

Telling Your Tale to Appeal to the Funder

Rural Health Flex Funders Workshop

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Kansas City MO

We have all heard the expression “walk a mile in his shoes.” That is really the central point of what I hope to visit with you about for the next 45 minutes or so. Unlike the normal point of walking in someone else’s shoes, the point of this journey will not be to create empathy for all those funders who review, critique and frequently deny your requests for funds but to understand just a bit more how funders think. The assumption is that if you can think like a funder you can better relate to them and have your approaches for funds be successful more often. Since you are funders yourselves—albeit in a public setting—and undoubtedly award some multiple of what my own grant making enterprise awards each year, I don’t think you will have too much trouble making the small leap into the minds of private funders. We are already cousins, so to speak.

The private funder world is diverse. It is frequently said that “if you know one funder, you know one funder.” There is some truth there which makes my job relatively impossible or at least dangerous today. I cannot give you ideas which will work with every funder you encounter. I probably cannot give you ideas which will be perfect for many funders. I have worked in a subset set of private funders: an independent, public charity grant maker formed from the sale of a hospital...a so-called hospital conversion foundation. There are a number of us around the country, virtually all focused on health. So, my comments may be more likely to apply to that group but, even within that group, there are considerable differences in operation, mission and strategy.

First, most of these organizations—although not all that are in the private funding universe—are tax-exempt under section 501(c)(3) of the Internal Revenue Code. They don’t pay federal (or state) income taxes and contributions to them are deductible by the donors within limits of the tax code. Their own income is also generally exempt from income taxation. It is good to remember that they are first and foremost bound by the legal restrictions of (c)(3).

Looking briefly at the universe of private funders, there are several general categories:

*Independent private foundations ranging in size from the Gates Foundation to a small family foundation. As a group, these private foundations must pay-out generally speaking 5% of their assets each year for charitable activities. They are prohibited from political activity and lobbying. There are extra requirements on them anytime they grant funds to an organization which is not a public charity or a governmental organization;

hence, many will only make grants to public charities and government. To make scholarship, fellowship and similar awards to individuals, a private foundation has to have a pre-approved IRS procedure and strictly follow the process in that approved document.

* Public charity grant makers are generally of two types; 1) defined by the work they do (hospitals, schools, church, etc.) or 2) controlled by another public organization such as a church (in my case), a governmental official (attorney general) or have on-going public support which maintains them as not a private foundation. They have the legal ability to The actual requirements for public charities due to their support are complicated ...so we will move on. These public charities can lobby but not to engage in political activity. They have no requirement on the amount of their annual pay-out. They can legally make grants to any organization (including a unit of government) or individual for a public purpose without any burdensome requirements. They may choose to be more limiting in their grantees for reasons beyond legal requirement, but that is their choice.

* Community foundations are a subset of public charity grant makers. Although they are generally not subject to the restrictions of private foundations, some of their internal funds called "donor advised funds" are subject to pay-out restrictions. Older community foundations may behave much like a large foundation; in many cases where these foundations are young, they will have very small discretionary grant making with most awards coming from donor-advised funds.

*Corporations have 1) direct giving programs managed in their corporations as divisions or 2) separate foundations. Many of these operations receive annual donations from the corporation and are not heavily endowed. Their grant making frequently aligns with their business interests. For example, so health insurer foundations are a great source for funding for many local and state health projects.

*There is one additional group of grant makers, very few in number, which are tax exempt not under 501(c)(3) but 501(c)(4) as social welfare organizations. Most of these are going to be hospital conversion foundations. They cannot only lobby but actually do political activity.

Well, it is a diverse universe—private foundations—large and small; public charity grant makers; community foundations, corporate funders and a few others such as the (c)(4) groups. For our purposes, today we are talking about all of these groups which award grants to others and just might fund you or components of your work.

If the variations stopped with legal status and powers, we would have a short, complicated visit but, as you know, funders are not all the same in other ways. Some have rules which limit what their funds can be used for as far as specific expenditures: no staff, no rent, no

alcoholic beverages, no soda pop, no capital expenditures, only capital expenditures, no scholarships, no indirect operating costs, etc. The list of limitations on use of funds is varied. Then they have different funding areas just like you do. Some fund one state; others multiple states, there are national funders and local funders covering one or a few counties. Funders have different maximum and minimum amounts for grants. They allow different grant periods or may even only allow one grant period. In summary, they have all the burdensome and absurd rules and limitations which you and federal funding sources employ with reasons as equally valid and invalid.

