organizations that have high organizational capacity.

Table 3 shows how the Atlanta clergy participating in the sample perceive the organizational needs of their congregations along five dimensions related to the pursuit and expenditure of public funding: grant or proposal writing, program administration and management, legal counsel, staff development, and computer and information systems management. Three-quarters of clergy reported that their congregations would need assistance in three or more of the organizational areas to apply for public funding to operate social service programs. More than one-half (58 percent) of all congregations would need assistance in at least four of the five areas. Clergy leading small and large congregations reported needs equally across the five dimensions of assistance, with 52 percent in each size category acknowledging the need of assistance in four or more areas.

For congregations, tithes and offerings account for most of their annual revenue. Depending on the scale and scope of their community development initiatives, congregations may require resources beyond what these internal sources permit. Accordingly, they may seek external support in the forms of grants or contracts. Regardless of the type of external support requested, the pursuit requires an ability to write a funding proposal. This ability may be most critical to a congregation obtaining material funding from external sources for its community development initiatives. As Arthur Farnsley concludes, based on his analysis of faith-based organizations seeking municipal grants in Indianapolis, "even in this friendly environment for faith-based groups, strong grant mechanics and quality content [are] the keys to successful applications [for example, winning grants]" (2001).

Table 3. Technical Assistance Needs of Congregations

	Congregations		
Type of Assistance Needed	**Metropolitan Atlanta Area (%)**	**Urban Atlanta Area (%)**	**Suburban Atlanta Area (%)**
Grant or Proposal Writing			
Yes	91	96	88
No	11	4	12
Program Administration & Management			
Yes	74	78	71
No	26	22	29
Legal Counsel			
Yes	71	67	73
No	29	33	27
Staff Development			
Yes	67	74	65
No	33	26	35
Computer & Information Systems Management			
Yes	53	56	52
No	47	44	48

Note: Proportions may not equal 100 due to rounding.
Source: Faith and the City Survey of Atlanta Clergy, 2000

Congregations improve their chances of acquiring external support by writing persuasive proposals. The Atlanta data suggest strongly, however, that most congregations lack the ability to write funding proposals on their own. The preponderance (91 percent) of clergy acknowledges the need for assistance in writing a funding proposal. Both urban and suburban congregations need such assistance. Moreover, the size of congregations does not appear to matter: 91 percent and 95 percent of small and large congregations, respectively, would need assistance in writing proposals requesting public funding to operate congregation-based social welfare programs.

The preparation of a proposal for a public grant or contract can be complicated. It involves more than writing well about the goals, design, and outcomes of an organization and its programs. Furthermore, organizations seeking to improve their chances of funding may need to acquire formal nonprofit status from federal and state regulators. Also, because community development initiatives involve potential legal and financial risks for organizations, the public request-for-qualifications process encourages organizations considering whether to bid to provide services to seek legal counsel during and following the submission of its proposal.

The clergy data indicate that congregations generally would be unable to submit a proposal unless they received legal assistance; 71 percent of clergy leading congregations that would seek public funding for their outreach programs identify legal counsel as a congregational need. Approximately three-quarters (76 percent) of small congregations would need legal counsel in applying for public funds to provide a social services program. Perhaps because they have in-house legal counsel, a smaller majority (57 percent) of clergy from large congregations believe their congregations would need assistance in considering and addressing the legal aspects of applying for public funding. As for differences among congregations by location, 73 percent of suburban congregations indicate they would need legal assistance compared to 67 percent of urban congregations.

The operation of effective and sustainable community development initiatives and particular programs within them requires organizations to extend their human resources. Staff size may affect the ability of organizations to be effective and expand their programs to a scale comparable to the needs of its clients. Few congregations have large professional staff devoted to their social service programs. For instance, the National Congregations Study data show that 6 percent of congregations have paid employees that devote one-quarter or more of their work to the administration of congregation-based social welfare programs. This could limit the ability of congregations to design and manage new or extant social services programs. Overcoming the limitation requires more than the recruitment or retention of skilled principal and programmatic staff. It also involves improving the abilities of existing staff through education and training.

Most clergy in metropolitan Atlanta admit they need staff development skills. Such skills remain a low priority, however, compared to most other needs related to increasing resource capacity. Slightly more than two-thirds (68 percent) of clergy report their congregations would need staff development assistance to prepare a proposal. The same proportion exists for small and large congregations. A higher proportion of urban congregations claims to need such assistance compared to suburban congregations, with the proportions for urban and suburban congregations being 74 percent and 65 percent, respectively. An equal proportion (67 percent) of large and small congregations needs staff-development assistance.

Effective program administration and management are by-products of staff development, as well as strong recruitment and retention of skilled staff. Not only are effective program administration and management important to the ability of an organization to demonstrate its qualifications to receive external support for its work, they are fundamental to the outputs and outcomes of the organization. While a majority of large congregations need assistance in this area, large congregations (67 percent) are less likely to need it than are small congregations (76 percent). Moreover, although most urban congregations need assistance in this area, urban congregations (78 percent) are less likely to need it than are suburban congregations (71 percent).

Lastly, some funding agencies may require electronic submissions of proposals, along with evidence that an organization can show measures and evaluations of the outcomes of their current programs. They may also inquire about the ability of an organization to track and document future programmatic changes, as well as submit electronic reports over the duration and at the conclusion of a funding period. The ability to meet these requirements necessitates that organizations invest time and resources in computer technology. Almost one-half (47 percent) of the Atlanta sample believe it is not a need of their congregations. Still, most urban and suburban congregations identify it as a need, with urban congregations (57 percent) slightly more likely to identify it than suburban ones (52 percent). Large congregations overwhelmingly do not see it as a need, with 38 percent reporting they need assistance. Even the majority (52 percent) of small congregations tends to disbelieve that they need assistance regarding computer technology. The data signify that computer and information systems management assistance is the lowest priority for congregations that currently lack the ability to compete for public funding for their social welfare programs.

Mixed Congregational Abilities: Resources, Programs, and Politics

Resource Capacity

A fundamental dimension of the resource capacity of congregations is membership size. Prior studies suggest that the size of a congregation determines its access to material resources, especially money, be it given as tithes and offerings by attendants at worship services or provided by government agencies and philanthropies as contracts and grants (Chaves and Tsitsos 2001; Owens and Smith 2003). Specifically, the greater the number of members a congregation reports, the higher it reports its annual income.

The Atlanta survey asked clergy to report the approximate size of their congregations. The majority (72 percent) claim congregations of fewer than 500 members. Unfortunately, the data do not provide information regarding the income and funding sources of the congregations, which prevents a consideration of how the size of a congregation may directly influence access to funding faith-based community development. Nevertheless, the congregation sizes for most of the sample are larger than the national median of 75 regular members. Nationally, most congregations devote the overwhelming bulk of their revenues to religious worship and education, leaving modest amounts for benevolence (Hodgkinson and Weitzman 1993). Presumably, the greater memberships of the Atlanta clergy yield greater total congregational revenue for worship *and* social welfare expenditures. Again, the data do not permit strong conclusions about the import of membership size to the resource capacity of congregations in the sample.

Beyond congregation size, knowledge of potential external funding sources is a component of resource capacity. A congregation cannot obtain funds for community development unless it can identify sources for it. This is true whether one is interested in denominational, philanthropic, or public support for faith-based community development. The federal government draws the most debate as a potential source of external funding for faith-based community development by congregations. That is not to suggest that other important external sources do not exist. Federal funding, however, whether it takes the form of direct grants from federal agencies or indirect funding administered by states and localities as grants or contracts, provides a pivotal source of material resources. The receipt of federal financial assistance, for example, may legitimize the community development work of congregations. Such legitimacy, in turn, may enable organizations to leverage greater private funding for their programs.

Clergy awareness of federal funding measures the preparation of congregations to begin to develop or expand their resource capacity. Atlanta clergy reported whether they were aware of federal legislation that would enable congregations to apply for public money to fund congregation-based social welfare programs. Specifically, 80 percent of clergy claimed an awareness of federal "Charitable Choice" legislation related to public funding of congregations. Urban clergy have a greater awareness than do suburban clergy. Large congregations have a greater awareness than do small congregations.

The receipt of external funding by an organization for its programs is another variable that gauges resource capacity. Although elements of political capacity, as well as the local political environment, may influence the receipt of governmental funding by congregations and other faith-based organizations (Owens 2001), the acquisition of government financial support by a congregation suggests that it has the ability to obtain resources to manifest its mission. To assess this dimension of resource capacity, the Atlanta survey inquired of clergy whose congregations operate social services if government agencies fund their programs. As other surveys of congregations have found (Chaves 1998; De Vita and Palmer 2003b; Owens and Smith 2003), the preponderance (86 percent) of sample congregations operating social welfare programs in Atlanta does not receive any form of government funding. Of those congregations that do not receive government funding for their social services, more than one-half (60 percent) of clergy aver that they would not apply for public money if it became an option for them. That is, they would choke off a potential source of funding, perhaps limiting their overall resource capacity as congregations.

PROGRAMMATIC CAPACITY

We might expect that organizations have the ability to design and implement activities that accomplish their goals and objectives. Common sense suggests that staff development, along with program administration and management, influences the ability of organizations to plan and execute their community development activities. The Atlanta data do not permit an extensive consideration of the programmatic capacity of congregations. Nonetheless, they allow a consideration of an important aspect of the ability of congregations to design and implement activities that accord with the goal of producing services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents—the provision of social welfare services. Atlanta congregations are almost on par with congregations nationally in terms of their operation of social welfare programs generally. More than one-half (54 percent) of clergy report that their congregations operate programs to aid poor single-parent families, poor children, or unemployed fathers. The data suggest that many congregations have a programmatic foundation on which to build and expand their efforts in the community development arena.

The data also speak to the responsiveness of congregations to policy changes, another element of programmatic capacity. That is, we can consider the ability of congregations that provide social welfare services to design and implement new programs in response to external needs and pressure. Since the 1996 changes to the federal welfare laws, national and subnational public agencies have engaged in an array of activities to encourage congregations to take on more responsibility for meeting the needs of the disadvantaged (Owens 2000). Moreover, some studies find that welfare reform has increased the number of congregations collaborating with public agencies to achieve it (Sherman 2000). Therefore, some congregations have the capacity to respond to new opportunities for service and funding.

The survey of Atlanta clergy asked respondents from congregations that provide services whether any of their programs were a direct response to welfare reform. One in ten clergy answered affirmatively, which raises a concern about the flexibility of congregations to expand their programmatic ability in light of critical policy and funding changes. The clergy's response also raises the question of whether congregations prefer to create programs in response to local needs rather than national and state policies. Either way, the Atlanta data suggest that urban congregations are more likely to claim they operate programs that stem from changes in public policies regarding welfare than are suburban congregations. In terms of the size of congregations, small and large congregations are equally likely to report that welfare reform influenced them to operate some of their programs.

