

When Taking Risks Pays Off

By Cecilia Laiché

The following case study shared by The California Wellness Foundation of its core operating support grants to the University Muslim Medical Association Clinic over a period of time illustrates how this type of grantmaking can assist a nonprofit organization to respond effectively to changing circumstances while continuing to pursue its mission.

News and research reports detail the pressures nonprofits face to raise funds and stay on solid fiscal ground—especially during tough economic times. Community clinics, for example, provide health care services for the uninsured and other vulnerable populations, but—like the people they serve—the clinics are vulnerable, too. A sagging economy, state and federal budget shortfalls, diminished foundation assets, unpredictable individual giving and service demands that exceed organizational capacity all contribute to the roller coaster ride of a safety net clinic's life.

How can foundations support and strengthen community clinics so that health services are there for those who have nowhere else to turn?

“For our Foundation, an important answer is: providing core operating support,” said Gary L. Yates, president and CEO of The California Wellness Foundation. “Our grants have buffered clinics during tough economic times and allowed them to pursue plans to solidify infrastructure and keep needed services available.”

A CASE STUDY

University Muslim Medical Association Clinic (UMMA), located in South Los Angeles—a medically underserved,¹ densely populated community with



Staff of the University Muslim Medical Association Clinic.

high unemployment and poverty rates—provides high quality health care services to community members, regardless of religious affiliation or ability to pay. UMMA also serves as a training facility for new physi-

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cians, medical students, nurses and allied health professionals.

“I remember well our first California Wellness grant because it was the first foundation grant we ever received,” said Yasser Aman, then clinic manager and now president and CEO of UMMA. “It allowed us to focus on fundraising and develop long-term plans to diversify our revenue sources. It also gave us the ‘credentials’ to attract more foundation funding.”

When TCWF awarded that first core support grant to UMMA in December 2000, UMMA was in the process of becoming independent from Charles R. Drew University, which served as its fiscal sponsor. By the end of the \$80,000 (over two years) core support grant period, UMMA had become independent of the University and had made substantial progress toward solidifying its organizational infrastructure and finances. It had become a licensed community clinic by the California State Department of Health Services, and was a qualified Family-Pact² provider. It gained access to several other state and county health revenue streams, and secured several major grants from private foundations. UMMA also expanded its service capacity.

“With limited sources of revenue and an annual budget of only \$528,000 at the grant’s start, there certainly was some risk involved in making that grant to UMMA,” Yates said. “But the organization’s leaders knew where they needed to take the clinic. The core support grant came at the right time to help get them there.”

UMMA continued to face challenges as the demand for health care services continued to grow among South Los Angeles’ uninsured and other underserved populations. The clinic also was facing the sunseting of a major source of public revenue.

“We decided to ‘go for it’ and apply to become a Federally Qualified Health Center,³” said Aman.

With the attainment of Federally Qualified Health Center (FQHC) status, clinics receive annual federal core support grants that can range from \$100,000 to more than \$1 million to cover the costs of indigent care. They also gain access to a variety of other fed-

eral programs that help reduce their costs and strengthen their infrastructures. FQHC clinics also receive a much higher Medi-Cal⁴ reimbursement than the standard rate.

“Supporting a clinic as it undergoes the difficult FQHC application process is a good example of how effective the core operating support strategy can be,” Yates said. “Our core support grants have been used to

TIPS FOR FUNDERS TO CONSIDER IN PROVIDING CORE SUPPORT

SOME ORGANIZATIONS ARE NOT ACCUSTOMED TO CORE SUPPORT GRANTS.

Core operating support proposals sometimes seem more like project grant applications. Because of this, it is wise to conduct a site visit to explain the purpose of core support and encourage a frank discussion about the organization’s challenges. This may lead to changing grant objectives to address organizational issues.

CORE OPERATING SUPPORT GRANTS CAN BE VERY HELPFUL IN ADDRESSING ORGANIZATIONAL PROBLEMS.

The dilemma is that unless the organization has an existing relationship with the foundation, it may be difficult to get its leaders engaged in a candid discussion for fear of not getting a grant. The potential grantees may relax when the funder states that challenges are to be expected and that strengthening the organization’s ability to address challenges is a goal.

RISKY GRANT APPLICANTS CAN BE SUCCESSFUL.

Grants to nonprofits that are facing financial difficulties or some other crisis can result in great returns. The real question is: does the organization have a plan to address the challenge? In these cases, consider using the core operating grant to support the plan or enable the organization to continue to provide its core services or pursue its central mission during the plan’s implementation.

hire consultants to prepare the complex application, hire medical personnel necessary to meet the FQHC programmatic requirements, and support the clinic's efforts to expand capacity so that they are able to serve the required number of medically indigent patients."

In September 2004, The California Wellness Foundation approved another core operating support grant to UMMA of \$200,000 over three years. Its annual operating budget had increased to \$785,700 and it was providing over 33,000 patient visits annually.

"After two [FQHC application] rejections, we decided to go for 'look-alike' status, which we got," Aman said. "That means we got the higher reimbursement but not the grant money."

Aman explained that one of the requirements to become fully FQHC-qualified is that 51 percent of the board of directors be patients of the clinic. This prompted an introspective discussion and an examination of the organization's values among the clinic's founders.

"The founders were medical students who created the clinic to serve a community in need," Aman said. "Many put aside their own professional plans to continue to work closely with the clinic. It was like a child to them, and I admire how they were able to rise above any ego in the interests of the clinic." Most of UMMA's founding board members remain involved with the clinic in an advisory board or volunteer capacity.

After four applications, UMMA earned its FQHC status. By the end of the three-year grant, the clinic's annual operating budget had grown to \$1.5 million. As a local county hospital was closing, UMMA was able to expand its clinical services to more than 65,000 patient visits a year by a total of 7,208 people. During the long process the clinic underwent to obtain FQHC status, the organization implemented many streamlined systems and managed to reduce patient waiting times. The organization surpassed every grant performance goal, including the provision of 2,680 hours of training to medical students and newly licensed physicians. ☺

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NOTES

1. The physician-to-population ratio for the community was less than 1:25,000.
2. California's family planning/reproductive health program.
3. Clinics eligible to become Federally Qualified Health Centers must provide care in a federally designated Medically Underserved Area or to a federally designated Medically Underserved Population. There also are multiple requirements for the standard of care.
4. Medi-Cal is California's Medicaid program.

TIPS FOR NONPROFITS TO CONSIDER IN SEEKING CORE SUPPORT

MORE AND MORE FUNDERS ARE PROVIDING CORE SUPPORT.

When seeking core support grants, consider the following: What does your organization really need that you find difficult to get money for? What do you need to strengthen your ability to pursue your mission effectively? This type of reflection can help you develop an application that is well-suited to core support.

FOSTER THE GOAL OF GOOD DIALOGUE ON A SITE VISIT.

It is a chance to learn more about the funder's grantmaking goals and to share your organization's plans. Don't be afraid to articulate your path.

FUNDERS NEED TO KNOW THAT THERE IS A PLAN.

Most funders are aware of the challenges facing the nonprofit sector, so don't be afraid to share what is going on—including the good thinking and planning your organization has done to address those challenges.