One word of potential wisdom—don't fight the limitations or the rules. You are very unlikely to convince a funder to make an exception and the argumentative process may not serve your cause long-term. On the other hand, be sure you understand the real nature of the limitation. "We don't fund capital projects" may mean any capital item is verboten or it may mean that only a project which is significantly buildings, grounds and equipment will not be funded. "We don't fund general operating expenses" may mean a funder will not fund ongoing, core needs or it may mean we don't fund anything resembling a salary, rent, etc. In most cases, being sure of the actual enforcement and meaning of these limitations is a good idea versus assuming—if one appears to matter. Even the stated geographic limitation may be slightly different than you imagine. A funder which states it awards grants only in three counties may support part of a statewide project if that project impacts those three counties and has activity there.

In spite of this discouraging introduction, you may still have a desire to approach one of these groups and see if you can secure funding for a need you have identified or an opportunity you see. What might improve your chances? What would make you an appealing grantee or your project more likely to get favorable attention?

First, determine the areas of funding interest and see if what you are proposing—rural health I presume—is a fit. You will find only a few private funders interested in rural health per se; you will find many more interested in having work done in their otherwise-defined field of interest in broad geographic areas including rural. Some funders will have totally open processes or broad areas like health, education, etc. but those are few in the medium to large funder size categories. Here it is especially important to look at what has actually been funded previously in those funding areas. Giving greater attention to those with the easiest "fit" is obviously the best idea.

Second, foundations as a general rule like to **use short term money to make long term differences**. Some federal and state grant programs are recurring with renewals expected. Year-after-year funding of the same organization or project is abnormal in the

private funding universe. Creating positive change with limited resources is the fundamental problem facing private philanthropy as a whole. Two inter-connected concepts related to this short term money/long term differences concept will appear in RFPs and other grant policy statements frequently: leveraging and sustainability.

Let's break them out a little. First, *leveraging* is basically the idea that one set of money produces something positive out of proportion to its smaller amount. For \$1, I got \$10 worth of services or \$15 worth of social change. Leveraging can be as simple matching grants or funding only the last 25% of a project. My money and my decision to fund this project was so great and attractive that it drew in the other money. My money got results all out of proportion to its actual amount.

Sustainability desires that the work or activity funded by the grant continues post grant funding. At its most basic level, a program funded with start-up or expansion funding is able due to other, new sources—including revenues—to continue operating post grant at the same or greater scale achieved during the grant period.

More sophisticated funders—and I think there are many—often find a desirable convergence of these two concepts. These funders reason that their money is leveraged because after it is spent the benefits continue and the work is sustained not perfectly but effectively as the benefits continue. A simple example of this might be a project where providers are trained to implement new best practices. The two-year grant trains 250 people across Kansas. After the two-year grant, the group doing the training moves on to the next grant project, but the 250 trained providers, minus a few, continue to implement the best practice in their work for years to come. This type of sustainability is present with equipment grants, training/education grants, and a few other types of programs.

When you are approaching a funder desiring leveraging and sustainability, the best policy is a realistic appraisal of both. Those who say "we will seek more grants" with no real indication of likely funders for a sustainability plan are apt to be seen as naïve or misleading. Recognizing the less perfect but implicit sustainability of benefit continuance, where it exists, is a good idea and will impress the funder. Of course, if you as a funder yourself, are willing to continue or replicate a project once it is proven with private funds, that is a great positive for a proposal. Many, many funders like the idea of being the first risk capital for a project which government or someone else favors but can't invest in because it is too risky—especially when there is a good potential of pick-up if the program is successful. This sustainability problem is one reason many private funders say they do not fund ongoing operating costs. In our shop, the absence of sustainability, particularly

when it is a project likely to create consumer demand and heightened need, is a front door stopper.

