

FROM
AWARENESS

TO
ACTION

*A Case Study of the Dave
Thomas Foundation for
Adoption's Philanthropic
Strategy*

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Executive Summary

The Dave Thomas Foundation for Adoption was created in 1992 with the goal of “dramatically increasing the adoptions of the more than 150,000 children waiting in North America’s foster care system.” A decade later, trustees and staff remained committed to this goal—but with more children entering the foster care system than leaving it, they concluded “we’re not winning.” In response, they decided the Foundation had to expand beyond its former strategy of raising awareness about adoption. Thus, in 2004, the Foundation launched the Wendy’s Wonderful Kids initiative, in partnership with Wendy’s. The initiative’s purpose was to implement and evaluate an alternative method of recruiting permanent families for hard-to-place foster care children. Foundation trustees, staff, and grantees agree that the initiative has helped to find adoptive homes for children who would otherwise still be in the foster care system. In 2007, the Dave Thomas Foundation for Adoption was awarded the Adoption Excellence Award from the U.S. Department of Health and Human Services for Wendy’s Wonderful Kids.

In order to reach this point, the Foundation not only had to reconsider how to bring about change in the foster care system, it had to reconsider its approach to philanthropy. This case study examines the philanthropic strategy that emerged from that process and identifies lessons it may offer for other foundations wishing to enhance

their impact. The Dave Thomas Foundation for Adoption is relatively modest in size. Its assets were less than \$8 million at the time it launched Wendy's Wonderful Kids. Its strategy offers one model for how other small foundations can mobilize their financial resources to try and have an impact on important social issues. Essential to this strategy are to identify and focus on one specific issue, to develop a deep knowledge about it, and to remain committed to it over the long-term. The Wendy's Wonderful Kids Initiative represents this approach as applied to foster care adoption, but it is also an approach that can be applied to other fields. Larger foundations that span multiple issues may find it a useful strategy for some subset of their programs.

The Foundation adopts a business model in its philanthropy, through its emphasis on producing measurable results (numbers of children adopted). However, the Foundation always does this within its guiding framework of focusing on harder-to-place children, and its willingness to take the time necessary to achieve that goal. Grantees therefore do not feel pressured to produce higher adoption numbers by focusing on easier-to-place children or by putting children into homes that may not be suitable. The Foundation can take this approach because it combines business principles with a deep professional knowledge of the foster care adoption field. It uses that knowledge to modify the business model. While holding grantees accountable for performance, the Foundation also makes a commitment to continue to provide them with support. Thus, Wendy's Wonderful Kids grants are made for a one-year period, but grantees and the Foundation understand that the grantee will be renewed as long as progress is being made.

The way in which the Foundation adopts business principles offers timely insights for the foundation field. As foundations have increasingly focused on ways to enhance their effectiveness, they have turned to the business sector for models and required grantees to produce quantitative evidence of success. The Dave Thomas Foundation for Adoption's model offers an important lesson for those considering this path: while business principles can be usefully incorporated into philanthropy, they should not be applied in a wholesale or rigid fashion to organizations that function in very different fields. Rather, these principles must be adapted in ways that are applicable to a non-profit's particular focus. In that way, quantitative results won't become the tail that wags the dog.

The Dave Thomas Foundation for Adoption made a strategic choice about how to approach a major social issue, namely finding suitable adoptive homes for hard-to-place children in foster care. The Foundation decided to support an innovative method of finding families for these children. In doing so, the Foundation's approach points to supporting experimentation and innovation as one important role for the private sector. Yet this role has its limitations. The Wendy's Wonderful Kids' recruitment model is labor intensive and costly. Therefore, sustaining and expanding the use of the model would require funding far beyond the Dave Thomas Foundation for Adoption's financial resources—and most likely beyond the resources of private philanthropy. By contrast, the funding required appears far more modest when com-

pared to the government's current expenditures on foster care and adoption. From the government's perspective, it may be both feasible and helpful to allocate a portion of expenditures to promote wider use of this recruitment model, as a more effective strategy for finding permanent homes for hard-to-place children. Were this to happen, the Dave Thomas Foundation for Adoption's philanthropic strategy could someday also provide a case study of how the private and public sectors can work together to develop innovative solutions to major social issues that neither sector can solve on its own.



From Awareness to Action

A Case Study of the Dave Thomas Foundation for Adoption's Philanthropic Strategy

Dave Thomas, the founder of Wendy's, was an adopted child. In 1992, reflecting his belief that "every child deserves a home and love," he created the Dave Thomas Foundation for Adoption. The Foundation was created as a public charity distinct from Wendy's but closely tied to it through its governing board and financial support. From its inception, the Foundation has been committed to its fundamental mission, "to dramatically increasing the adoptions of the more than 150,000 children waiting in North America's foster care systems."¹ A decade into the Foundation's life, however, trustees and staff felt they had to rethink their strategy for pursuing that mission. As one trustee explained, when more children are entering the foster care system than leaving it, "we're not winning."