Political Capacity

Politics can affect community development, even faith-based community development (Owens 2001). Community development organizations that garner internal and external support for their missions, goals, and activities may be better able to navigate the politics of community development. As was the case with network capacity, the Atlanta clergy responded to attitudinal and behavioral questions that identified aspects of the political capacity of congregations for community development. The first question asked whether clergy *should* encourage their congregants to affect the decisions of policymakers through political action: 93 percent agreed. A subsequent question asked whether clergy *did* encourage their congregants to take political action, with 84 percent of respondents claiming to behave in that manner, and 79 percent claiming to have done so in the last 5 years.

In pursuing the political capacity issue further, the survey posed to clergy a question concerning their "prophetic voice." Clergy were asked whether they spoke on behalf of specific policy issues in a public forum, as well as whether they lobbied legislators for a specific piece of legislation. Most clergy either do not have a prophetic voice or they do not use their prophetic voice. Most clergy claimed to be neither outspoken on public issues (56 percent) nor advocates on behalf of or opponents of legislation (63 percent). Finally, the survey asked clergy to gauge the involvement of their congregations in local public policy issues as part of its congregational mission. Most clergy (61 percent) responded that their congregations were "somewhat" or "very" involved in the public policy issues of their communities.

STRONG CONGREGATIONAL ABILITY: NETWORK CAPACITY

Two measures of network capacity are the attitude of organizations toward collaboration and their actual collaboration with other organizations. Congregations led by pastors who support the idea of collaboration, for example, would imply that congregations are inclined to reach out to others. Building network capacity begins with this initial step. Likewise, the presence of congregations led by pastors who actively build relationships to address collective problems suggests that such congregations will be involved in larger networks and therefore have more network capacity than those led by pastors whose congregations act independently of others.

On the first measure, which assesses attitudes about collaboration, Atlanta clergy were asked a normative question about collaboration: Clergy *should* partner their congregations with secular organizations to improve neighborhood conditions. A large majority of clergy (83 percent) responded affirmatively to the statement. On the second measure, which assesses behavior, clergy were asked to agree or disagree with an alternative statement of action regarding collaboration: As a member of the clergy, I partner my place of worship with secular organizations to improve neighborhood conditions. Again, a large majority of clergy (72 percent) agreed with the statement, although noticeably dropping off from the normative question to the behavioral question.

Another measure of network capacity is the ability of organizational leaders to interact purposively with other groups to achieve mutual goals and objectives. This ability can be measured by whether organizational leaders attend meetings with other organizations and serve in a voluntary capacity with other groups that deal with community problems and issues. Most Atlanta clergy (82 percent) report they attend issue meetings sponsored by other community organizations. Of the clergy that attend community meetings, 67 percent volunteer their time with community organizations other than their own congregation.

Leaders who interact with other groups on community issues demonstrate a modest form of networking. Developing and maintaining partnerships for community problem-solving through collaboration make for a stronger form of networking. Therefore, the survey asked clergy of congregations operating social services programs in the Atlanta metropolitan community whether their congregations operate most of their programs alone or in collaboration with others. Approximately one-half of the respondents (49 percent) claim they collaboratively deliver social services. A slightly higher proportion of urban congregations (52 percent) collaborate with other groups to operate their programs than do suburban congregations (48 percent). Regardless of locale, small congregations are more likely to participate in partnerships with other organizations to provide social welfare services than are large congregations.

Building Capacity for Community Development

Over the past 20 years, as Stacey Davis, president and chief executive officer of the Fannie Mae Foundation, concludes, "[faith-based organizations] have had a powerfully positive impact on affordable housing and community development in the United States" (Stanfield n.d.). Currently, faith-based community development is perhaps the fastest-growing segment of the community development system in the United States. The National Congress for Community Economic Development reports that faith-based organizations constitute the largest bloc of its newest members (Winstead and Cobb n.d.).[10] Even so, the capacity of faith-based organizations, generally, and congregations, specifically, will determine the community development effects of the faith sector in the future. Accordingly, capacity building is vital to the expansion and effectiveness of faith-based community development. That is, it is necessary to have activities that permit congregations, as well as other faith-based organizations, to do what they do better and do more of what they do.

Three general forms of capacity building are *assessment*, *intervention*, and *expenditure* (Backer 2001; Letts, Ryan, and Grossman 1999). *Assessment* involves activities that discern the assets and deficits of an organization, inclusive of its ability to respond constructively to the recommendations of evaluators. *Intervention* refers to activities by external agents to transform the deficits of organizations into assets and leverage assets to increase the ability of an organization to meet its goals.

Expenditure concerns activities that transfer money from external agents to an organization for the purpose of purchasing necessary changes (for example, staff development or technology) or leveraging assets for organizational growth. Each type of capacity building is relevant to congregations and perhaps other faith-based organizations, as well as to secular community development organizations. The final remarks of this paper, however, focus on intervention.11 Specifically, it raises two issues that those interested in increasing the ability of congregations to engage in community development should consider concerning intervention—knowledge and collaboration. These issues will influence the capacity of congregations to pursue their missions and achieve their goals as community developers over the next few years.

Knowledge

The Partnership for Community Action in DeKalb County, Georgia, hosted a resource symposium for the faith community in the spring of 2003. It introduced representatives of the faith community to key administrative personnel from federal and local agencies that help expand the ability of community organizations to transform neighborhoods and strengthen families. The administrators disseminated information to representatives of the faith sector about the work of their agencies and funding opportunities outlined in the Super Notices of Funding Availability for federal agencies. They gave PowerPoint® presentations, passed out brochures, exchanged business cards, and fielded questions. The sense among many participants, however, was that the sessions were too generic; they made too many broad references to agency responsibilities, program names, and invitations of proposals for funding but offered no practical training in how to do the things that make for a strong proposal, improve program management, or increase the effectiveness of initiatives. They recognized knowledge dissemination posing as knowledge development.

Nationally, the most clergy, and perhaps their congregants, are aware of public policies that seek to enable congregations and other faith-based organizations to apply for public money to fund faith-based community development. Accordingly, clergy may not need much more information-oriented intervention about general policy changes. They need the ability, however, to use the information in ways that take them past awareness and their congregations toward action. In short, they need knowledge. But, borrowing from Chaskin et al. (2001), attaining knowledge requires that those who intervene "must understand the difference between providing expert knowledge and building an organization's capacity to apply new knowledge effectively, between performing a particular service or activity ('doing it') and helping an organization learn how to provide that service or activity itself ('teaching the client to do it')."

Unfortunately, intermediaries may not have the capacity for intervention at the scale congregations and other organizations need to develop knowledge to expand their abilities. Consequently, federal funding of intermediaries to increase the capacity of faith-based organizations to design, implement, and evaluate community change initiatives across the country, along with the work of other intermediaries assisting the faith sector to build capacity for community development, may be less effective than we expect if they merely disseminate rather than develop knowledge. Some evidence shows that this is true. Thomas Backer (2001) notes that a study of twelve national intermediaries concludes that they "spend most of their energy on documentation, analysis, and knowledge dissemination to provide information that community-building organizations can use. Intermediaries also provide direct technical assistance, but this service receives much less of the intermediaries' attention." Looking at national and local intermediaries that assist faith-based organizations, in particular, however, Amy Sherman found that most claim to provide their clients with training and technical assistance, as well as assistance with program design (2002). The study did not assess the veracity of the claim by surveying the clients.

Nevertheless, considering the proportion of Atlanta clergy in need of organizational and programmatic capacity building, clergy and the laity engaged in or inclined toward community development need instruction that develops their abilities for change and sustainability. The required instruction will range from mapping and mobilizing the assets of faith communities to developing interested spirit-filled volunteers to assume professional positions to evaluating their "ministries" to discern socioeconomic effects. Such instruction requires that agencies, public and private, move beyond identifying their programs and funding requirements at public events to instructing audiences in vital capacity areas, such as managing organizations, acquiring resources, and administering programs. Although conferences and workshops are important tools for knowledge dissemination, they prove insufficient for knowledge development.

A way of developing knowledge among the faith sector to increase any of the five capacities, but especially organizational and programmatic capacity, is to use the Internet and Webcasts of events. The U.S. Department of Education, for example, maintains a Webcast on its Internet site that provides a grantwriting tutorial for those interested in obtaining funds to design, implement, grow, or improve physical education programs for youth in kindergarten through twelfth grade. An opportunity also exists for greater productive use of electronic chat rooms to discuss the practical aspects of increasing the ability of congregations and other faith-based organizations to engage in community development.

Beyond the use of technology to provide various degrees of distance learning to clergy and laity, congregations need to receive direct assistance from professionals of highly effective congregations, as well as from secular organizations. Talent banks and fellowships would make a difference to congregations and other faith-based organizations starting out in the community development field or seeking to broaden their services. Borrowing from the model at the Community Development Resource Center at the University of Delaware, local, regional, and national organizations could recruit and pool professionals to give intensive, practical education on organizational growth and sustainability to congregations on a reduced-cost basis. Conversely, neophytes of new or less-effective organizations need to spend time with exemplary organizations learning for their current and future positions while on the job.

COLLABORATION

Most congregations in the United States are small in membership and revenue. Many will find it difficult as individual congregations to design and implement effective programs to serve disadvantaged groups, recruit volunteers from among their attendants, or obtain and manage funding for community development. Small congregations that seek to become community developers or expand the scale of their extant programs will need to collaborate among themselves or partner with larger congregations, perhaps even larger secular organizations. Within some congregations, it may be necessary to encourage greater collaboration among their internal programs, or even their consolidation into a single comprehensive initiative to expand their organizational, programmatic, and resource capacities. Moreover, some congregations providing social welfare services may even want or need to merge their programs rather than collaborate to maximize their effect in target communities, increase organizational efficiency, reduce duplication of services, and/or recruit professional, full-time personnel.

According to the Atlanta data, collaboration is an idea that most clergy support and their congregations practice. Nonetheless, many congregations do not collaborate with other organizations to design and deliver services to the disadvantaged in their communities or surrounding communities. As noted, of the sample of Atlanta congregations that participate in social welfare activities, one-half of them operate programs independently of other groups. Certain barriers, however, prevent them from becoming partners with other organizations. Conflicts over theology and turf, contests among personalities and their visions, competition for attendants and tithes, as well as the strength needed to maintain commitments, build respect and engender trust, and share resources, impede collaboration by congregations. Also, procedural impediments—a lack of incentives and an absence of facilitation—limit collaboration by congregations.