You can set your project apart from scores of other requests—at least with medium sized and larger funders—if you have a well-conceived outcome and evaluation plan. Again, if we start from the presumed framework that most private funders want to maximize the *change power* of their grants, they will be looking for projects which have the potential to create measurable impact. We are frequently disappointed. From the beginning, the weakness of outcome development and evaluation schemes point to the reality that this is really not a partnership for change. It would be better characterized as “we need money” and you have some. In some cases, funders like to finalize the evaluation plan and project objectives post award but, in most cases, you will be asked for them in the application format and the grant evaluated as you have presented them. Here are my personal opinions about outcomes and measurement:

1. They should not be over-promised. Something as good as *whole wheat sliced bread* is not apt to be discovered or proven by your project. A crisp understanding of what would be success for the project is more important than *promising the moon*. There is a real temptation to improve the rating of your project by promising a lot; most funders see through that and will often need to work with you, if the project is funded, to make outcomes realistic or if it is a competitive grant process, they may just reject the entire project because your over-statement is determined to represent no real interest in determining the impact.

2. The measurement should be commensurate with the project’s scale. I should not expect a \$50,000 evaluation project for a \$100,000 project. Likewise, a small project should still have some evaluation. We frequently encourage grantees to measure 1) productivity, 2) cost per unit of service, 3) quality/satisfaction and 4) a real outcome (how health improved).

3. The evaluation, in most cases except very large projects testing very unproven concepts, should be intrinsic to the work and provide, first and foremost, useful information to the project and its staff. I say “should” because there will be funders who will want information for their own purposes which is not all that useful to the project.

4. There should be a dissemination plan for the results if the project is likely to present learning opportunities relevant to others. This again ought to be practical—presentation to a special invitation learning community, brief paper electronically distributed to the right group, etc. The costs need not be great but something to capture and share the

learnings would often be a plus to the funder, particularly if that funder does not have internal resources to publicize the work.

5. The outcomes should be likely to occur—they are logical. That logical process should be spelled out. Dosage is appropriate; opening a clinic in a town of 25,000 will not change the health outcomes materially of a county with 150,000 people.

6. Overall the proposed outcomes would be something to celebrate if they are mostly achieved. They need not be earth-shattering—discovering of the silver bullet for poverty. Developing a cheaper way, developing a more culturally appropriate way, testing a new provider or payment approach, applying an urban method for the first time to a rural area, these are great if they are present, but even more modest ones without the experimental drift will work for many funders.

7. Don't leave out the secondary benefits of the project...point them out. Most projects have one or more primary benefits—improved health care access, new service in an area, etc. In many projects there are secondary benefit resulting fairly directly from the project which can make your project rise to the reviewer's top. These might include such things as 1) establishment of new working relationships, 2) implementation of best practices; 3) development of a new culture; 4) re-definition of mission for better agency positioning in the future; 5) crossing of traditional roles or boundaries. Funders appreciate these intangible benefits...point them out.

Beyond outcomes and evaluation, you can frequently secure greater attention for your proposal, if you feed *the collaboration monster*. I say it this way because the desire for collaboration or partnerships is almost a good idea gone too far in some cases. However, the belief that work is performed more wholistically and with more impact when it is comprehensively conceived and executed is very prevalent today. I agree generally with this. We know that most human societal problems are not solvable by one group, one method, one field of work, etc. We know the tentacles of poverty cannot be addressed solely by job creation or education or social work or child care or housing. The problems of a growing underclass require multiple coordinated approaches. Likewise, in a field of endeavor such as rural health systems, the lack of full targeted use of available resources is one of the primary problems. The silos win if a joint undertaking is not realized. Projects which take partners with various skills and resources can make the new whole greater than the parts. Likewise, partnerships are frequently seen as less institutional self-interest and more public interest in their outlook versus work by a single organization. You are in a great position to build cooperative grant structures with the feds, your local partners, other state agencies, and private players of all stripes. Convening these opportunities and doing

them less for your own kingdom building and more for the common good would mark you and your proposals highly.

We have discussed the odd assortment of private funders with their different legal limits. We have advised less ranting and raving about funding limitations of various funders and work to be sure of the real meaning of those limitations and rules. We have explored the idea of fit—finding funders who might be interested in your field of work, without letting labels on either side be absolute determinants. We have explored leveraging and sustainability as two likely ideas inside the private funder world which you frequently can satisfy with a little effort. Develop meaningful outcomes you expect and desire from the work and measure them using as much of project generated information as possible is also a good idea. When a project is testing something, the rural site might be an advantage. Look for the secondary benefits of the work and point them out. Doing it alone for your benefit is not the best way—look for partners and real collaboration for better work. Let me make a few, additional practical suggestions about interacting with funder grant processes.