Thus, while the Foundation formerly concentrated on raising awareness about adoption, in 2004 it launched the Wendy's Wonderful Kids initiative, with the purpose of implementing and evaluating a

specific model for matching harder-to-place foster care children and adoptive parents. The story of this evolution is a case study in how a foundation of relatively modest means (just under \$8 million in assets when the initiative was launched) sought to expand its impact. It is also a case study of a corporate-nonprofit partnership and its evolution. The results offer insights into the role that the private sector can play in developing and testing innovative approaches to addressing major societal problems. Yet it also illustrates a characteristic limitation of philanthropic efforts—namely an inability to generate adequate resources to address those major societal problems on its own. For to the extent that the Wendy’s Wonderful Kids model proves successful, it raises another question for the future—namely can this model be sustained and expanded to become accepted practice?

This paper explores the philanthropic approach of the Dave Thomas Foundation for Adoption as seen from the perspectives of both the Foundation and its grantees, and assesses future prospects for the Foundation’s goal of expanding the model’s use on a wider scale. Outside assessments and evaluation are part of the Foundation’s philanthropic approach, and the Foundation commissioned this study. We hope the findings will prove relevant to foundations in various fields who share an interest in exploring ways foundations can enhance their social impact. The case is a particularly timely one, as foundations have become increasingly interested in the application of business principles to philanthropy. In this regard, the Foundation’s strategy illustrates that business principles can be useful in philanthropy, but they must be adapted in ways applicable to a nonprofit’s particular focus.

THE STUDY

This study is based on in-depth personal interviews with Dave Thomas Foundation for Adoption trustees, staff, and grantees between 2007 and 2010, as well as supplementary materials (e.g., annual reports, IRS Forms 990, and information provided by the Foundation). We interviewed a random sample of 24 of the 85 grantee organizations in the Wendy’s Wonderful Kids grant program in the United States. There are also a smaller number of additional grantees in Canada, but given the different foster care and philanthropic context in which they operate, this study was confined to the United States. Our sample included only those with at least two years in the program. In the majority of cases (19 of 24), we interviewed the grantee’s executive director, supplemented in several cases by interviews with other staff. In the remaining five cases, we interviewed a different executive (e.g., vice president) who we were told was better placed to answer our questions. This was typically the person in charge of the division overseeing the Wendy’s Wonderful Kids program. We assured grantees that interviews would be strictly confidential and that we were not disclosing the identities of those in our sample to the Foundation.

The Background: Creating Awareness about Adoption

Throughout its history, the Dave Thomas Foundation for Adoption has been committed to finding homes for children in the foster care system who are eligible for adoption. Initially, it sought to do this by raising awareness about adoption. This strategy fit with Dave Thomas's wider advocacy role at the time. Trustees explained that this approach responded to prevalent attitudes about adoption and fit with the orientation and expertise of the board.

Dave Thomas emerged as a national adoption advocate in 1990, when President George Bush asked him to become a spokesperson for a new adoption initiative. Thomas urged businesses to provide adoption benefits to employees, testified before Congress in support of adoption tax credits, appeared in public service announcements, led the effort to create the U.S. Postal Service's Adoption Stamp, and in 1992 created the Dave Thomas Foundation for Adoption.² He created the Foundation as a public foundation—a 501(c)(3) public charity—but its governing body, finances, and founder have tied it closely to the Wendy's company.

FOUNDATION GOVERNANCE AND FINANCES

The Dave Thomas Foundation for Adoption is a public foundation that raises and distributes funds. It is an independent organization, but its governance structure and finances link it closely to Wendy's. The foundation by-laws call for 16 trustees to serve on the board, including Wendy's CEO (or CEO designee), Wendy's highest senior communications officer, four additional Wendy's corporate officers, and ten "public members." The ten public members are to include five people from the Wendy's system (franchisees, suppliers, and former Wendy's employees), Lorraine Thomas (Dave Thomas's widow) and another family member designated by her, and three people representing the program needs of the organization (Dave Thomas Foundation for Adoption 2009b).

The bulk of the Foundation's funding has come through its association with the company, including special events (such as golf tournaments sponsored by Wendy's), donations by customers to canisters in Wendy's restaurants, in-kind support from the corporate headquarters (such as advertising and computer support), and programs where a percentage of customer purchases in restaurants are donated to the Foundation. Wendy's corporation also paid the Foundation's rent until 2009 (Dave Thomas Foundation for Adoption 2009a).

By focusing on awareness, the Foundation sought to overcome the perceived stigma associated with adoption. One longtime trustee recalled, “Fifteen years ago, people didn’t discuss this. It’s less taboo to discuss adoption now. We’ve come a long way.” Some trustees also explained that raising awareness fit well with the skills and culture of the board, comprised primarily of businesspeople from Wendy’s. One longtime board member said, “Wendy’s is a consumer goods company. It’s second nature to us to do awareness-building. We thought that’s all we would do. We never planned to do programming.”

