

Building for the Future: The Community Clinics Initiative's Major Capital Campaign Gifts Program

March 2009

What Are Capital Projects & Capital Campaigns?

Capital projects are facilities improvement projects that involve the acquisition, renovation, expansion or construction of physical sites.

Capital campaigns are time-limited, organized drives to raise a targeted amount of funds to finance a capital project.

The Major Capital Campaign Gifts (MCCG) Program provides significant financial contributions and other supports towards nonprofit community clinics' facilities improvements while at the same time enhancing their long-term fund development capacity. This Program is part of the Community Clinics Initiative (CCI), a joint project of The California Endowment and Tides, which provides a variety of supports to enhance the capacity of community clinics in California. Between 2003 and 2007, CCI invested a total of \$16 million in grant funding for major capital campaigns and projects, as well as \$1.7 million in complementary technical assistance and trainings. The purpose of this brief is to share the MCCG model of grantmaking, its impacts and the implications for current and potential funders of major capital efforts within the community clinics field and the broader nonprofit sector.

THE MCCG GRANTMAKING APPROACH

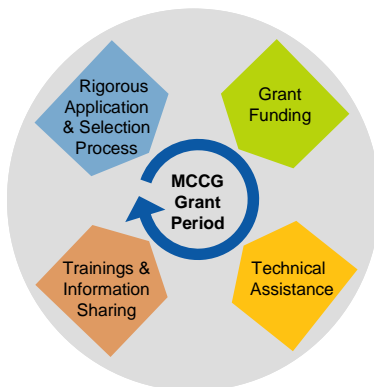
CCI designed the MCCG Program to include multiple types of funding and supports, as shown in Exhibit 1 and explained on the following pages.

Rigorous Application & Selection Process

CCI required applicants to submit comprehensive planning documents with the intent of pursuing a capital campaign to raise funds. In an effort to assess and enhance clinics' readiness to embark on capital projects, CCI required that clinics submit a strategic plan, business plan and a capital campaign plan. CCI hoped that through their capital campaign funding application requirement, clinics would embrace fundraising as an effective strategy to enhance their overall fund development capacity, as well as establish mutually beneficial relationships with the local community. They encouraged applicants to pursue a well-planned campaign, raise funds from diverse sources (e.g., individuals, government, foundations, businesses, board and staff members) and consider debt financing¹, which was new for many clinics.

Throughout the MCCG Program, CCI utilized an external review committee comprised of major capital experts from across the country to provide input about the Program, review grant proposals and select grantees. The committee structure was designed to strengthen the Program in an iterative fashion and to allow CCI to assist clinics in their application process without a conflict of interest.

Exhibit 1 CCI's Major Capital Campaign Gifts Program Model



Grant Funding

At the center of the Program are core grants that contribute to and support major capital campaigns. Between 2003 and 2007, CCI distributed 55 MCCG grants ranging from \$100,000 to \$250,000 to 50 clinics. With funds raised from CCI and other funding sources, grantees pursued a variety of capital projects to enhance their facilities by constructing new sites, expanding or renovating existing space, acquiring new buildings and/or obtaining additional space within existing buildings; a few clinics pursued environmentally sustainable design or construction as part of their capital project.² For clinics that were new or inexperienced in running a capital campaign, CCI often required that clinics secure matching commitments from other sources before releasing the MCCG grant.

In the early stages of the Program, CCI provided smaller grants to strengthen clinics' organizational capacity to prepare them to apply for an MCCG core grant. Organizational capacity grants, ranging from \$10,000 to \$75,000, aimed to enhance clinics' readiness for a capital campaign by providing funds for project-specific activities (e.g., architectural designs) and/or broader organizational capacity building such as strategic planning, leadership development among board and senior management, the purchase of financial systems and the hiring of fund development staff. Of the clinics that received organizational capacity grants, one quarter went on to receive a MCCG core grant.

“We were able to leverage the [MCCG] grant quite well. It gave validity to what we were undertaking. We had gone through an executive director change so it was important that potential funders could see that our management was strong and that we were in a good place to undertake this campaign.”