To address the process issues that hinder collaboration, public agencies, as well as philanthropies and intermediaries, should induce partnerships within the faith sector, as well as between the faith sector and other sectors of society. Increasing collaboration for community renewal can be achieved by encouraging, and even requiring, congregations to partner with other organizations to receive and administer funding. Still, such an inducement will prove weak for broad-based collaboration, for most congregations do not want external support, especially from the public. Nevertheless, collaboration, either for or around the receipt of money or to achieve some other end, is key to the faith sector's increasing its ability to fulfill the duties and achieve the objectives of faith-based community development. It will, however, necessitate attention to and investment in facilitation for collaboration. In particular, congregations will likely need the assistance of professionals who understand the traditions, languages, ideologies, and behaviors of the faith sector. They must be able to address the cost and benefits of collective action for community renewal, and to guide conversations and foster consensus among congregations to move them toward partnerships. Sites for investment include seminaries and schools of theology, especially those that are opening their curricula to courses in community development and social enterprise, as well as denominations and paradenominations.

Conclusion

The faith sector is valuable to community renewal in the United States. Its value comes from the store of social capital the sector produces, maintains, and transfers. This capital refers to the set of norms, trust, and collective understandings that facilitate the development of relationships that assist members of a community in improving the socioeconomic standing of individuals and groups. Congregations, specifically, and faith-based organizations, generally, may expend social capital on behalf of disadvantaged people and places in at least three ways (Foley, McCarthy, and Chaves 2001). First, faith-based organizations may provide resources to poor individuals and poor community institutions from their own stock or through linkages with governmental and nongovernmental resources. Second, they may proselytize in poor communities in an effort to absorb poor individuals and families into religious groups already endowed with social capital. Third, they may attempt to empower poor communities by employing their own social capital in ways that benefit not only their own members but also individuals and families who are not members. Although social capital may enable the faith sector to make positive differences for disadvantaged places and people, it alone is inadequate for community change.

Do congregations, along with other faith-based organizations, have the capacity for community development? The answer depends on the aspects of capacity one assesses, as well as the measures applied. If the Atlanta findings indicate the abilities of congregations nationally, the capacity of congregations for community development is mixed. Generally, congregations have many of the requisite abilities to practice community development. For instance, they have networks that keep them aware of community issues, clergy who interact with those outside their congregations, and congregations predisposed to collaboration, all of which may yield greater social capital for community change. Congregations, however, possess varying levels of the five abilities necessary for optimal capacity for community development.

Regardless, some claim that faith-based organizations can address all problems. Those who make these claims mortgage capacity to hope for things unseen. Unfortunately, "faith-based" answers to the question of the capacity of the faith sector for transforming neighborhoods and strengthening communities are insufficient. This paper begins filling the empirical gap between what we believe and what we know about the abilities of faith-based organizations to produce services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents.

NOTES

[1] I use "faith-based organizations" to refer to those organizations and institutions that situate themselves theologically and socially in a particular faith community or that the public associates in its mind with a particular faith community. This assemblage, inclusive of what Steven Rathgeb Smith and Michael Sosin (2001, 652) term "faith-related agencies," includes those groups with "a formal funding or administrative arrangement with a religious authority or authorities; a historical tie of this kind; a specific commitment to act within the dictates of a particular established faith; or a commitment to work together that stems from a common religion." It also includes congregations and agencies built on particular faith traditions and acting

on behalf of certain religious tenets. It encompasses a complex set of religious, faith-motivated, religious-inspired, and faith-associated organizations, inclusive of coalitions of faith-associated service nonprofits, denominations, and paradenominational organizations. Used here, "faith-based organizations" cover congregations, congregation-operated social welfare ministries, and religious-associated service organizations independent of congregations and/or denominations.

Recognizing the inarguable centrality of faith to faith-based organizations, I leave open the question of whether "faith-based organizations" applies only to those organizations that incorporate religious doctrines and practices in their organizational behavior, especially their management, as well as the design and implementation of services they deliver. For more on the terminology for the organizations in question, see Smith and Sosin 2001 and Wallis 2000. For research about the function of "faith" in faith-based organizations, see Chambré 2001; Jeavons 1994; Unruh and Sider 2001.

[2] Faith-based CDCs have been on the agendas of policymakers before the current policy context (Cisneros 1996). New Community Corporation in Newark, New Jersey, Bethel New Life in Chicago, Renaissance Corporation in Los Angeles, and a host of other faith-based CDCs were key organizations that policymakers identified as exemplars in transforming the environments of the urban poor. They demonstrated to policymakers that the faith sector, or at least parts of it, could produce affordable housing, deliver social services, and create jobs.

[3] I derived these figures from my independent analysis of the National Congregations Study dataset (Chaves 1998).

[4] Some in the community development domain equate capacity with production. This notion is misguided. Production is possible because of capacity. Accordingly, while the production of services such as affordable housing units may be a goal, capacity does not equal production (Elliot 2002, 7). Furthermore, capacity is more than money. Money may build capacity. Unless organizations manage and spend it appropriately (that is, efficiently), however, money may not increase the ability of organizations to accomplish their goals. In short, while it matters a great deal to capacity, "money is not everything."

[5] As is the case with any geography, the boundaries of the Atlanta metropolitan community are arbitrary. One could speak only of the city and its limits when mapping "Atlanta." One could also identify the boundaries that accord with the

jurisdiction of the Atlanta Regional Commission (ARC), the metropolitan planning organization responsible for the 10 counties that ring the City of Atlanta. Because of the growth among a set of counties just beyond the purview of the ARC, and their economic interdependence with the City of Atlanta and its inner-ring suburbs, the metropolitan community also could correspond to the 20 counties ringing the city of Atlanta. The latter definition is the one that matches the geography of the data.

[6] This paper does not replicate the work of Glickman and Servon. Its unit of analysis is the congregation, whereas their units were community development corporations and community development partnerships. Furthermore, the survey instruments of Glickman and Servon measured the five community development capacities with variables different from those used in the Atlanta research. The analysis presented here offers alternative measures of the fundamental abilities expected of effective organizations involved in community development.

[7] Two factors reduced the proportion of urban, minority, and/or non-mainline Christian congregations, as well as non-degreed clergy, covered by the survey. First, urban and non-mainline Christian congregations are less likely to have full-time clergy and/or staff available to respond to survey questionnaires. Second, the sampling frame, which the sponsor of the research provided, had a large proportion of clergy who graduated from or at least attended mainline Christian seminaries, rather than clergy possessing certificates from Bible colleges or those lacking university-provided theological training. As a result, 81 percent of respondents had attended seminaries. Together, these points reveal that the research design privileged the responses of clergy from "resource-rich" congregations.

Ideally, the sample would have included greater numbers of responses from urban, minority, and/or non-mainline Christian congregations, as well as non-degreed clergy. Value exists, however, in having low numbers of responses from such congregations and clergy. By asking the opinions of clergy whose congregations theoretically possess the greatest resources for community development, one may understand better the scale of capacity for community development by congregations generally. This is plausible if one accepts that urban minority and non-mainline Christian congregations, while perhaps more likely to practice community outreach, are less likely to match the resources of their suburban, white, mainline Christian peers for it. A finding that resource-rich congregations have low capacity would suggest that "resource-poor" congregations have lower capacity. Accordingly, the data enable one to consider the capacity of congregations generally to engage in community development activities, which is the focus of this paper.

While the sample skews toward suburban congregations, most of the suburban respondents are from inner-ring suburbs. In the metropolitan Atlanta context, that means that many of the suburban congregations are located in inner-ring suburban municipalities that possess many of the social problems, albeit at a smaller scale, as those faced by congregations in the urban core of Atlanta, particularly within the limits of the central city. Lastly, the suburban-heavy sample enables one to consider the interest and practice of suburban congregations collaborating with other congregations, as well as their own capacity for community development, which we too often assume to be high. This is even more relevant in light of the call by President George W. Bush at the National Religious Broadcasters Convention and Exposition (2003) for partnerships among congregations, especially interracial and metropolitan partnerships, to address the problems of the addicted and the afflicted.

[8] A dearth of empirical investigations exists regarding the advantages of faith-based organizations for community development, despite calls for investigation and evaluation (Vidal 2001, 23). Emerging scholars, however, are beginning to fill the gap (for example, Hinesmon-Matthews 2003).

[9] Surveys suggest that the public shares some of the opinions of the clergy. A 2001 poll by the Pew Research Center for the People & the Press found that a majority of respondents believed that faith-based organizations would do a better job than secular nonprofits or government agencies at addressing homelessness and hunger (40 percent) and rehabilitating prisoners (40 percent). The public seems to doubt, however, or at least question, the ability of faith-based organizations to treat substance abusers (27 percent), care for children (29 percent), and prepare people for work (5 percent).

[10] The number of faith-based organizations in the community development arena should continue to grow. At least four catalysts—beyond the interest, mission, and "success stories" of faith-based organizations—are responsible for the expected increase. First, faith-based community development networks, especially those practicing the asset-based community development model, are expanding across the nation. Second, financial institutions such as Fannie Mae, JPMorganChase, and Fleet Bank, among others, are creating lending and grant programs specifically for faith-based organizations, particularly congregations, to use for community development projects. Third, the number of community development courses has increased at Harvard University, Michigan State University, New Hampshire College, Union Theological Seminary, the University of Delaware, and other institutions; these courses target clergy and the laity. Fourth, entire websites (for example, www.faithandcommunityatwork.com) are devoted to faith-based community devel-

opment. The trends suggest that the faith sector eventually may assume a predominant position in the field of community development in the United States.

[11] Assessment is a starting point for building capacity. It is useful in the absence of information. This paper, however, starts from a base of information concerning the extant of abilities of some congregations for community development. In addition, expenditure is fundamental to building the capacity of organizations, and it is necessary for assessment and intervention to occur. Nevertheless, an emphasis on expenditures seems premature at this time, based on the data at hand, previous findings that most congregations will not seek external financial support for their activities, and the contentious nature of the policy debate regarding direct public funding of faith-based organizations.

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Expanding Organizational Capacity: The Human Capital Development Initiative

Norman J. Glickman, Donita Devance-Manzini, and Sean DiGiovanna

Community development practitioners have long struggled to cultivate sound human resources policies in a field that has not historically adopted modern human resources management techniques. While community-based organizations (CBOs) have established models to revitalize distressed communities, further progress will depend on the availability of talent and the use of good organizational practices. To highlight some of the organizational issues facing CBOs, Anglin (2000) observes that many community development organizations "operate outside the norms of good organizational practice. Accounting is haphazard. Boards are weak and lack the diverse skills needed to guide an organization. Many are frustrating places to work because leaders are unable to nurture talent."