The Foundation’s strategy of building awareness was reflected in numerous activities, such as developing informational materials and a toll-free hotline, partnering (with CBS and Children’s Action Network) for an annual television special featuring successful adoption stories, and participating as a founding sponsor of National Adoption Day, an annual event in which courts across the country open for one day to finalize thousands of foster care adoptions.

Over time, trustees and staff became convinced that building awareness would not be an adequate method of achieving the Foundation’s mission. One board member recalled, “More children were going to foster homes and not being adopted. We were creating an awareness of adoption, and people wanted to adopt children. But we had to get children together with the parents!” The Foundation had a small grantmaking program to support agencies with innovative recruitment efforts, but trustees and staff felt it was too scattershot and reactive to achieve real change in the landscape of foster care adoption. One staff member said, “We made grants, but they didn’t go anywhere. We weren’t deliberate about grantmaking.” A trustee recalled that they made “one-offs here and there” to many groups but “we didn’t know if we were making a difference.”

By 2001, the Foundation was approaching a crossroads. The Foundation hired a new executive director, Rita Soronen, with a background in child welfare. She was both comfortable with, and committed to, engaging in more program-oriented work. At the same time, Dave Thomas’s health was failing. His death in 2002 inevitably raised questions about the Foundation’s future direction and relationship with Wendy’s. The Wendy’s Wonderful Kids program emerged out of this period of transition and the Foundation’s search for a more effective way to achieve its goal of getting children adopted. The Foundation did not abandon its awareness-activities but dramatically expanded and revised its grantmaking. It also revised the nature of the Foundation’s partnership with Wendy’s to raise the funds needed to support this new direction.

Moving to Action: Wendy’s Wonderful Kids

In 2004, the Foundation launched the Wendy’s Wonderful Kids program. Through the program, the Foundation gives agencies a grant of up to \$65,000 to hire a recruiter to work full-time on recruiting adoptive families for a specific caseload of children (some agencies have grants for multiple recruiters). Recruiters are assigned an active case-

load of no more than 25 children whom they meet with monthly. The recruiter reads each child's case records intensively both to understand the child's history and to look for leads for potential adoptive parents in the child's history. Discussing the Foundation's rationale for investing in this approach, the Dave Thomas Foundation's executive director explains, "We asked adoption agencies across America what was preventing them from moving children from foster care to permanent homes. They told us they do not have adequate time or resources to focus exclusively on these children." Indeed, grantees often told us that their other (non-Wendy's Wonderful Kids) recruiters had caseloads two to three times that size, and/or had other responsibilities. Although Wendy's Wonderful Kids grants are made for one year, there is an understanding that as long as progress is made, the grant will be renewed.

The child-focused recruitment method was not a new approach, but it was far less widely used than either general recruitment (which tries to reach large audiences of prospective families by raising community awareness, for instance, through media ads) or targeted recruitment (which tries to find homes for particular categories of children, for instance, through media campaigns focused on certain demographic groups). The child-focused recruiter by contrast is recruiting families for a specific group of children whom they get to know and help prepare for adoption (general recruiters may not even know the children they are recruiting for). Thus, as many grantees pointed out, it is a more time-intensive method.

Wendy's Wonderful Kids is now a signature program of the Dave Thomas Foundation for Adoption, and accounts for the vast majority of its grantmaking. In the first year of the program, the Foundation gave 40 percent of its grant dollars (\$1.4 million) to the program. Five years later, the Foundation gave 87 percent of its grants dollars (\$7 million) to Wendy's Wonderful Kids. The Foundation significantly reduced unsolicited grants. Far from the "scattershot" and "one off" grants of its earlier days, the Foundation was now running a unified and intensively focused grantmaking program.

The Philanthropic Approach

Wendy's Wonderful Kids is informed by the Dave Thomas Foundation for Adoption's fundamental philanthropic approach, whose core components include

- A high degree of focus,
- Foundation-initiated programming,
- An emphasis on measurable results and accountability, and
- Sustained funding for grantees.

The Foundation explicitly identifies these components as part of its philanthropic strategy. What further emerges as a core component from grantees' perspective is

- Hiring staff with strong professional expertise in the adoption field.

The Foundation has continued to pursue the same mission, but with this approach, it considerably changed the way that it tries to achieve that mission. In particular, it moved from more reactive or responsive grantmaking (giving for varied projects in response to applications received) to more proactive grantmaking, by funding grantees to carry out a unified, foundation-initiated program. Foundation interviewees also describe a greater emphasis on tracking results. Many trustees emphasized that the Foundation's executive director was instrumental in the Foundation's evolution, such as one who said she took them from "a fly by night foundation to a disciplined, thoughtful, strategic organization."

More generally, the Dave Thomas Foundation's overarching philanthropic strategy for bringing about change in foster care adoption is to implement and demonstrate the effectiveness of an alternative model for finding children permanent homes, hopefully leading others to adopt the model. As one trustee said, "The hope of the Wendy's Wonderful Kids program is that they will create a model that works and that can be replicated. At the end of the day, whether it is Wendy's or someone else doing it, it is ok." As a staff member observed, "The big question for us is what is keeping you from doing the model? We want to infuse it as a routine practice."

