A New Look at CHC Funding Opportunities

One characteristic of financially stable community health centers is the presence of diverse funding streams. During the May call, Learning Team participants discussed the option of creating a foundation at the CHC level as well as other fundraising support services. Following are a few approaches PCAs and their members are using to stabilize and diversify CHC funding:

Support Launching a CHC Foundation. Some CHCs are forming 501c3 foundations to create more financial stability and broaden opportunities for fundraising. For example, Pueblo Community Health Center (in Pueblo, Colorado) launched the PCHC Foundation several years ago. PCHC staff decided to create a foundation after receiving a significant bequest from one of their stakeholders. They modeled their approach after hospital foundations. PCHC is now gearing up for its first endowment campaign, which will be paired with a capital campaign. The focus is on building a nest egg to support the health center during lean times. There is no plan to disperse funds until a significant reserve is built. Contact Janet Fieldman, Chief Foundation and Development Office, at 719-543-8718 x 152 or DonorRelations@pueblochc.org for more information.

Following are some of the actions PCHC staff took to create the foundation:

- Built consensus within the CHC Board and executive staff. The Board and staff agreed to the foundation concept and will support the entity financially for 5 years, which includes allocating one full-time staff person to the effort.
- Saved a significant operating reserve (i.e. 90 days) before taking on the new venture.
- Researched the structure and operation of other foundations.
- Reviewed BPHC grant requirements to ensure that starting a foundation was not in violation of any requirements or policies.
- Researched how the new foundation would be received in the community. Hospitals, community members, and the local Department of Health were supportive.
- Applied for and obtained 501c3 status.
- Focused on building an endowment to sustain the organization in the future. Doubled the amount of the original gift in less than 2 years without any formal marketing.

Expand the Funding Mix. Many CHCs depend heavily on federal funding to sustain their operations. CHCs are constantly seeking other funding options to increase their financial stability. Health centers are targeting local government, foundations, United Way, and others. Having a dedicated development person and/or a development plan can significantly further diversification efforts. Most PCAs pass on appropriate funding opportunities to their members as they become aware of them. Members value this because then they can evaluate the opportunities and determine whether to apply.
Build Relationships that Support Funding. Quality relationships can greatly support CHCs’ ability to obtain new funding. CHCs that are able to work with local government and nonprofits can collaborate and share opportunities. Some CHCs agree not to apply for funding that other partner organizations already receive. Additionally, these organizations both agree to pass on opportunities or ask each other for help whenever possible. In one instance, the local Department of Health director serves on the CHC Board and supports their mission.

Many PCAs take the same approach in not competing for funds with their members. Relationships may also be built through membership on professional associations such as the Association of Fundraising Professionals (www.afpnet.org). Affiliation with these groups fosters relationships, generates fundraising strategies, and provides new funding opportunities.

Evaluating existing and new opportunities. The value of potential funding opportunities can be weighed in terms of at least three criteria:
1. Alignment with the organization's strategic direction
2. Reasonable reporting/monitoring requirements
3. Compatibility with existing programs.

Many CHCs and PCAs have such a great need for funds that they sometimes accept a grant or contract knowing they will need to subsidize the program. There may be valuable non-monetary benefits of accepting such a grant. At times, this approach is successful because the program’s benefits outweigh the costs. However, it often ends in a tremendous amount of work to satisfy grant requirements which do not support overall organizational goals. Knowing when to say “no” is an art. To make decision-making easier, use a cost-benefit analysis to assess in writing whether potential grants will genuinely support financial stability.