Eisenberg (2000) adds that CDCs sometimes are "undercapitalized, overextended, and poorly managed." Often, CBOs find themselves stretched thin, under pressure from funders to expand programmatically without substantially more resources. To succeed, the field must overcome high job-turnover rates, burnout, and impending succession among senior leaders, some of whom founded organizations and led them for many years.

The loss of key leaders can cost community organizations dearly in terms of productivity and missed opportunities, and the quick replacement of such employees is conducive to higher staff morale. As CDC founders age, concerns arise about succession planning, forcing some organizations to turn their attention to that issue. The migration of better-trained staff away from the industry, however, continues to plague the field: many find jobs outside the industry, especially with private developers and local governments. Some in the field believe that CDCs pay lower salaries and benefits than competing sectors. Although the limited existing compensation studies show this to be untrue, the perception of low wages remains. In addition, some community organizations receive criticism for not having staffs representative of the demographic makeup of the area they represent—such as maintaining a predominantly White staff in minority areas.[1] Rodriguez and Herzog (2003) say, "At the executive level, CBOs do not represent, in terms of race and ethnicity, the people they serve. The number of non-Caucasian executive directors range from 9% to 37%."

A large-scale attempt has been under way to increase levels of human capital, a central component of organizational capacity. This experiment has taken place through the Human Capital Development Initiative (HCDI), which is part of the National Community Development Initiative.[2] The $8-million demonstration project promoted human capital initiatives at the local level, working mostly through community development partnerships affiliated with the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation and nationwide through broad programs under the sponsorship of the CDC industry's trade association, the National Congress for Community Economic Development (NCCED). HCDI addressed human capital issues in four areas: (1) recruitment and retention, (2) education and training, (3) career development, and (4) human resources management and compensation.

Beginning in 1999, a team of researchers at the Center for Urban Policy Research (CUPR) assessed the HCDI.[3] This paper draws from that assessment, summarized in Devance-Manzini, Glickman, and DiGiovanna (2002). CUPR developed several criteria to identify promising HCDI practices and programs. CUPR looked for programs that significantly and measurably expanded or enhanced the overall operating capacity of the CDCs; the political and professional standing of the CDCs; the skills and abilities of CDC staff; and CDC recruitment and retention, understanding of human resources and compensation issues, career development, education, and training. CUPR also looked for programs that were transferable to CDCs in other cities and had the potential to leverage HCDI dollars or draw and capitalize on other available resources. This paper summarizes results from the assessment and presents some reflections for further research and policy considerations.

Recruitment and Retention

HCDI sites looked for new ways to recruit people and to retain those already working in the field. Local community development partnerships (CDPs) focused on hands-on learning experiences (through internships, fellowships, work-study programs, and AmeriCorps) and marketing efforts to expand understanding of community development and attract talented people to the field. CDPs in Atlanta, Cleveland, and Washington, D.C., developed internship programs and reported that these efforts resulted in an appreciable number of successful placements. Atlanta and Cleveland estimated that approximately half of their interns subsequently accepted work in CDCs or in a related field.

Recruiting focused on the neighborhoods in which the CDCs work, institutions of higher education, and related industries and professions. Placements associated with the academic minor developed with Howard University in Washington, D.C., showed great promise, for example. HCDI placed particular emphasis on the recruitment of women and people of color. Nine of the ten CDPs helped the CDCs recruit new people. The NCCED carried out national recruitment and retention efforts through a number of programs and organizations.[4]

Education and Training

HCDI provided training in leadership and management skills at all staff levels and for board members. Participating CDCs identified their specific needs and the initiative furnished programs through single sessions or a series of workshops. HCDI provided access to established training institutes and skill-development programs, as well as single-topic training sessions and workshops. The program delivered formal education (for example, certification and degree programs) in traditional classrooms and through distance learning. The local intermediaries provided technology and other resources to the CDCs. All of the partnerships sponsored educational or training programs.[5] The sites adopted good training models from both the nonprofit and for-profit sectors or customized training to meet CDCs' needs.

Although CDCs understood the value of training, they also feared that as staff became more proficient, they might depart for other jobs. It became clear, however, that staff highly valued training opportunities, as well as the opportunity to network with peers. Thus training also helped increase job satisfaction. In time, the CDCs began to recognize the importance of coupling training and skill development with advancement opportunities either within the CDC or within the local network of CDCs.

Training Models

The local intermediaries identified general training needs (basic skills, technology, and so forth) and found consultants with CDC experience to help their CDCs. For example, Boston's partnership hired experienced consultants to conduct workshops on supervisory training and career development; Seattle worked with a local consultant to customize board and executive training needs; Chicago, Boston, and Seattle provided individuals and organizations with small scholarships to attend training. Mentoring also took place by pairing senior and junior staffers—although this model required a considerable time commitment.

Career Development

HCDI supported professional development to help practitioners strengthen important skills. They marketed the field and promoted it through publicity about the HCDI programs and through brochures, job fairs, and referrals. They also used other publicity vehicles such as programs at colleges and universities, Web sites, and job banks. The CDCs offered one-on-one counseling and personal-skill-assessment strategies to community development professionals. All of the partnerships promoted the community development field as a career option.[6]

Career Counseling

Targeted one-on-one career counseling was a primary component of Boston's Career Paths initiative and a secondary component of Philadelphia's Career Action Program. Individual counseling sessions with experienced career counselors enabled CDC employees to develop tailored career plans and identify training needs to prepare them for the next step on the career ladder. This type of career counseling produced two major benefits. First, participants reported that the programs restored their confidence in community development as a feasible career. By identifying individual career ladders, CDC employees discovered they did not have to leave the field to enjoy greater responsibilities and job satisfaction. Second, this targeted approach—particularly in the case of Boston's Career Paths—resulted in real gains in the number of minority candidates moving from entry-level to management-level positions.

Integrating Career Development into Organizational Cultures

Boston's collaborative linked the education of CDC senior managers with the development of entry- and mid-level staff; as a result, Boston CDCs raised the perceived value of career development among participating CDCs. Supervisors worked with staff participating in Career Paths to help implement their career plans. The Boston partnership aided this process by providing CDCs up to $1,000 in matching funds for individual training needs—admittedly a small sum, but one that caused CDC directors and boards to take the process seriously. The coordination of these programs helped CDC directors provide enhanced opportunities for employees *within* their organizations, thereby reducing the likelihood of employees leaving.

Both strategies were relatively expensive. Individual counseling costs both money and time. Nevertheless, the demonstration projects produced concrete, positive results—especially in increasing the representation of minorities in CDC management positions and retaining talented employees within the field.

HUMAN RESOURCES MANAGEMENT AND COMPENSATION

Human resource management consists of programs designed to increase a CDC's capacity to recruit, hire, manage, and retain competent staff. Management practices include building career ladders within CDCs, assessing individuals and departments, determining compensation and benefits, and performing other functions. To increase capacity in this area, the partnerships sponsored organizational assessments and human resource audits, compensation studies, diversity training, and other human resource programs.

ORGANIZATIONAL ASSESSMENTS AND HUMAN RESOURCE AUDITS

Organizational assessments are external reviews designed to improve an organization's performance, staffing, and practices in human resources management. Human resources audits consist of evaluations of human resources practices and can provide more attractive workplace conditions. The partnerships used audits to build CDC capacity by creating and upgrading state-of-the-art personnel systems to ensure that hiring and firing, as well as compensation and benefits, are managed in a legal, professional, and productive manner.

In addition, CDCs tried to improve board retention and functioning through training so that board members knew more about hiring practices, organizational management, leadership, oversight, financial management, and other board functions. Comparative studies of compensation and benefits helped CDCs measure their human resources environments against those of comparable positions in other fields, increasing their ability to attract and retain employees. In addition, improved human resources programs helped CDCs recruit and retain a more diverse workforce, which included more community residents, and increase the political and network capacity of CDC leaders.

COMPENSATION STUDIES

The intermediaries carried out surveys of employees' salaries and benefits to get a better understanding of how they compared to those in related fields (social work, education, government, and so forth). These compensation studies were conducted in Chicago, Portland/Seattle, and St. Paul. For instance, the St. Paul study compared salaries and benefits offered at different CDCs and related them to the salaries and benefits offered by other kinds of nonprofit organizations.

Despite the prevailing belief that CDC salaries fall below those for competing jobs, a number of the compensation studies found that many CDC jobs were in the same salary range as other nonprofit jobs in the region. The partnerships used the studies in different ways. Chicago and St. Paul developed presentations for funders to educate them about variations in salary levels. CDCs in Cleveland used the survey results for internal reviews of compensation costs and program overhead costs. More than 50 percent of St. Paul's active CDCs, funders, and other key community development partners got involved in discussions of these findings.

Human Resources Development

Quantum Leap (QL), an initiative of Cleveland's Neighborhood Progress, Inc. (NPI), addressed the ways CDCs do business and adapt culturally. QL sought to increase the organizational capacity of Cleveland's CDCs with a combination of intensive technical assistance and training related to organizational and human capital issues, including financial systems, recruitment, and board training. QL represents the most comprehensive approach to organizational change of all the HCDI sites. The fundamental approach known as the "Jubilee Method" requires that people learn within their own organizational environments by talking to their colleagues and through self-discovery. Quantum Leap's methodology includes customized "in-culture" training of individual staff and in-group classes. NPI also ran best-practices workshops on subjects of interest to community groups (for example, asset management and fundraising). To increase volunteerism, QL carried out board recruitment and training activities. QL also helped CDCs conduct executive searches and trained executive management and boards to perform those functions in the future. Through these actions, QL helped recruit, evaluate, and place several executive- and management-level positions during the demonstration.

Conclusion

The HCDI initiative started slowly, with considerable experimentation over the first 2 years. Once the programs were in place, however, several lessons were learned about this sort of capacity building. First, nonprofits interested in improving human resources management should do so in an integrated manner. That is, instead of approaching the various aspects of human capital development in isolation (recruitment, retention), they should understand that each element is related and should be approached as part of one, integrated problem, not as an individual concern.

Second, collaboration with actors outside the CDC field proved useful. In St. Paul, for example, partnering with other nonprofit entities to complete its compensation study provided additional funding as well as depth and comparative value; similarly, Seattle's Community Development Partnership (CDP) found outside groups useful in its human resources audits. Third, changing workplace culture is difficult, time consuming, and expensive. For example, CDC leaders struggled to believe that human capital issues should be part of everyday operational concerns; we found that some leaders feared making such investments because of the possibility that well-trained employees would leave for other organizations. Moreover, in looking at the overall accomplishments of HCDI, the costs were high relative to the expenses involved. Because this was an experiment, however, with actors relatively new to the field of human capital development, the field should be hopeful that future work will come at lower costs, once good models are better known.