—MCCG Grantee

MCCG Technical Assistance Providers & Services

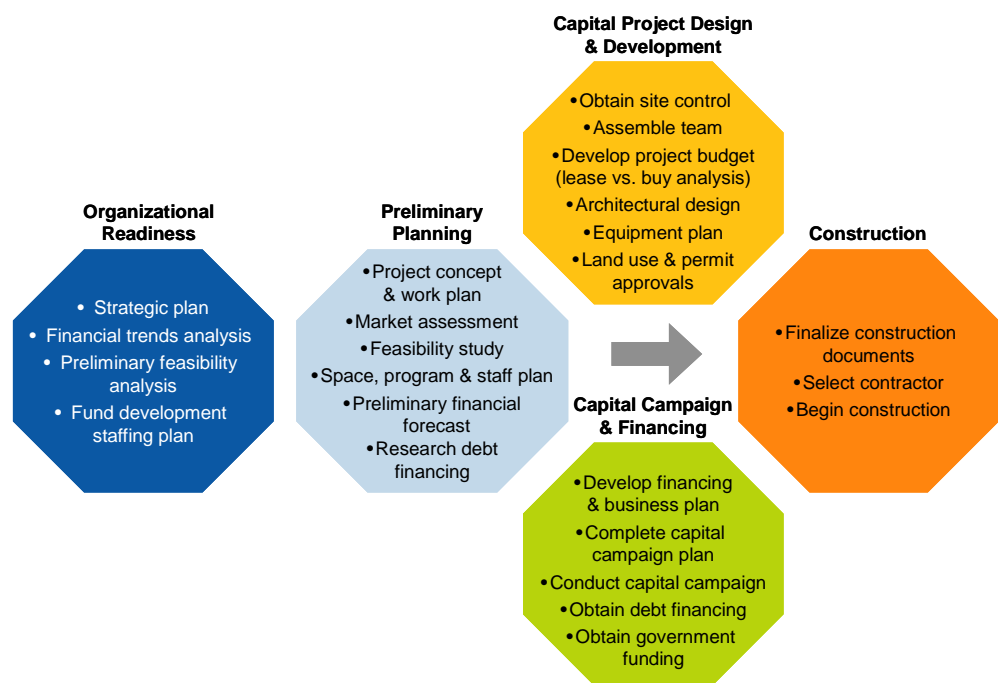
Capital Link and Capital Incubator help position community clinics and other nonprofit organizations for successful capital projects by providing technical assistance (TA) and expertise on capital project planning, implementation and financing. Capital Incubator works with California-based nonprofit organizations and Capital Link provides support specifically to health centers across the nation. CCI staff also provided technical assistance to clinics on their capital campaigns and projects. The TA providers offered assistance to MCCG grantees in a variety of areas: readiness assessments, financial analyses, feasibility analyses, capital project work plans and applications to CCI and other funders or lenders. For more information see www.caplink.org and www.capitalincubator.org.

Technical Assistance

Throughout the MCCG Program, technical assistance played a critical role in assisting CCI with the Program design and preparing grantees to undertake major capital efforts. Initially, CCI staff sought TA providers to help them establish a firm grounding in the capital needs and financial readiness of California clinics; CCI utilized this guidance to inform the design of the MCCG program. Then they contracted with these TA providers to provide grantees with free, up-front technical assistance during the

application process to strengthen their planning efforts and better position themselves for MCCG grants (See TA description on the previous page for more details). Over time, the configuration of TA services evolved, with CCI tailoring the TA program for a pipeline of potential grantees that seemed well positioned to begin capital campaigns and projects. The TA providers also moved from readiness services (e.g., assessments, financial analyses) to work with clinics more intensely on capital project work plans and timelines. Exhibit 2 depicts the stages of a capital project and the key ways in which TA providers could support MCCG grantees.

Exhibit 2
Stages of a Capital Project



“The technical assistance not only gave us concrete tools and steps to re-start our campaign, it also provided the external professional assessment that demonstrated to our board and key campaign volunteers that we could be successful in launching a concluding phase of fund raising.... It transformed our organizational mindset from ‘How can we do it?’ to ‘Let’s get started!’”

—MCCG Grantee

Training & Information Sharing

Throughout the Program, CCI provided a number of opportunities for grantees to further develop their knowledge and skills and access supports related to their major capital efforts. CCI held conference calls for grant applicants and facilitated annual one-day seminars where grantees could attend workshops and consultation sessions with capital experts. These types of supports facilitated reflection, information sharing and learning among clinics in various stages of their capital efforts (including those who were contemplating applying), as well as TA providers and CCI staff. CCI’s online community for the clinics field, the Community Clinic Voice, continues to be an additional venue for research dissemination, resource exchange and peer support among clinics pursuing capital efforts.

IMPACTS OF THE MCCG PROGRAM

As a result of the MCCG grants and complementary supports, grantees improved their fund development capacity, their ties to their communities and the amount, type and quality of care that they provide.³

Improved Fund Development Capacity

Clinics better understand how to pursue capital fundraising activities, which in turn has enhanced their longer-term capacity to raise funds.