Trustees uniformly feel that "focus is critically important" to being effective in this effort. Said one, "with our limited funds, I think being able to focus and not be too broad so that we spin our wheels is critical." Another felt that "If you do one thing, you'll do it well. Even if we had more money, unless the issue is on the way to resolution, it's best to stay focused."

Many trustees view the Foundation's approach as an extension of their business orientation into the field of philanthropy. One said, "A bunch of business men created the Foundation—socially minded businessmen, but businessmen. They brought a business discipline. . . . A willingness to stay focused is second nature to us." Another characterized the essence of the Foundation's approach as merging business principles with charitable activity. He explained, "We give money to nonprofit agencies or quasi-governmental ones for the sole purpose of finding homes for foster care children. Then, we monitor their effectiveness. It's a merger of those principles that is unique. Rewards for performance, as in the harsh world of business."

As this last quote indicates, foundation interviewees value the fact that the Wendy's Wonderful Kids program provides clearer and more measurable outcomes than their earlier activities. Business and nonbusiness trustees alike feel this fits well with the business orientation of board members. Said one, "Wendy's measures everything. To be able to measure something has been huge. . . . It's easier to understand how the Wendy's Wonderful Kids program is making progress versus awareness raising. It's not as nebulous." Another said, "We had, the first 10 years, to rely on the traditional nonprofit barometers. Feel-good stuff. That's alright, but we've got too many businessmen on the board for that. What dent were we making?"

At the same time, board members and staff were clear that while they are interested in seeing measurable progress, they are not focused on artificial quotas or on having grantees produce higher numbers by focusing on easier-to-adopt children. For instance, a board member who emphasized demonstrable results also said, “We take care in that we don’t push too hard on the numbers. You can get children in homes that aren’t loving homes.” Another board member explained that “When we start reducing the number of recruiters because we don’t need them, then I’ll feel we’re winning. It’s not a number—10,000, 15,000, 20,000 adopted. The number is not as important. We’re finding more homes for kids.” And one trustee emphasized, “We don’t believe there’s an unadoptable child. . . . We don’t just pick the low hanging fruit. We think a 16-year-old deserves as much as a 2-year-old [to be adopted].”

The Foundation’s interest in accountability and measurable outcomes translates into a requirement that grantees provide substantial data in monthly and quarterly reports. Furthermore, the Foundation made a major financial commitment to fund a large-scale random-assignment national evaluation of the Wendy’s Wonderful Kids program to evaluate the efficacy of the child-focused recruitment model. One trustee observed that “We’re spending more than I’d ever dreamed on a measurement tool,” but also explained that, “We’re not doing it for the effort. We want to know it’s right. We’re not afraid to change.” Said another, “We need empirical data on this issue badly. Everywhere I go, people say it’s so hard to place older children in adoption. I say, how do you know? They don’t know—they think they know.” The Foundation also views an external evaluation as key to expanding use of the model by providing the credibility necessary to say that the model really works when asking others to fund it and/or adopt it in their own practice.

To this point, we have focused on the Foundation’s grantmaking. But the Wendy’s Wonderful Kids program also required a shift in the partnership between the Dave Thomas Foundation and the Wendy’s system to generate the funds needed to carry out this new and larger grantmaking program.

The Dave Thomas Foundation for Adoption’s Partnership with Wendy’s

The Dave Thomas Foundation for Adoption’s philanthropic strategy involves generating as well as granting funds. When it decided to search for a new signature program, the Foundation had to think about how it could most effectively work in partnership with Wendy’s to generate support for the program—and it had to find a program that would be compelling to those in the Wendy’s system. Wendy’s is a franchise business, and most of the franchises are independently owned, meaning that each owner is free to decide whether or not to support a particular charitable program, including the Dave Thomas Foundation for Adoption.

Many franchisees had already been supporting adoption through their individual efforts. The Foundation sought a more systematic and coordinated way to engage the franchisees' efforts. One interviewee said, "There was nothing definitive about how to use the Wendy's community, so all honored Dave's wish, but differently." Yet to get them to act in a more unified way, the Foundation would have to find a program that would be well-received by thousands of franchise owners. As one interviewee recalled, "The question was if we could find a project that the franchisees could agree on. It took us two years." One advantage of the Wendy's Wonderful Kids program in this regard is that it came from within the Wendy's system—a franchisee had been funding a local agency to hire a recruiter. "That's what he did," one board member recalled, "and we took it over as a signature program."

The Foundation had to balance its desire to centralize grantmaking with the franchisees' desire to see funds used in their own communities. The Wendy's Wonderful Kids model met this criterion. Funds raised from franchisees and their customers are sent to the Foundation, which then grants the funds to local agencies to hire an adoption recruiter. As one interviewee said, "There's a Wendy's in 50 states. . . . We wanted our system to have ownership at the local level, and this was a way to do it." It also meant, however, that the desires of franchisees to see at least some of their funds returned to their own communities would have to be taken into account when selecting agencies. These considerations also came in when selecting the program's name. Said one trustee, "the Wendy's name sells it to the franchise systems."