One final observation: the HCDI and the participating initiatives went forward with limited use of information and experience from other fields. The organizational development literature is quite substantial, and community development need not recreate the wheel. Going forward, funders and other stakeholders should support initiatives informed by experiences and experiments from both the nonprofit and for-profit sectors. This initial upfront research and development will save time by avoiding paths that either cost too much or yield little return on investment.

Throughout the HCDI demonstration, CDPs found ways to collaborate and use existing resources to meet their goals. Many of these linkages would not have occurred without a dedicated program of similar scale and magnitude. In the end, the local partnerships learned that developing human capital in the community development field depends far less on devising new strategies than on identifying and harnessing existing resources and adapting them for local use. Importantly, HCDI called much-needed attention to the field and armed CDPs with the funding and support necessary to tease out these elements, networks, and resources. The challenge for community development stakeholders is to sustain the momentum gained from the first round of HCDI demonstrations by providing other communities with the tools to identify the elements necessary to support their own integrated human resources strategies.

Notes

[1] Intermediary staff members at both the national and local levels say that the relatively large proportion of white staffers is due to the need for "well-trained profes-

sionals" and that they are training as many minority staffers as possible. We discuss such efforts later in the context of the Human Capital Development Initiative. Seessel (2003) discusses the paucity of minority staff among national funders and intermediaries.

[2] We report here on the first round of the HCDI, which ended in 2002. A second round is under way.

[3] The Center for Urban Policy Research of Rutgers University assessed the HCDI from 1999 to 2002.

[4] For example, the Emerging Leaders Program (ELP) brought together undergraduate and graduate students and recent college graduates from around the country to learn about the field. The Community Development Internship Program (CDIP) offered graduate public policy students the chance to gain on-the-job experience at CDCs during the summer. The Community Development Leadership Association (CDLA) provided information, job postings, and other community development resources to alumni of the NCCED student recruitment programs to keep them connected to the field. The NCCED published a community development career guide (Brophy and Shabecoff 2001) to provide examples of career and job opportunities, education programs, career planning, and other valuable information on careers in community development.

[5] NCCED developed a series of "how to" publications for the NCCED Community Development Toolbox. The first two publications of the series were on management self-assessments and recruiting techniques. NCCED (along with the National Consortium for Community-University Partnerships) tried to establish core competencies and standards for community economic development practitioners by providing the basis for curriculum development and training programs.

[6] NCCED promoted the field through distribution of its publications (for example, newsletters and a career guide), information provided on its website, internships and training, the ELP, the CDIP, the CDLA, and a listserv for CDLA participants.

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The Role of Employee Benefits in Building a High-Impact, High-Performance Community-Based Development Organization

Roland V. Anglin and Joseph McNeely

The community-based development field has made significant progress in the past 30 years.[1] Community-based development organizations and community development corporations (CDCs) now play a significant role in producing affordable housing, developing local economies, and hosting job-training programs (Grogan and Proscio 2000; Harrison, Gant, and Weiss 1995; U.S. House 1995). CDCs accomplish their missions under difficult circumstances (Walker and Weinheimer 1998), relying on sporadic income based on project revenue, government programs, philanthropic support, and over the past 15 years, support from national and regional intermediaries (Walker 2002). The national and local support structure for these organizations has progressed to the point where CDCs and like organizations can claim a high level of stability and impact (Ferguson and Stoutland 1996; Hoereth 2003).

Despite the progress CDCs have made in both improving distressed neighborhoods and establishing themselves as solid organizations, a critical set of organizational challenges must be addressed before CDCs can be relied on as a significant antipoverty strategy (Weinheimer 1999; LISC 1998, 2002):

- Uneven patterns of skill acquisition.
- Uneven patterns of leadership and staff recruitment.
- Lack of clear standards for organizational performance and impact.
- Organizational cultures that do not motivate and value talent sufficiently.
- Uneven patterns of core funding support.

These needs cannot be blamed solely on the lack of a solid income stream. Growing high-performance organizations, as part of a larger community development field, presents a complex challenge (Rodriguez and Herzog 2003). This paper examines and summarizes one important aspect of building high-impact, high-performance community development organizations: assessing the role of benefits in attracting and retaining good leadership and staff. Despite sparse evidence, enough work has been done over the past few years to give a better sense of whether benefits represent a looming crisis or a manageable issue that will not retard the progress of these organizations.

Salary and Benefits: The Major Issues

Limited academic and applied literature exists on the role salary and benefits play in improving the work of CDCs and raising the satisfaction of employees. Indeed, an important work looking at the "management challenges" of the CDC field highlighted critical issues such as the lack of trained property managers but did not examine the significance of benefits in attracting and retaining property managers (Bratt et al. 1994). Other literature addresses such challenges as the oversupply of CDCs, the loss to retirement of the founding generation of leaders, questions of governance and board responsibilities, and management expertise in general; but even these studies include only a minor mention of salary and benefits (Rohe, Bratt, and Biswas 2003; Zdenek and Steinbach 2000, 2002). In part, the absence of detailed analyses may result from a prevailing sense by researchers, stakeholders, and funders that any deficit found in the salary and benefits structure of the field would conclude with a call for significant infusions of resources beyond the reach of most funding entities. Despite these difficulties, some researchers have addressed the role benefits play in building the infrastructure of the field.

Field Context: A Short History of Building an Employee-Benefits Infrastructure

In the mid-1980s the CDC field expanded rapidly, masking its status as a relatively young, turbulent, growing industry (McNeely 1994, 2001). The norm for the field exhibited low salaries, almost no benefits, and high turnover among staff and executives. Stakeholders, funders, and technical-assistance providers worried that such norms limited the impact of CDCs. In 1991, in response to a "salary and benefits crisis," seven national community development intermediary organizations began to explore the connection between benefits and retention and to discover methods of intervening. The concerned organizations were the Center for Community Change, the Development Training Institute, The Enterprise Foundation, the Local Initiatives Support Corporation (LISC), the National Congress for Community Economic Development (NCCED), the National Council of La Raza, and the Neighborhood Reinvestment Corporation. Finding very little data, the organizations commissioned a study in 1992 by Charles W. Cammack Associates (a benefits consulting firm) and Audience Concepts (an organization specializing in market studies and focus groups.) The study reported a high percentage of groups with medical benefits but a severe deficit in pensions. Only 22 percent of the organizations reported the availability of any pension, of which very few enlisted an employer contribution. Moreover, the study identified the cumbersome process of evaluating and installing pension plans as a major barrier for organizations. Cost, though an issue, seemed almost secondary to the administrative burden and time involved (Audience Concepts and Charles W. Cammack Associates 1992).

The seven organizations pursued pension options for the field. In forming the National Benefits Consortium (NBC), they hoped to use their combined credibility to "endorse" a reliable, cost-efficient, customer-centered package and help small CDCs avoid replicating the selection process on an individual basis. In 1993, the NBC published a request for proposals. From 16 responses, NBC chose Metropolitan Life to offer a range of plans from a simplified employee pension (SEP)/IRA to a full 403(b). In 1994, the NBC launched the national plan and began promoting membership. As more and more organizations adopted the nationally available plan, individuals could carry their pensions with them within the industry; the more organizations that used the same supplier, the more likely the individual could retain the same pension provider from job to job. Today, the Metropolitan Life plan remains in place and functioning. The company has since decentralized the plan to its agents across the country and provided them with education to market it to appropriate nonprofits.

In 1994, the NBC decided to broaden its human resource agenda by inviting seven additional national and regional organizations to join it in forming the Human Resource Consortium. Each organization sponsored a local CDC leader as one of its two representatives on the Consortium. The Consortium sought to promote best practices and information sharing within the five major areas of human resource development: recruitment and retention, compensation and benefits, career development, education and training, and human resource management (Glickman, Devance-Manzini, and DiGiovanna 2000; Devance-Manzini, Glickman, and DiGiovanna 2002).

Inspired by the Consortium's work, the National Community Development Initiative, a consortium of 11 national community development funders, put its substantial resources behind the 1996 launch of the Human Capital Development Initiative (HCDI). A major infusion of money to the field followed, the first such effort intended to increase the human resources capacity of local organizations. Administered by the NCCED, the program included a number of national research and demonstration initiatives hosted by 12 community development support collaboratives.[2] HCDI provided the collaboratives with resources to analyze local human capital needs and experiment with a variety of interventions for improving human capital investment. HCDI supported a number of studies of salaries and benefits, as well as efforts by the collaboratives to improve compensation. The salary studies helped educate the field, particularly its boards, leading to salaries that are more competitive and improvements in benefits due to group buying (Glickman, Devance-Manzini, and DiGiovanna 2000; Devance-Manzini, Glickman, and DiGiovanna 2002). Toward the end of the HCDI program, the NCCED began offering group purchasing of insurance products. After this rich history, the field must ask whether any of the above experiments led to improvement and innovation in the provision of benefits by CDCs.

Academic Inquiry

Unfortunately, academic efforts to study the impact of benefits on improving CDCs do not provide much to examine. In one of the only academic studies of salaries and benefits in the community development field, Ban, Drahnak-Faller, and Towers (2002) found a nuanced set of issues that argues against simplistic analysis and solutions that rest on the availability of resources. Surveying 30 human service and community development organizations in Allegheny County, Pennsylvania, the authors looked at the "seriousness" of problems commonly reported by practitioners as they struggled to attract and keep staff because of low salaries and benefits. Respondents reported that their ability to pay comparable salaries and benefits lagged behind the private sector (and to a certain extent the public sector), but such a deficit did not prevent them from hiring their first choice in professionals at all levels of the organization. Practitioners reported that new employees predominantly based their decisions on motivations such as social change, working with communities, and finding a place in an organization that values their work. Moreover, the sample reported relatively low turnover related to other opportunities paying higher salaries and more benefits.[3]

Ban, Drahnak-Faller, and Towers conclude that executive directors in the sample probably had an accurate view of motivational factors superseding concerns for higher salaries and benefits. They did not have, however, an overall conception of how to create high-performance organizations. The executive directors reported that positive organizational culture and personal motivation attract and retain personnel, but they did not have the training to intentionally create such an environment.