The process of planning and developing a successful capital campaign convinced many clinic leaders that this fundraising strategy was viable and could contribute to longer-term financial stability. As part of their capital campaign activities, grantees pursued a variety of fundraising activities that also can be used for future fundraising:

- Two-thirds (62%) of grantees held a fundraising event, 48% conducted online fundraising, 46% used a direct mail appeal and 15% sold merchandise such as cookbooks, sweatshirts and baked goods.
- For the first time, 58% of grantees offered a “Donate Now” button on their clinic Web site and 38% began using fund development software.

“People want to meet with the boss. Your enthusiasm and conviction will sell the project. Don’t believe for a minute that a professional fundraiser can explain your dream better than you can.”

—MCCG Grantee

The Ground Floor for Fundraising: Infrastructure

The Gardner Family Health Network and Gardner Family Care Corporations, two affiliated nonprofit corporations in San Jose, California, undertook a \$1.5 million capital campaign for the purchase and renovation of their South County Clinic. Early in the capital campaign, Gardner’s leaders decided to invest in full-time fund development staff for the first time in the organization’s 35-year history. A main issue that the fund development staff were asked to improve was the clinic’s capacity to identify potential donors and then build and maintain productive relationships with them. “We needed to develop a strategy for solicitation,” CEO Reymundo Espinoza recalls. “It was necessary for the financial viability of the corporation and our ability to provide services in the future.”

The fund development team worked on creating a comprehensive database that brings together all the information about funders, donors and prospects that was previously scattered across several departments and sites. With the additional staffing, the board and management team was also able to undertake the external communications and relationship building that would be required to bring in new donors during the campaign. Espinoza says, “We really appreciate the efforts of CCI to help us develop the infrastructure and capacity to secure contributions from individuals and corporations because it has been a real challenge to get funding for this from foundations.”

Grantees’ provision of dedicated staff time and leadership support for capital campaigns was critical to meeting campaign goals and enhancing fund development capacity. Almost half of the MCCG grantees hired internal development staff as a result of their capital campaigns, a similar percentage contracted with external consultants to direct or assist them with their capital campaigns. While external consultants or temporary campaign directors were essential in moving many capital campaigns forward, grantees emphasize that outside expertise should augment—not serve as a substitute for—the important role of clinic leaders in fundraising.

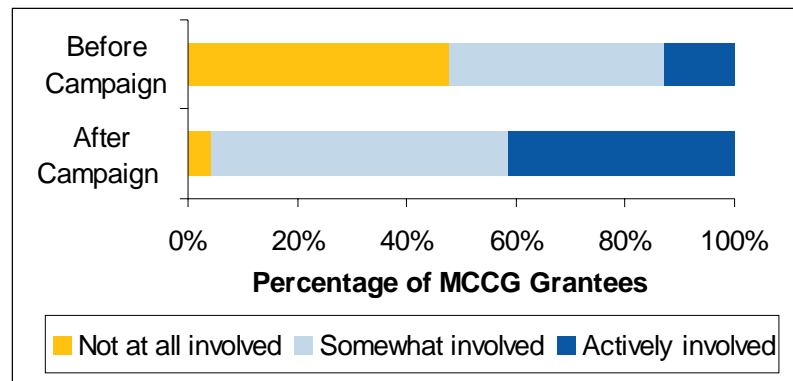
Most clinics report increases in their boards’ involvement in fund development as a result of their capital campaigns (Exhibit 3). A few strategies proved to be particularly effective for garnering board involvement:

“Part of our orientation for new board members now involves letting them know there is an expectation that they will personally commit to making an annual donation and be involved in fundraising in some capacity.”

—MCCG Grantee

- Conducting one-on-one conversations with every board member to obtain a financial pledge and ensure 100% participation in fundraising efforts—clinic executives, board chairs and board member “champions” for capital campaigns took responsibility for initiating these conversations;
- Providing board training on campaign-related topics (e.g., the importance of fundraising, how to identify potential donors, how to make the “ask”); this type of training was often conducted by external consultants to grantee organizations; and
- Identifying ways to involve all board members, especially among those opposed to fundraising, such as helping with mailings, making presentations, organizing events or joining a team of board members to meet with prospective donors.