1. Respect them the way you want your process respected. Going around foundation staff to board members is a “no-no” with many credible funders. I cannot say “never” but I would say nearly never and never unless you have a clear indication—probably from staff—that you should.

2. Try to provide information at the level of understanding of the funder about the problem. Providing background information which insults the funder’s intelligence is not helpful to your cause. If this funder has been funding in mental health for years, you probably don’t need paragraphs on the problem of stigma. Likewise, over-use of negative data markers can made the project’s environment look so hopeless that the funder may decide the project could not possibly work there.

3. Use support letters to demonstrate the validity of your idea and the presence of the resources needed to complete the project. The presence of political; support can be important to some funders and to the accomplishment of some projects. Then support letters from influentials are great. Using support letters from influentials in an attempt to overcome funder limitations, basic process restrictions or the strategic direction of a funder may not help and may poison the relationship with foundation staff.

4. Review with staff as soon as an award is made how publicity will be handled. Sometimes the public process for grant acceptance necessary in governmental entities is the unwitting release of grant announcement. Check to be sure that standard conditions of grant are acceptable to state legal staff. Often indemnification provisions are problematic

as well as subcontracting designations. Most private funders make exceptions for these governmental rules but sometimes they won't.

Let's move to a few more advanced ideas and tie them specifically to your work in rural health.

As we said at the beginning, the number of private funders which advertise their priorities as including rural health or rural health systems is probably very few. However, some funders because of where they are located and their geographic grant making areas are going to be innately attuned to rural issues. Especially for those funders, it is important to look at their stated fields of work and help them see how your project fits. For example, a funder doing mental health integration work will likely have little problem seeing development of new mental health integration models in the rural provider framework as within its interest area. For you it is rural health work, for the right mental health funder it is mental health work, squarely within their strategic aims.

Equally important is getting a sense of the "lens" through which the funder is doing its work. For example, many grant makers in health today are viewing all of their work through a lens of health disparities or social determinants of health, social justice or cultural competency. A project which you see as a quality improvement innovation designed to improve the efficiency of a mental health delivery may not favorably strike that mental health funder with a health disparities lens because it does not explicitly aim at change toward a more equitable healthy population where all people can have an equal opportunity at health. In many cases, the failure to lift up what is really there, albeit implicitly, or to do a slight re-design of the project which you actually like, would make a project much more acceptable to the lens in which the funder views the world. Similarly a funder with a social determinants lens believes that health care creates only 10% of the health of a population; using health care, provider and clinical language to impress will actually annoy and turn off. A project to integrate mental health might be cast into social determinants terms rather easily and provoke a very different positive response. Many times this lens can be easily determined from the general materials or website of the funder. Other times a look at grants made recently may help or conversation with another grantee of that funder may provide the needed insight.

Rural projects do have a likely disadvantage. Funders naturally like to have projects which benefit reasonable numbers of people and contain enough units to provide a good test. Many standalone rural sites, especially thinking of frontier areas, will be at a disadvantage when the funder has these concerns. That opens the possibility to you of grouping several sites (collaboration and partnership points as well) and presenting a more reasonable

number of patients, children, providers, etc. for the project work. However, when a project is testing something, the rural site might be an advantage. The small, isolated site might be an advantage as external factors might be more controllable permitting a more pure test of the intervention. Rural sites also don't have many competing organizations; the prospect of benefitting one competitor over another is likely not an issue for the funder in making the award. Particularly, this may present opportunities to test new workforce models and scope of practice changes which are restricted to underserved rural sites and not seen as threatening or as controversial for provider self-interest groups.

Regrettably for rural populations, rural sites offer several health disparities which need work and which could be attractive to funders with that lens. My guess is that many funders see rural areas as less problematic in terms of health outcomes than urban sites. Nutritious food is presumed plentiful. Everyone works out of doors and there are great spaces for recreation. "Small" means awareness of all resources and lots of personal attention by all professionals. The reality is somewhat different than these Norman Rockwell views of rural life, as you know. More than transportation and workforce issues plague rural health work, although these contribute mightily. You will need to educate some funders—particular funders with a natural urban bent, to the realities of bad health stats for many rural areas. When doing this, I urge you to avoid the "all but the kitchen sink" approach which provides tables of data. Include first and foremost data which has been involved in the creation of the project you are proposing. As mentioned earlier, I am not sure that creating a totally discouraging picture of a grant environment does much more than cause *hands to be thrown up*. Data which defines the nature of the problem at issue and also the resources which can be used to address the problem should be the most helpful.