The Ban, Drahnak-Faller, and Towers study presents one extreme of existing studies on salary and benefits. Applied studies also exist that calibrate and assess the impact of salary and benefits on CDC performance. We took some of the salary and benefits surveys generated during the HCDI and assessed the validity of the common hypothesis that CDCs are not on par with other nonprofits regarding salaries and benefits. The data in these surveys do not lend themselves to the complexity and nuance found in the Ban, Drahnak-Faller, and Towers study, but they indicate that CDCs do not lag significantly behind other nonprofits in the quality of salary and benefits.

METHODOLOGY

This paper uses two sets of data to draw conclusions. The first set of data combines and summarizes (through content analysis) surveys of salary and benefits commissioned by five community development support collaboratives in Portland, Cleveland, El Paso, New Orleans, and Chicago. First, we establish a baseline and make some summary judgments regarding the effect of salary benefits on CDC organizational development as a class of organizations. We then match the five salary and benefits surveys of CDCs from the HCDI project with data on the larger nonprofit community in those same cities to produce a simple aggregate analysis.[4]

Recognizing that five geographic cases might contain specific biases (such as the strength of the local CDC infrastructure and the age and size of component CDCs),we thought a broader survey of salary and benefits might yield more widely applicable findings. Therefore, from July to August of 2003, we fielded a nonrandom survey of CDC executive directors throughout the country.[5] Using an existing list of more than 2,000 CDCs, we randomly selected a maximum number of three CDCs in any targeted locality. The survey is nonrandom in the sense that the original list was not generated in a random fashion and probably contains bias relating to size and organizational tenure.

Designed to take no more than 15 minutes, the survey asked for minimal demographic information before asking questions about the role of benefits. Of the 90 executive directors contacted through letters and e-mails, 75 agreed to participate, and we made appointments to contact the executives and administer the survey by phone. The derivative survey instrument used questions from a number of existing salary and benefits instruments. Responses were entered directly into a database for later analysis.[6]

Data From the Community Development Support Collaboratives

The first stage of the analysis focused on comparing benefits structures using an assessment protocol that examines the following factors:

- Health/medical insurance (including the percent of employee and family medical coverage paid by the organization).
- Vision/dental insurance and pension/retirement plans (including the level of employer contribution).
- Long-term disability insurance, life insurance, and day care.

Using this protocol, we reviewed the related contents of each benefits survey and disaggregated responses into raw numbers. Table 1 presents the summary data.

Table 1. Summary Content Analysis of Support Collaborative Benefits Data

Benefits	Neighborhood Partnership Fund	Neighborhood Progress, Inc.	El Paso Collaborative for Community & Economic Development	New Orleans Neighborhood Development Collaborative	The Chicago Collaborative
	Portland, OR	Cleveland, OH	El Paso, TX	New Orleans, LA	Chicago, IL
	N=37	N=34	N=58	N=44	N=39
Health/Medical					
Yes	100%	91%	78%	59%	82%
No	0%	9%	22%	41%	18%
Employee Medical Insurance Paid by Organization					
All (100%)	88%	100%	n/a	n/a	n/a
None	0	n/a	n/a	n/a	n/a
Other %	12%	n/a	n/a	n/a	n/a
Employee & Family Medical Insurance Paid by Organization					
All (100%)	12.5	n/a	n/a	n/a	n/a
None	68.75	n/a	n/a	n/a	n/a
Other %	18.75	n/a	n/a	n/a	n/a
Vision					
Yes	68%	35%	31%	41%	41%
No	32%	65%	69%	59%	59%
Dental					
Yes	76%	56%	33%	34%	69%
No	24%	44%	67%	66%	31%
Pension					
Yes	97%	60%	40%	16%	49%
No	3%	40%	60%	84%	51%
Long-Term Disability Insurance					
Yes	32%	35%	35%	27%	46%
No	68%	65%	65%	73%	54%
Life Insurance					
Yes	35%	56%	41%	41%	62%
No	65%	44%	59%	59%	38%
Day Care					
Yes	n/a	n/a	n/a	9%	3%
No	n/a	n/a	n/a	91%	97%

n/a = not applicable.

The table indicates that, in aggregate, a *significant* majority of the composite survey CDCs provides health and medical, although noncomparable data make it impossible to determine if all the CDCs pay for the entire package. The Portland collaborative stood out, though: 88 percent of the CDCs paid for the full cost of health and medical. Roughly half of the organizations provide the rest of the basket of benefits except disability and day care, which most organizations do not provide.

We must interpret the table with care. The summary data capture only a binary choice, not the depth and quality of the benefits.

Examining all categories of benefits in Table 1, Cleveland, Chicago, and Portland stand out as high performers, with their CDCs offering strong salary and benefits packages. We interviewed the executive directors of those three collaboratives for an explanation of their relative strength in the analysis. All three pointed to the following factors:

- Long-standing programs to help CDCs gain access to information about instituting cost-effective benefits programs.
- Local efforts at collectively negotiating and buying benefits packages.
- The relative longevity of their CDCs—many have been around for 15 years or more, giving them the experience, credibility, and resources to do the more creative budgeting necessary to offer competitive benefits packages.
- A connection to larger organizations (such as a church or hospital) through which coverage may be available.

In summary, the CDCs in the collaboratives seem to offer much of the basic benefit packages that one would expect in any organization. Next we must determine if these general findings hold in our national survey of CDC directors.

A Limited National Survey of the Impact of Salary and Benefits in CDC Organizations

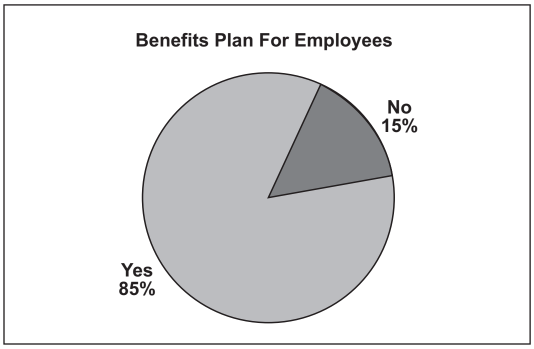
Table 2 gives some sense of the size and age of the sample used in our national survey (see the Appendix for a geographical breakdown of the CDCs). In terms of employees and budget, these are not large organizations. Most employ fewer than 10 people, have been in existence less than 10 years, and have annual budgets ranging from $100,000 to $500,000.

Table 2. National Survey of CDCs: Basic Profile

Full-Time Employees	(%)	Budget	(%)	Years of Operation	(%)
1–10	60	$100,000–$500,000	43	1–5	24
11–20	32	$500,000–$1 million	38	6–10	50
More than 20	8	More than $1 million	19	11–20	20
				More than 20	6

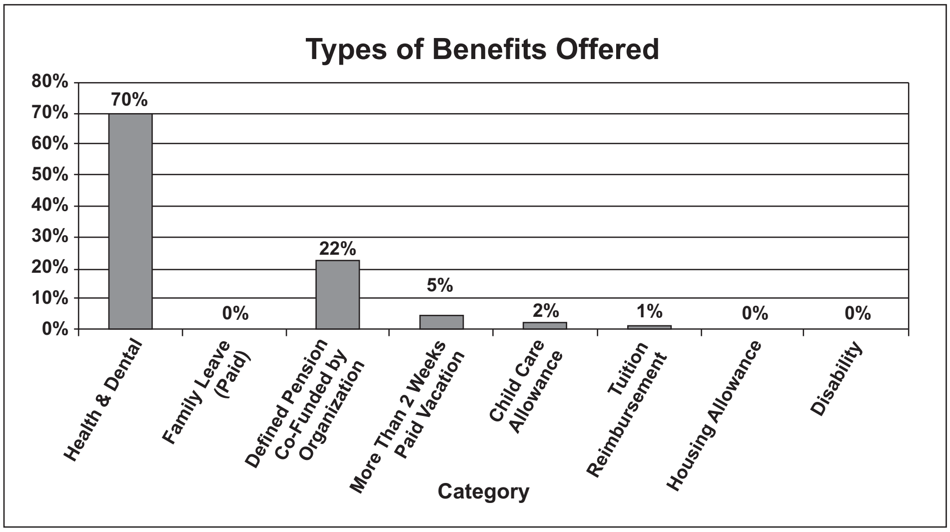
When asked if they have a clear benefits plan for full-time employees, most organizations said they do. In the context of the collaborative survey, this majority is not surprising, but it might not be expected given that the organizations in this sample are smaller and younger than the CDCs in the collaborative surveys.

Figure 1. Benefits Plan for Employees



Looking at Figure 1, one might cautiously conclude that the depth of benefits means more than the simple provision of those benefits. Figure 2 presents the types of benefits offered by CDCs. A *significant* majority provided medical and dental benefits, but provision of subsequent benefit types substantially declines. With only 22 percent of the executive directors reporting that the organization contributes to employee pension plans, retirement funding clearly remains an issue.

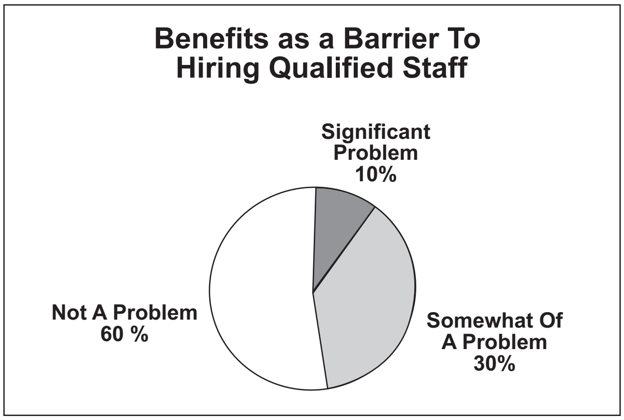
Figure 2. Types of Benefits Offered



The level of benefits, though, does not seem to play a significant role in the executive director's ability to hire highly qualified staff (see Figure 3). Similarly, executive directors do not believe that the level of benefits hinders other CDCs in their community (Figure 4).

Figure 3. Ability To Hire Highly Qualified Employees Due to Benefits Package

Figure 4. Benefits as a Barrier to Hiring Qualified Staff.



SUMMARY

The data presented in this paper point to one clear heading: benefits do not represent the problem once perceived by community development practitioners and funders. CDCs provide a level of benefits comparable to their nonprofit colleagues. They have made significant progress on this issue over the past 10 years. Older surveys indicate that CDCs provided competitive medical benefits, but lagged dramatically in providing pension plans (McNeely 1994, 2001; Audience Concepts and Charles W. Cammack Associates 1992). Even this finding, however, must be tempered by the fact that we do not possess empirical information on the depth of benefits provision. Except for rising costs to the organizations, we suspect that health and medical benefits do not form a barrier to attracting and retaining personnel. Not enough information exists, however, on the quality of long-term pension plans. The data from both the collaboratives and the national survey reveal that not many organizations provide funded pensions.