By 2008, all of the corporate-owned franchises and over 90 percent of independent franchises were participating in the Wendy's Wonderful Kids program.³ The donations generated for the Foundation in Wendy's restaurants grew dramatically, primarily through canisters placed in restaurants for customer donations, sales of Frosty's, and Halloween coupons. Prior to the Wendy's Wonderful Kids program, canisters yielded under \$500,000 for the Foundation. That amount grew to almost \$2 million in 2006, and canisters have continued to generate between \$2.3 and 2.7 million through 2009. In 2007, the first Father's Day Frosty Weekend (in which stores donated a portion of the money from each Frosty sold to the Dave Thomas Foundation for Adoption) generated \$588,000—a figure that increased to \$1.7 million by 2009. Overall, the Foundation's revenue grew from \$5.3 million in fiscal year 2004 to \$10.7 million in fiscal year 2009.⁴

Yet the system has not generated enough resources for the Foundation to achieve its original goal, which was to fund 200 recruiters and get 10,000 children adopted by 2010. As of 2009, the Foundation was supporting 122 recruiters and 1,140 children had been adopted. The Foundation's explanation for this gap is short and succinct: "resources." Like many foundations, the Dave Thomas Foundation's assets also declined during the economic recession (from \$7.9 million in 2008 to \$6 million in 2009). Thus, in recent years, the Foundation has not expanded the program but rather worked to sustain existing contracts.

Fundraising and resources were a major theme of interviews with trustees and staff. The subject achieved particular urgency when, during the course of this research, it was announced that Wendy's was to be sold. The impending sale raised pressing questions about the level of the Foundation's reliance on the company and its fate following a sale. Numerous trustees said that the time had come for the Foundation to raise more outside support (which for some meant more from independent franchisees and vendors, and for others meant going entirely outside the Wendy's system). One board member said a major task for the board is "accepting the role that it needs to play in getting money outside of the system—new dollars." Said another, "The new owner may say, 'I've got something else in mind.' . . . That's why I've been such a proponent of getting outside funding."

In 2008, Wendy's was sold, and is now part of the Wendy's/Arby's group. The company's support for the Foundation has continued under the new management. Yet the experience of the sale, reinforced by an economic recession, caused the Foundation to focus on its financial future. Said one staff member, "We have to be smarter and not assume that future support will be the same. . . . It is to our best advantage to engage wider groups."

The introduction of the Wendy's Wonderful Kids program itself has created a need for additional funding because of the program's costs. Even if the funding generated from the Wendy's system remains constant, it is not enough to bring the program to the scale envisioned by the Foundation. Since embarking on the Wendy's Wonderful Kids program, the Foundation's expenditures have almost doubled, reaching \$11.5 million in 2009. As one trustee said, "Fundraising is more on the agenda now, because of the development of Wendy's Wonderful Kids. We were raising enough money before. . . . Now, with Wendy's Wonderful Kids having grown so, they need more money." Some believe they should seek government support.

We have considered the Foundation's philanthropy from its own perspective, and examined its efforts to strengthen its fundraising and grantmaking. To understand what the Foundation's strategy looks like in practice, its impact on grantees, and to assess the model's potential for sustainability, we need to also consider the grantees' perspective, to which we now turn.

Grantees' Perspective and Experiences

Grantees were very positive about the Wendy's Wonderful Kids program. They widely praised the child-focused recruitment model, which involved new ways of operating for most of them. They also reported other benefits:

- Enhanced stature from their agency's association with the Wendy's Wonderful Kids program, the Dave Thomas Foundation for Adoption, and Wendy's (several referred to these interchangeably);

- Access to training, expertise, and informational materials provided by the Foundation and its staff; and
- The annual conference for grantees sponsored by the Foundation and the opportunities for networking and training it provides.

Grantees did voice criticisms, primarily around issues of finance. The most widely mentioned were that

- The size of the Wendy's Wonderful Kids grant was not enough to cover costs, and
- The Foundation did not permit adequate flexibility in its budgetary categories.

We consider the grantees' perspective in greater detail in the following sections.

Grantees' Perspective on the Wendy's Wonderful Kids Recruitment Model

Grantees were overwhelmingly positive in their assessment of the child-focused recruitment method. All felt that it was a good method for moving children from foster care to adoption, and 17 of the 24 said that it was the best method or the best method for hard-to-place children.⁵ One grantee said, "I've been doing this a long time. . . . There are good things that come out of all our recruitment strategies . . . but as far as a way to get the hardest to place kids placed, child-focused recruitment is the way to go." Another said, "We need to give Wendy's Wonderful Kids real kudos, because those children are the least likely to get adopted. . . . I don't know a better way for that population. . . . A one-on-one approach is critical." A third feels "the program works. I'm really pleased to see the children that never would have had a permanent family find one." One interviewee gave an example of a now-united group of siblings that had been in separate foster homes and said, "I'm confident in saying that they'd still be in separate homes without Wendy's Wonderful Kids."