I want to close with a short discussion of things beyond the application you might want to consider related to improved funding chances and the general funder relationship.

Many funders want to do more than give away money wisely. They believe they have resources—their facilities, their staffs, their trustees, their endowments, their experience, their accumulated learning, their independent status—which they should use in addition to their grant making. These funders develop learning communities for their grantees. They develop communications to publicize and advocate for the work and the organizations involved. They support advocacy groups to push policy and legislative changes important for health. They hold workshops, conferences and other networking opportunities. They may sponsor groups to attend national meetings or arrange a trip for local providers to see and learn about a new innovation. Funders may be willing to bring up the uncomfortable subject in a meeting for you.

Of course, funders' interest in doing these things beyond grant making is most often tied to their strategic interests versus other nonstrategic opportunities. But, if there is a match there, you really need to test what other resources besides grants funders can and want to offer. We like to say we are *partners*...it stokes our egos and reduces our guilt over the power imbalance inherent in most funding relationships. Give us a chance when you can. Although much of your grant making is done in a very circumscribed process with scoring templates, allocation rules, political oversight, strict enforcement of rules and guidelines and potential public review, many private funder decisions about funding are done within a totally different framework. Proposals are invited and awards made to those who are invited to submit. A single contract is offered to a group without any of the single contracting requirements of the world you live in. Money does not have to be spent within a given fiscal year in many cases and work is not required to not start before the award date or money is actually received. Most funders work to keep out conflicts of interest from their decision-making processes and apply the rules with a fundamental sense of fairness when there is a grant competition. They may, however, allow subjective factors and second-hand information to influence their decisions and frankly I think that is a strength of the private sector.

One key to being successful in many of these private processes is being known by the funder in ways beyond the written page. At the basic, this means that arranging a meeting with program staff or foundation leadership to discuss your work and the issues rural health faces in the relevant geographic area is a great idea. If possible, doing this for information versus immediate grant work is desirable. Some private funders do have considerable expertise in different work areas on their program staffs. They might even have an idea for you on advocacy, other funding, etc. Most funders like this role of informed partner and supporter, while knowing that an "ask" may well be coming. At the cooperative extreme, you might find ways to align your work and private funders' work in rural health grant making processes with common evaluation and dissemination or joint funding so our separate rules of excluded items can work to actually fund something right.

Just last week our foundation and the Kansas Health Foundation hosted a Breastfeeding Summit in Wichita. We formed an advisory group of breastfeeding leaders including the maternal and infant office of the state health department in planning and implementing this program. Our foundation has a rural health advisory committee of 25 members which meets 2-3 times a year to vent, review issues, and also to propose work for the Health Ministry Fund in rural health. You may have the need and opportunity to engage funders to assist with your work in similar ways. I have been excited to be a reviewer for state

primary care grants a few times. I learn a lot and probably bring a different lens to the process. I was asked by the state health department to be on the interview team for a work area position in the department. The state health dept. reaches out to funders frequently to engage us in processes like Healthy 2020.

Finding opportunities to work with and utilize funders' staff and other resources could improve your work and also it will create a relationship where you are known and recognized for your capabilities when you make a funding request. Who knows arrogant funders and inflexible state bureaucrats might demonstrate what real collaboration is! Realizing that your programs are not identical, I suspect you can offer a grant making organization: 1) experience with project management, 2) skill in reporting, 3) expertise in managing outside consultants, including evaluators, 4) audited processes with established line item accounting, 5) connections to field leaders throughout the state, 6) ties to policymakers—federal and state, 6) another source of funds to support key work, and 7) often a vision for positive change in rural health delivery and life in rural areas. Make funders aware of these capabilities. Let them get to know you—that's my final message. There is a lot of work to be done in rural Kansas if we are to have a viable, high-quality, accessible health care system in the 21st century. I suspect that is the case in your state as well. The work is interesting and challenging. I suspect there are no quick fixes or silver bullet answers. But you are learning much. Funders are also learning from their work in rural areas. We need to disseminate what we are learning. We need to aggregate all of our resources—not just money—if we are effectively to address these compelling issues. I encourage you to view your relationship and opportunities with the private funding community—from that fundamental position of developing working relationships to get the work done well.

With that attitude, you will appeal to more funders and more likely advance our common work.

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