The lack of pensions does not seem to present a problem in hiring, but should stakeholders ask employees to ignore the lack of long-term pension plans that are staples in other sectors of the economy?[7]

On another note, the findings in this paper indicate that the most important motivators in the CDC field are mission and commitment, but we still do not have high-performance community development organizations that can harness employee commitment. The real question, then, is how to build healthy organizations that offer family-sustaining benefits while motivating and challenging their employees. Achieving this balance is a monumental step toward building high-impact, high-performance community development organizations.

Beyond comprehensive efforts to create high-performing organizations and improve the executive leadership of organizations in the field, a number of actions can continue to be performed on benefits at all levels of the field.

CDCs themselves should commit to providing competitive and equitable compensation in both salaries and benefits by reviewing their benefits package and, if needed, budgeting for improvement that bring them to standards commensurate with other nonprofits of similar size and budget. CDC board members and other stakeholders, including funders, must be involved in this review and discussion. Comparisons should be made to the following standards: What do nonprofits in the area provide? What benefits are offered by employers from whom CDCs would want to recruit or who actively recruit away CDC staff? This last question prompts us to keep in mind that CDCs compete with the private sector for certain positions (for example, loan underwriting, financial packaging of real estate, and property management).

CDCs should keep abreast of innovations in benefits improvement. Currently it appears to be in the area of pensions, but the next issues are long-term disability and daycare. Because being able to contribute to a tax-deferred 403(b) program represents a major employee benefit, CDCs should establish pension plans even if they cannot contribute. Even these CDCs, however, should budget an employer contribution to the pension and set a goal of reaching a contribution of 6 percent over a period of years. A contribution of 2 percent should be considered the minimum. The goal may seem expensive, but a calculation demonstrates that 2 percent does not represent a large amount of money. For a CDC with six employees and a payroll of $240,000 annually, a 2 percent pension contribution is only $4,800.

CDCs can provide other inexpensive benefits. For example, a tuition reimbursement benefit helps an organization grow employees and creates an atmosphere of interest in each person that promotes retention. Intermediary organizations—whether local, regional, or national—that support CDCs also can play a role in building a better benefit structure by addressing compensation and benefits as part of their organizational development work. They can promote a standard for pension contribution by employers and help the CDCs educate their staff, board, and funders. Where intermediaries provide direct financial help, they can support adequate compensation in budgets.

To encourage a better understanding and easier adoption of plans, intermediaries and funding organizations might share information on their own benefit plans with CDCs and their boards. They can promote a nationally endorsed plan as an easy step to adopting some benefits and even help arrange group purchase or investigate group purchases for which CDCs are eligible. In a local community, it could be helpful to retain a benefits broker to help find plans or recommend a broker to CDCs so they do not have to do all the research themselves. Finally, by encouraging CDCs to gather data, or by actually gathering data and promoting their use, intermediaries can help move the dialogue beyond opinion-based decisions to evidenced-based practice.

Finally, funders can make compensation and benefits part of their grantee review discussion, signaling an interest in adequate compensation and benefits. They could amplify that signal through other means of encouraging equitable benefit plans. Foundations could share information on their own benefit plans and encourage data gathering and its use.

Benefits have become competitive in the CDC world. Despite this ostensibly good news, the field needs to maintain its focus on the full range of leadership development to create high-performing, healthy organizations that can attract and retain skilled and dedicated workers. There also should be continuing efforts to improve compensation and benefits, particularly in the area of pensions. Benefits represent real costs that must be routinely budgeted into the cost of doing business. These reasonable costs certainly are less expensive than hiring new staff and dealing with high turnover.

NOTES

[1] This research was principally supported by the Living Cities Milano Collaboration, a project funded by the Living Cities funders (http://www.livingcities.org) and hosted by the Robert J. Milano School of Management and Urban Policy at the New School University. In addition to their primary affiliations, the authors are senior researchers on the project.

[2] Community development support collaboratives are local and regional entities that aggregate financial (from local and sometimes national philanthropic organizations and banks) and technical support for a designated set of community development organizations. The community development organizations receive grant and technical support as part of an organizational development process that lasts anywhere from a 2-year cycle and beyond. Many of the salary and benefits studies were funded through the National Community Development Initiative and a Ford Foundation-sponsored effort to assess and improve human capital in the community development field. Called the Human Capital Development Initiative, it was hosted by the National Congress of Community Economic Development.

[3] Much of the turnover in this sample is related to turnover of senior management. For example, a new executive director comes aboard and some employees decide that it is a good time to move on to other opportunities.

[4] To date, there has been only one survey on compensation and benefit practices in the nonprofit world which disaggregated and compared the data for CDCs to the nonprofit general performance. That survey was conducted as part of HCDI by a professional human resources organization for the Neighborhood Partnership Fund in Portland, Oregon in 2001. The survey covered 161 nonprofits in the State of Oregon, and separated for comparison 37 CDCs. In most benefits, the CDCs performed better than the nonprofit averages: more of them provided health benefits, covered a greater portion of the health benefits costs, provided a pension more frequently and gave a higher level of employer contributions to pension. The CDCs offered dental and eye care coverage on a par with nonprofits generally. They fell behind the nonprofit averages only in providing life and long-term disability insurance. There is no reason to suspect that the CDCs in Oregon are in a position relative to their fellow nonprofits different than CDCs in any other area of the country where there is a functioning funding collaborative like the Neighborhood Partnership Fund. See MLB Group, LLC report, "NPF 2001 Nonprofit Salary Survey," Portland, Oregon.

[5] Research methods employed in this part of the study include survey interviews and content analyses using descriptive statistics. The data-gathering process took place December 2002 and January 2003. Executive directors at 17 support collaboratives were contacted by letter and phone regarding the proposed study and asked to supply the most current salary and benefits information available for their respective localities (such as municipality or state), as well as relevant human capital development-related documents (training manuals, program evaluations, and so forth). Six of the collaboratives sent material. Of those six collaboratives, five provided salary and benefits surveys that offered potentially meaningful comparisons between nonprofits and CDCs.

[6] For the purposes of this paper, the survey results are meant to give timely, usable information that informs the dialogue on salary and benefits. In fall 2004 our colleagues at the Community Development Research Center at the Milano School expect to publish the results of an unbiased, random survey that includes detailed questions on the impact of salary and benefits on CDC organizations.

[7] A recent survey by Flynn Research for The NonProfit Times reveals that a higher percentage of nonprofits (87 percent) offers pension plans than the Department of Labor reports for entities overall (50 percent). Many small for-profits offer benefits that are worse than those offered by nonprofits, but pension plans are a staple among larger companies.

APPENDIX: NUMBER OF RESPONDENTS BY CITY

City	Number of Respondents	City	Number of Respondents
Atlanta, GA	3	Los Angeles, CA	3
Baltimore, MD	2	Louisville, KY	3
Boston, MA	3	Memphis, TN	2
Bridgeport, CT	2	Miami, FL	3
Brooklyn, NY	3	Milwaukee, WI	2
Buffalo, NY	3	Minneapolis, MN	2
Charleston, SC	2	New Brunswick, NJ	3
Charlotte, NC	2	Newark, NJ	3
Chicago, IL	3	Philadelphia, PA	3
Dallas, TX	1	Providence, RI	3
Denver, CO	1	Richmond, VA	2
Detroit, MI	2	San Antonio, TX	1
Hartford, CT	2	Seattle, WA	2
Houston, TX	2	Washington, DC	3
Jackson, MS	3	Wilmington, DE	2
Kansas City, KS	1	Worcester, MA	1
Lexington, KY	1	Yonkers, NY	1
Total 75			

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Learning From Adversity: The CDC School of Hard Knocks

William M. Rohe, Rachel Bratt, and Protip Biswas

(This article originally appeared in the May/June 2003 issue of *Shelterforce*.)

When East Side Community Investments in Indianapolis experienced a financial crisis and ultimately failed, a clear wake-up call rang for all who care about community development corporations (CDCs) and the work they do.[1] East Side had been one of the biggest and most productive CDCs in the country.

Previous studies of CDCs focused on their rapid growth and success across the country. The time has come, however, to take a close look at the failures and learn from them. East Side Community Investments was not unique. Our research into CDC failure led us to examine more closely four other organizations that failed, or were forced to downsize, and to draw lessons from their experiences so that other CDCs might avoid their fate.

Milwaukee: Community Development Corporation of Wisconsin (CDCW)

In the late 1980s Milwaukee's leaders in both the public and private sectors saw a need for a large developer of affordable housing. CDCW came into being in 1989 to develop small- to medium-sized apartment complexes in the predominantly African-American Northside area. Northside has the highest poverty rate in the city and many older housing units in need of repair. Facing political pressure from the city (its major funder), CDCW also took on properties from other CDCs that had gone out of business. Many of these properties needed repair and had problem tenants and low occupancy rates. CDCW staff spent considerable time turning these developments around.

By 1997 CDCW had developed 21 separate housing projects with a total of 722 units and managed the property for its own and other developers' rental complexes. The organization had a staff of 25 and an annual operating budget of more than $1 million.

Financial problems, however, also began to surface in 1997. For some time CDCW had been losing money on its property management operation; demand for housing in the Northside area was soft, tenant screening was inadequate, and personnel problems increased. Unable to compete effectively with the higher salaries and better working conditions offered by private management companies, CDCW had trouble keeping competent management staff. The financial losses did not create an immediate crisis, however, because the organization covered the deficit with funds generated from its multifamily development work.

In 1998 changes in city policies affected CDCW's development activities. CDCW built its staff to rehabilitate multifamily developments using the Low-Income Housing Tax Credit (LIHTC) program, but the city decided to focus its resources instead on the purchase, rehabilitation, and resale of single-family homes. The city allowed neighborhood organizations to determine how to spend community development block grant funds in their areas, and these groups drastically reduced the funding for affordable housing. CDCW could not keep up with the rehabilitation of single-family units and had difficulty selling units once they were rehabilitated. This combination of problems severely reduced CDCW's operating income and the red ink began to spread.

CDCW belatedly sought assistance, but could not secure funding. City officials thought the organization was too far in debt and unlikely to overcome its problems. CDCW asked its lenders to restructure their loans, but without city support the lenders were unwilling to do so. In March 1999 CDCW filed for bankruptcy and closed its doors.

MINNEAPOLIS: WHITTIER HOUSING CORPORATION (WHC)

The Whittier Housing Corporation was an offshoot of the Whittier Alliance, created in 1978 to revitalize Minneapolis's Whittier neighborhood. For the next 12 years the Alliance pursued its mission by sponsoring a variety of neighborhood improvement activities, including buying and rehabilitating multifamily housing developments.