Exhibit 3
Board Involvement in Fund Development Activities Before & After the CCI-Supported Capital Campaign
 (n=46)



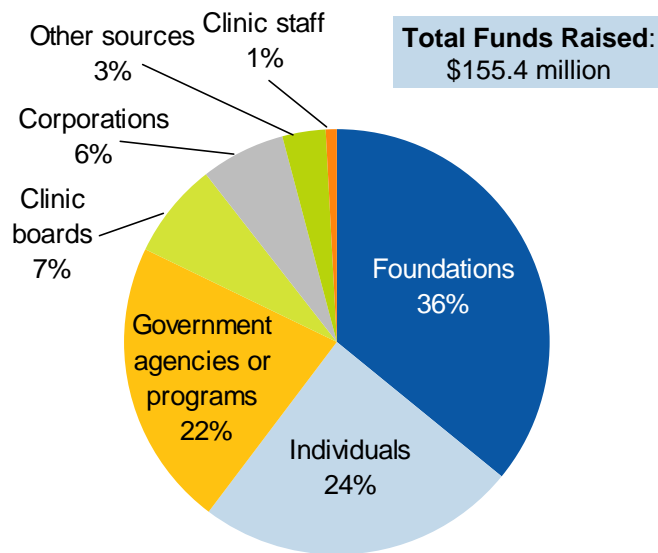
New & Expanded Resources for Major Capital Projects

Almost all grantees secured resources for major capital projects from diverse fundraising sources as a result of their CCI-supported capital campaigns. Clinics reported raising over \$155 million for their major capital projects from a variety of sources⁴ (Exhibit 4). Almost all of the grantees received funds from local and national foundations (98%) and individuals (90%); foundation gifts range from \$500 to \$3,000,000. Most clinics also raised funds from board members (85%), corporations (83%), government agencies (77%) and their staff (75%). Beyond the fundraising sources pursued through their capital campaign, grantees increasingly considered and pursued debt financing as a funding option; however, it remains in the early stages of consideration by most clinics due to lack of knowledge and resistance among clinic staff and board members.

“We’ve also had patients rise to the top as our largest group of donors: to date, over 900 patients have given over \$20,000 total! The personal notes they write to us, with the one or two \$1 bills, keep me coming into work every day.”

—MCCG Grantee

Exhibit 4
Funding Sources Contributing to Grantees’ Capital Campaigns⁵
(n=48)



“I really have to hand it to CCI – they and Capital Link have made the case that clinics are sound for getting investments. They’ve used the information from the financial assessments [to go after] private funding.”

—Key Informant

By serving as a resource to other funders and lenders, CCI staff was able to enhance support for capital investments. CCI introduced funders to clinics pursuing capital projects, provided input around funders’ decisions to support clinics’ major capital projects (e.g., reviewing proposals, preparing board briefings) and offered practical assistance to other donors (e.g., partnering with community foundations to help them oversee major capital donations). In a few cases, CCI successfully advocated for increased major capital loans from private lenders; for example, CCI helped secure a \$20 million loan program for community clinics and influenced the decision to make \$40 million in tax-exempt bonds more accessible to community clinics.

Enhanced Engagement with the Community

By pursuing activities to solicit community support for their capital campaigns and projects, grantees were able to increase their visibility and strengthen ties with local organizations and individuals. This took place through presentations at community gatherings, the distribution of printed materials, press releases, meetings with elected officials and invitations to attend fundraising activities or clinic tours. Increased interactions with community members resulted in a variety of benefits for clinics, including the following:

“In the past, [the hospital] had a hard time referring patients to us because the facility was such a mess, but now the facility is improved and they want to partner with us.”

—MCCG Grantee

- A better understanding of the local environment, especially the dynamics of local politics and key factors that can help or hinder capital projects;
- Increased recruitment of community volunteers for fundraising efforts (e.g., 57% of grantees formed capital campaign committees), which was particularly helpful for clinics whose board members lacked interest, skills or connections for fundraising;
- Opportunities to educate residents and businesses about clinics’ missions and address common misconceptions about clinics and the populations they serve; and
- The ability to learn about and obtain in-kind resources (e.g., lumber for construction, volunteer staff time, exam room equipment) and new partnerships (e.g., hospital referrals).

Community Giving for a Community Clinic

At Golden Valley Health Center’s (GVHC) grand opening ceremony for their new 5,700 square-foot clinic in Newman, California, Michael Sullivan, the clinic’s CEO, proudly unveiled the new donor wall that displays the names of the local farmers, families and business that, together, contributed over \$500,000 to the \$1.4 million capital campaign. Sullivan recalls that the impetus for the organization’s fundraising venture was the fund development focus of CCI’s grant RFP: “If CCI had not pressed these buttons and these thoughts, we wouldn’t be where we are today.”