For almost all participants, adopting the Wendy's Wonderful Kids model involved a new way of recruiting or a considerable intensification of earlier efforts. Some had wanted to use child-focused recruitment previously, but lack of money and staff were barriers. One agency director said, "We had the vision for doing all of the Wendy's Wonderful Kids work [but] it's something that, quite frankly, without outside resources, we couldn't pay for. . . . We may know the best practices, but it is hard to get the money to do them." Said another, "Wendy's let us specialize and give social workers just those children to work with. We'd tried but we couldn't afford to have one person work with just 20 children." Likewise, one agency director said, "given the current economic environment . . . we couldn't be doing the work without [the grant] for the foreseeable future. We're an agency that's had to make reductions. These funds have helped to protect our services for children who need them badly."

When asked how they would use grant funds if they were free to use them in any way they choose, 16 of the 24 agencies said they would use them exactly in the

same way. One person said, “I would keep it right where it is, because it is such a needed service, especially because our focus has been finding families for kids that are hard to place.” Another said, “I wouldn’t change it. . . . We have money for general recruitment, but no one does child specific recruitment for children,” and yet another said, “If I had my wish, we’d have a WWK recruiter in each region!” Of the other eight agencies, six said they would continue to use funds for child-focused recruitment but would either change some elements of the model or use part of the funds for another purpose (the remaining two did not know how they would use the money). For instance, one would use some of the funding for general recruitment, another would enlarge the size of the caseload, and two would dedicate some funding for post-adoption services.

Nine of the 24 grantees said that they were now incorporating some elements of the child-focused recruitment model elsewhere in the agency. At one agency, “we’ll be rolling out new policies and practices, and these look very similar to the design of Wendy’s Wonderful Kids.” Still, many explained that cost was a barrier in expanding the model. For instance, one said that other agency staff “want to do what [the Wendy’s Wonderful Kids recruiter] does, but the volume of children they have on their caseloads prohibit it. But they think about it with a particularly difficult child, and try to replicate the method.” Another agency now assigns all of its workers a caseload and accountability for tracking the children’s progress toward placement. However, since those caseloads are typically more than three times the size of the Wendy’s Wonderful Kids recruiter’s, the workers do not have the same level of contact with the children. One grantee simply explained, “I think child-focused recruitment is definitely one of the best ways. . . . If I could, we would use it more in our program [but] the costs limit us in doing this.”

As this discussion indicates, often when agencies used elements of the Wendy’s Wonderful Kids model in another area, they did so in a partial way. A question that would be important to answer, but one outside the scope of this study, concerns the effectiveness of such partial applications. What is clear is that grantee comments indicate that cost is a significant obstacle to wider and sustained implementation of the model.

Grantees’ Perceptions of Other Benefits of Participation

In addition to having funds for a recruiter, grantees identified additional benefits from being part of the Wendy’s Wonderful Kids program. Grantees praised the Foundation’s accessibility and expertise. One said, “The benefit of working with the Dave Thomas Foundation for Adoption is that it is one of the few organizations that funds and really understands adoption. . . . They understand the way that public and private agencies work. . . . The Foundation helps us to work through barriers that we may encounter.” Another commented, “I remember the staff coming in, and we had never worked with a group that was more knowledgeable about adoption services. . . . It is one of the very best foundations that I’ve worked with.” One interviewee said, “We can always call the

Foundation and get technical assistance. . . . The quality of materials that they provide to us at no cost—you couldn't pay for that in any grant." Grantees also felt comfortable contacting foundation staff and found them "available" and "very timely" in their response.

Grantees frequently commented on the value of the Foundation's annual conference (held for Wendy's Wonderful Kids agencies), for providing training and the opportunity to network with other agencies. One said, "what they put together for us at the annual conference is tremendous." Another said the conference "opens up collaborations between agencies. . . . Being a part of a national network, and getting updates on what the Foundation knows, helps."

Grantees felt that the Foundation was actively engaged, but the vast majority felt their engagement was at an appropriate level. For instance, one said, "They don't micro-manage but clearly they are engaged. It would not be helpful if they were less engaged. If we are partnering in this way, then we have bought in on the ways they want us to work and recruit." Another compared their engagement to other foundations: "The others give a grant and you utilize it, and provide a report maybe two times a year. Dave Thomas is more hands on. . . . By the nature of the grant, it's very understandable. Oversight should be in place. . . . The grant comes with a tag. It's ok. Good." However, in two cases, grantees did feel that the Foundation had at times overstepped its boundaries in direct dealings with recruiters.

Some commented on the Foundation's sense of focus and willingness to provide ongoing support with appreciation. One said, "what's different . . . is that other foundations will give for two or three years and then move on. Wendy's stays focused. We really like that." Another also said the Foundation is more "hands on" than others, and suggested that this was because the Foundation provides ongoing support.