In 1990 the Whittier Alliance was chosen to participate in the Neighborhood Revitalization Program, which provides $20 million a year for neighborhood development and improvement projects in Minneapolis. The Alliance developed a plan that provided additional affordable rental housing and social services for the area's lower income residents. Homeowners and private apartment owners got wind of the plan, however; they orchestrated a takeover of the Alliance and developed a plan that did not include rental housing. The new board had little interest in continuing to own and manage the multifamily properties the Alliance had developed during the 1980s, so it established WHC as a separate organization, transferring the properties—7 leasehold cooperatives with 16 buildings and 158 units.

Many of these buildings needed further renovation. WHC sought assistance from the Interagency Stabilization Group (ISG), a consortium of the city's major funders of CDCs. The ISG, however, would not provide funding without seeing a stabilization plan; when WHC complied, the plan was judged inadequate. Eventually, the ISG provided some support, but not enough for extensive rehabilitation. WHC staff also had difficulty finding effective property management companies, and the buildings continued to decline. At its height WHC had a staff of three—a director, a co-op organizer, and a secretary—and contracted with private asset and property managers. In 2000, after a final attempt to secure additional equity investments from the National Equity Fund, WHC went out of business.

SOUTH DALLAS: OAK CLIFF DEVELOPMENT CORPORATION

In 1987 the housing outreach program of a local Lutheran church formed Oak Cliff Development Corporation (OCDC) in response to an overwhelming demand for affordable housing in the South Dallas area. Since its inception, OCDC has focused on developing homeownership projects for low- and middle-income families with support from the region's financial and philanthropic institutions. In 1993 OCDC was made administrator for the Dallas infill housing program, which enabled the organization to focus on new construction of single-family homes. With adequate administration fees for the expanded services provided by the contract, OCDC hired additional staff. At its peak, OCDC had eight full-time staff members.

Even as OCDC flourished, however, several experienced staff members moved on to better positions, leading to project delays. The organization also had to contend with vocal community opposition—accompanied by unfavorable media and political attention—to its Independence Park Project, a planned development of 112 new homes. The most significant factor leading to the organization's downsizing, however, was the loss of the infill housing contract and the subsequent reduction of OCDC's operating budget.

The city elected not to renew OCDC's infill housing program contract when it expired. Caught unprepared, OCDC unsuccessfully appealed the decision. During this time, holding costs and legal fees drained the organization's reserves. Housing production suffered greatly, cutting into OCDC's income from developer fees. OCDC also could not find alternate sources of operating support and had to reduce its staff to an executive director and one part-time employee, greatly diminishing its production capacity.

Philadelphia: Advocate Community Development Corporation

Among Philadelphia's first CDCs, Advocate Community Development Corporation (ACDC) was founded in 1968. The organization, which completed its first housing project in 1971, also developed an area master plan that led to positive changes in public policy, including more financial resources for target neighborhoods. ACDC also undertook several larger housing projects and led a successful effort to designate the Diamond Street area the city's first historic district. By 1998 ACDC had completed 365 houses.

Throughout these years, the organization received widespread recognition for its work and was well supported by funders. Much of the organization's success came from the charismatic leadership of its founder, who served as president of the board of trustees until 1996. She was also de facto executive director; for most of her tenure ACDC did not have an executive director. During these years, the number of permanent staff members was kept to four or five. The organization relied on consultants and contract employees to supplement its staff.

ACDC began facing challenges when its founder developed health problems and could not devote the same time and energy to day-to-day activities. Staff members could not handle the complexities of development projects. After the founder resigned, the board found it difficult to provide leadership, especially after several other members resigned. Communication with funders suffered and ACDC lost much of its operating support, which led to staff layoffs. Several development projects stalled and became community eyesores.

ACDC struggled with the search for a new executive director. The first two choices did not work out, and illness cut short the tenure of the third. Development of new projects decreased, along with developer fees. Without adequate operating support, ACDC was forced to downsize its staff. Existing plans went unfinished, and for several years virtually no new projects were started.

DRAWING LESSONS

These four examples lead us to several suggestions for avoiding downsizing and failure.

1. **Develop and periodically revise strategic plans**. Two major problems the downsized and failed CDCs faced were changes in local housing markets and city policies. Strategic planning can help anticipate and respond to such changes. In Milwaukee the weakening demand for housing in CDCW's target area was at least partially responsible for the unexpected turnover and vacancy rates in the organization's rental housing portfolio. Similarly, a soft rental market in the Whittier neighborhood in Minneapolis did not allow for the rent increases needed to cover rising maintenance and repair costs. CDCs need to read the market and position themselves to remain competitive.

   Unanticipated changes in city policies also played an important role in the failures of CDCW and WHC and in the downsizing of OCDC in South Dallas. Strategic planning that assesses the political environment may help organizations anticipate, influence, and effectively respond to change. CDCs need to be involved in formulating, reviewing, and commenting on city policies that may affect them.

   Strategic planning is neither cheap nor easy, and many CDCs will need financial support and technical assistance to implement this critical exercise.

2. **Diversify activities, geographic areas served, clientele, and sources of funding**. CDCs must walk a fine line between diversification and specialization; a strategic plan should address how much it should do of each. Specialization requires a narrower range of staff expertise, which deepens with each new project, but which also makes an organization vulnerable to changes in funding priorities and community desires. Diversification makes an organization less vulnerable to those changes, but may lead to performance problems caused by a lack of staff expertise or financial resources.CDCs that failed or were downsized tended to have narrowly focused missions in terms of activities, geographic areas served, clientele served, and funding sources. For example, OCDC specialized in infill housing and WHC specialized in multifamily development. They had little to fall back on when local support for those activities evaporated.

In addition, CDCs that targeted small and/or homogeneous geographic areas were vulnerable to changes in market conditions in those areas. The units that CDCW and WHC owned and managed were concentrated in neighborhoods where the demand for housing decreased significantly. The CDCs could not raise rents to meet higher operating costs, and financial problems ensued. A larger, more diverse target area enables a CDC to diversify the location of its properties and reduces the organization's vulnerability to market weakness.

Housing very-low-income households typically requires deeper subsidies that are increasingly difficult to acquire, and CDCs that focus exclusively on such households may increase their financial vulnerability. In Minneapolis all of WHC's housing developments served very-low-income households that could not afford the rent increases necessary for proper building maintenance. A portfolio that includes housing for moderate-income households may provide enough revenues to cross-subsidize developments for very-low-income households and generate more community support.

CDCs that mostly rely on one funding source seem to be particularly vulnerable. Abrupt changes in the policies of city agencies, foundations, or other principal funders can leave CDCs with little time to find replacement funds. The CDCs in Milwaukee, Minneapolis, and Dallas all depended heavily on single sources of funding that left them in serious financial crises when that funding was interrupted. Diverse funding sources also provide CDCs more autonomy and some protection from the dictates of funders who want CDCs to adopt certain agendas or programs at the expense of local concerns.

The decision to diversify should be approached cautiously and involve both residents and the local CDC support community. Small CDCs just beginning to gain expertise in a given area may find that diversification is not possible or desirable. Becoming proficient in delivering or carrying out the group's core set of activities is important for all young CDCs. In addition, risks that may be associated with increased diversification may not be evident in our case studies; if not done carefully, and with sufficient resources, diversification may lead to poor performance and loss of funder or community support.

3. **Work hard to earn and maintain the support of residents**. A lack of community support for various CDC activities proved an important factor in the failure or downsizing of three of the organizations studied. In Minneapolis vociferous community opposition to the Whittier Alliance's focus on rental housing for very-low-income households led to the "takeover" of the Alliance

and the creation of WHC. Similarly, OCDC's plan in Dallas for a new 122-unit subdivision of affordable homes generated considerable community resistance and contributed to the loss of city funding.

Board members and staff need to build support for CDC activities by opening dialogue with community residents, involving them in the review of proposed activities, and inviting them to join committees. The board should periodically convene general meetings with the larger community and hold social events in those areas in which the CDC is developing projects. CDCs also must ensure that the properties they own or manage are well run and maintained.

4. **Pay more attention to training and retaining board members and staff**. In all four case studies, project development problems caused difficulties, including inaccurate financial projections leading to cost overruns, overly optimistic underwriting assumptions, inadequate cost control and accounting systems, and poor-quality construction. Within the four CDCs, property management problems also consistently appeared, including inadequate procedures to screen and evict tenants, inadequate property maintenance, and lack of social support services for tenants. Passive boards were another factor in organizational decline.

   The CDCs may have avoided such problems if staff and board members had received periodic training to provide strategic leadership and set policy guidelines for staff. We need to understand why many staff and board members do not take advantage of national initiatives to increase CDC capacity and to ensure they receive the training they need. In particular, we may need to provide access to tailormade, onsite consulting help. Perhaps the most important type of needed assistance could come from outside experts who could work with a CDC's board or staff on a range of issues or help sort through issues with funders.

   Many organizations found it difficult to retain experienced staff because city agencies and private sector companies pay substantially higher salaries. Organizations need to offer better staff salaries and benefits to increase retention, and they must plan for leadership transitions. Of course, public agencies and local and national nonprofit intermediaries can ensure competitive salaries and generally support CDCs by instituting programs that provide funds to cover core operating expenses. This support can be contingent on standards of productivity and professional competence.

5. **Maintain frequent and open communication with support community and respond quickly to problems as they develop**. Communication problems played a large role in all four case studies: problems between executive directors and their boards, between executive directors and funders, and between executive directors and city officials or politicians. When CDCs undertake potentially controversial projects, they would be wise to inform and involve local political leaders early in the process. CDCs that rely heavily on support from local government should be particularly aware of this need.

   Identifying and acknowledging problems as they arise also is important. CDCW management did not ask for help in addressing property management problems until the organization descended into deep financial trouble. Similarly, several of those interviewed in Minneapolis thought WHC should have dealt with its problems sooner and more decisively. Funders also should have stepped in sooner to provide the necessary support or find other organizations to take over the units.

The cases presented here signal some important warnings. Strategic planning that assesses the opportunities and threats in the local political and economic environment, and that assesses the organization's mission in light of changes, should be a standard practice among CDCs. Staff training and retention also help create effective and financially sound organizations. Ongoing communication with both the residents of the service area and funders also is critical to maintaining political and financial support. Finally, if CDCs do get into trouble, they must identify the problems quickly and reach out to their local CDC support communities for assistance. For their part, communities need to respond positively by helping CDCs work through problems so they can continue providing vital services to their communities.

Notes

[1] See www.nhi.org/online/issues/104/steinbach.html.

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