Grantees felt that their association with the Wendy's Wonderful Kids program, the Dave Thomas Foundation for Adoption, and Wendy's (which some did not distinguish) enhanced the agency's stature and prestige. One said that "People recognize the Dave Thomas Foundation for Adoption for the standards they set. To be able to use that and say we're part of the Wendy's Wonderful Kids program is a huge asset." Said another, "People who wouldn't approach you before now do. At a conference, if you have the Wendy's Wonderful Kids logo at the table, people come and are delighted to talk to you." Another observed that "Wendy's as a corporation has very positive goodwill associated with the name, so being associated with Wendy's gives us credibility and a good image."

Many felt that being in the program had helped strengthen their relationship with the public agency responsible for foster care, for reasons ranging from direct assistance with the agency from the Foundation, to a sense of greater credibility as a consequence of being in the program.

Limitations of the Wendy's Wonderful Kids Initiative: Grantee Perspectives

Grantees' most frequent (and often sole) criticism of the initiative and the Foundation concerned finances. They repeatedly said that the grant amount did not fully cover project costs. They also felt constrained by the Foundation's perceived inflexibility on budget categories. Close to 60 percent of the grantees said that the \$65,000 grant was inadequate to cover costs, and some reported subsidizing it with another \$20,000 to \$30,000. Some said that they had discussed, or anticipated discussing, the viability of remaining in the program due to costs. Several were concerned that the grant did not cover the costs of administering and supervising the program, and some noted that the program required recruiters to travel to visit children but did not provide enough to cover travel expenses. For instance, one grantee said that "the grant doesn't cover supervision, infrastructure costs." Another observed that "there is strong pressure to hire a master's degree recruiter, but not pay a master's degree [salary]." One interviewee said the agency had to fundraise to close the gap between the grant and true expenses, which concerned the board. The board decided to stay in the program this year because the results have been good, but "it will come up again next year." Some commented that the Foundation had not raised the amount of the grant over the years, making it difficult or impossible to give the recruiter a raise or pay a salary comparable to other employees.

Many grantees said it is difficult or impossible to obtain permission from the Foundation to reallocate money across budgetary categories. One observed, "I've never had such a restrictive contract." Some felt that if an agency had a shortfall in one category and an excess in another, the Foundation should permit them to reallocate the excess to the category with the shortfall. Another objected that the Foundation's lack of flexibility "doesn't recognize that things change." One said, "Our sense is that Wendy's wants every single dollar to go to direct services. We understand, but agencies have administrative costs."

One issue we explicitly asked grantees to comment on were the reporting requirements for the grant (which include both monthly and quarterly reporting), which the Foundation sees as a key part of accountability and tracking outcomes. We asked whether they found the reporting requirements helpful, burdensome, or some combination of the two. There was marked variation in grantee responses. Ten found the reporting helpful, four said it was burdensome, seven said it was neither helpful nor burdensome, and three felt it was a combination.

Among the positive comments, one who initially found it "burdensome" now feels "It's very helpful. . . . It helps me as a supervisor to know what's going on. . . . It's a good assessment tool." Another said, "It's more than paperwork. . . . We get together and discuss what we are doing to be successful." Among those who found it just a task to be done or burdensome, one said, "The workers are kind of 'oh gosh' but they expect it. . . . It could be simpler . . . but they accept it," and another described it as

“meaningless to me.” A question outside the scope of the current discussion that would be important for future research is why some agencies derive benefits from using the reporting system and others do not.⁶

Conclusion: Looking to the Future

“Philanthropy is an agent of change,” says the Dave Thomas Foundation for Adoption’s director. Through the Wendy’s Wonderful Kids program and the philanthropic strategy it represents, the Foundation has sought to change the lives of children in the foster care system. By the accounts of the Foundation and grantees, that method has helped them to find homes for those children who are the hardest to place. In 2007, the Dave Thomas Foundation for Adoption was awarded the Adoption Excellence Award from the U.S. Department of Health and Human Services for the Wendy’s Wonderful Kids program.⁷

The Wendy’s Wonderful Kids initiative is an example of the contributions that the private sector can make to exploring ways to address major societal problems. A strength of philanthropy is that it has served as a catalyst for developing and testing innovative, alternative, and experimental ideas and approaches. It can also move with a flexibility and speed that is difficult in governmental systems. Children in foster care are in the care of the government, but to date, government has not been able to find a way to give these children the future that all believe they should have. As one interviewee said, they remain caught in a “complex, monstrous system.”

As of 2009, the Dave Thomas Foundation had awarded close to \$25 million in grants for the Wendy’s Wonderful Kids program. According to foundation statistics, 1,140 of the children in the program have been adopted. The number of children adopted per philanthropic dollar spent appears to be increasing. In 2006, the program funded 41 recruiters and 55 children were adopted (or 1.3 children per recruiter). In 2009, the program funded 122 recruiters and 565 children were adopted (or 4.6 children per recruiter).⁸ While clearly this is an imprecise measure, it does reinforce grantees’ claim that this method is very time and labor intensive—particularly when one considers that 123,000 children in the foster care system were classified as waiting for adoption in 2008 alone (U.S. Department of Health and Human Services 2009).

Using an extremely crude measure (and leaving aside the fact that most agencies said the grant did not cover the full cost of the program), in 2009 the Foundation spent \$12,469 for each child adopted. By this estimate, achieving the Foundation’s original goal of getting 10,000 children adopted would have required about \$125 million in grants—close to five times the Foundation’s actual expenditures. On the conservative assumption that 20 percent of the 123,000 children waiting in foster care to be adopted (24,600) would benefit from child-focused methods, we arrive at an annual cost of \$307 million. This sum appears very large indeed when we consider that in its highest-earning year, the Dave Thomas Foundation for Adoption raised \$11 million in

revenues. Indeed, the cost appears large even when we look at the scope of grant-making in the foundation field more widely, where foster care and adoption are apparently not widespread priorities.⁹

An examination of what government currently spends on foster care and adoption, however, puts the sums involved in funding the Wendy's Wonderful Kids child-focused recruitment model in a very different light. The federal government spends at least \$4.6 billion in annual funding for children in foster care, and that excludes adoption assistance (Isaacs et al. 2009). Nor does that number include spending by state and local governments. Based on earlier figures, if we cautiously assume that federal funding accounts for 50 percent of government spending on foster care, that yields a total of \$9.2 billion—or almost \$20,000 a child.¹⁰ Again, this does not include the more than \$2 billion spent by the government on adoption assistance, a figure that has been growing due to mandates to move children out of foster care (Isaacs et al. 2009).

Of course, comparing costs does not tell us how much child-focused recruitment increases a child's likelihood of finding a permanent home, a conclusion that awaits the results of the random-assignment evaluation of the Wendy's Wonderful Kids program. Nor can this research assess the success of adoptions in the program. We do know, however, that the grantee agencies we spoke with strongly felt that the child-focused adoption model used in the Wendy's Wonderful Kids program was effective in placing children who could not otherwise have been placed in adoptive homes.

To the extent that child-focused recruitment does significantly increase children's chances of finding a home, this will naturally raise the question as to why the method is not used more widely. The cost of the program raises questions about private philanthropy's ability to sustain and expand child-focused recruitment, barring a significant shift in priorities in the foundation field. By the same token, however, the cost seems small compared with current government expenditures. Philanthropy has tested the method. Perhaps the next step would be for government to consider whether it may wish to direct some of the resources it devotes to adoption and foster care to help bring child-focused recruitment to more widespread use on behalf of the harder-to-place children currently in its care.

Notes

1. Dave Thomas Foundation for Adoption web site, <http://www.davethomasfoundation.org/>.
2. "Dave Thomas," http://www.wendys.com/dave/davethomas_biography.pdf.
3. Information provided by the Dave Thomas Foundation for Adoption.
4. Figures were compiled from annual reports, IRS Forms 990, and information provided directly by the Dave Thomas Foundation for Adoption.
5. The others said it was one good way among others or did not know (or, in one case, did not respond).

6. Another issue arose for the subset of the interviewees who were in the random-assignment evaluation of the program. The evaluation requires two referrals for every child selected for the Wendy's Wonderful Kids program (since one will go into a control group). Challenges here included reports of less willingness by state workers to refer children, diminished caseloads, and distress from a sense that they were denying children care (even among those that had no room in the program for all of the children). A small number had gained permission to suspend their participation in the evaluation and another site had indicated it wished that it could.
7. Dave Thomas Foundation for Adoption, "History," <http://www.davethomasfoundation.org/About-Us/History>; U.S. Department of Health and Human Services, "Adoption Excellence Awards for the Year 2007," http://www.acf.hhs.gov/programs/cb/current_initiatives/aeawards07.htm.
8. Grant figures were compiled from IRS Forms 990 filed by the foundation for years prior to 2009. Figures for fiscal year 2009 were provided by the Foundation. Figures on numbers of children adopted and recruiters funded were compiled from Dave Thomas Foundation for Adoption annual reports for 2006 and 2007 and were provided by the Foundation for 2008 and 2009.
9. A search of the 98,610 grantmakers in the Foundation Center's *Foundation Directory Online* database yielded only 243—just under 0.25 percent—for whom adoption or foster care is a field of interest. Furthermore, of these 243 grantmakers, only 72 had *total giving* of more than \$1 million, so their giving to foster care and adoption may be considerably smaller (*Foundation Directory Online*, Professional plan, accessed July 13, 2010).
10. Scarcella and colleagues (2004) found that, in 2002, federal spending accounted for 53 percent of spending on out of home placements. The calculation is based on taking 9.2 billion and dividing it by 463,000 (the number of children in foster care, including those eligible and not eligible for adoption).

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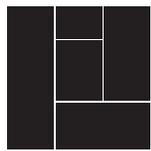
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