At the start of the capital campaign, Sullivan hired a fundraising consultant with the assistance of their MCCG grant. Sullivan and a few board members assembled a “who’s who” of local businesses to form the backbone of their campaign committee. Knowing the local politics and personal dynamics at the ground level, the committee segmented their approach into four categories—large corporations, corporate agriculture, small businesses and the general public. With the committee members’ leadership abilities, extensive community contacts, outgoing personalities and an ability to communicate their vision, they were able to gain the community’s trust. “We had a great cross-section of people on our committee who were established community members,” says Susan Mattos, the committee co-chair. “We [helped] raise \$500,000 [from the community] and it came from lots of people in small amounts—spare change buckets at the local mini mart, \$5 checks, an elderly couple who never gave anything sending in \$1,000.... I sometimes still can’t believe it.”

Expansion of Services & Greater Access to Care

Capital projects have allowed clinics to increase the number of individuals that they serve as well as enhance the quality and type of services they provide. Specific types of improvements in these areas include the following:⁶

“Our Express Clinic Redesign model has been extremely successful in making the visit easier for the patient.... It has eased congestion and delays in our clinics and has proved to be more efficient.”

—MCCG Grantee

- An expansion of grantees’ physical spaces by an average of 9,284 square feet—grantees report that, on average, they have added 11 medical exam rooms, two dental exam rooms and two rooms for mental health services;
- An increase in private spaces available for exams or counseling, redesign and improvements in patient flow and centralization of services under one roof;
- The introduction or expansion of services such as vision or other specialty services (e.g., orthopedics) as well as an increase in health promotion services, outreach and enrollment; and
- An increase in the number of unduplicated patients and patient visits. Clinics projected to serve an average of 4,934 additional patients and provide 14,970 additional patient visits once their capital projects were complete; some have already experienced projected increases.

Hill Country Community Clinic’s capital expansion project will add three new dental exam rooms, medical exam rooms for specialty providers, a room for community meetings, a commercial kitchen for nutrition education, four new mental health offices and a group counseling room. In preparation for their enhanced capacity, they have already signed a contract with the county to provide mental health services through the Mental Health Services Act. This arrangement is projected to bring in an additional \$975,000 for the clinic to treat mental health patients over three years.

In the northern California town of Guerneville, West County Health Center’s (WCHC) service levels were at capacity and staff were experiencing high levels of stress from crowded conditions. To help remedy this situation, WCHC purchased and refurbished a building with funds raised from their CCI-supported capital campaign. Moving their administration staff into this new space eased pressure on clinic operations, improved staff recruitment and retention, increased service capacity and allowed for the introduction of new services such as HIV group medical visits, diabetes clinics and Hepatitis C support groups.

Prior to Northeastern Rural Health Clinic’s capital project, services were spread out among seven clinic and administration sites across Lassen County, California. A new 27,000 square foot facility in Susanville, California was built to replace the multiple aging buildings. This has allowed staff to consolidate most services under one roof, double the size of their dental clinic and open a new on-site pharmacy, which has provided a new stream of revenue for the health center. The new building is also located adjacent to the local medical center so patients have easier access to specialty and diagnostic services.

CONSIDERATIONS FOR GRANTMAKERS: THE EFFECTIVENESS OF CCI'S APPROACH & DESIGN

Benefits of the MCCG Technical Assistance & Application Process

Approximately one third of grantees (32%) report utilizing information collected for the MCCG application and recommendations from TA providers for other purposes, including: sharing findings with their boards (50%); making a decision to invest in ongoing fund development capacity (35%); utilizing findings and recommendations for proposals to other funders and lenders; and sharing findings with others in their community (22%).

Below we highlight key elements of the MCCG grantmaking model and CCI practices that contributed to the success of the Program. We believe these elements will be important considerations for funders who are currently pursuing capital funding or who are interested in such efforts. To most effectively utilize grantmaking dollars, funders should take into account grantees' experience with major capital efforts, ways to utilize or adapt existing major capital tools and resources and opportunities to leverage or build on major capital efforts supported by other funders.

The rigorous application process with intensive technical assistance benefited clinics regardless of whether they received a MCCG grant. The application process, while time- and labor-intensive, was very useful and helped clinics gather valuable information to benefit their organization more broadly (see sidebar). For some clinics, initial readiness assessments helped them realize that they were not ready to embark on a major capital project and should take more gradual steps to adequately prepare. Grantees and other applicants who had less fund development experience and/or were in the early stages of capital planning benefited the most from the application process and documentation requirements because the CCI-supported TA helped these applicants navigate the complex planning process for capital projects.

Although the grant requirement to conduct a capital campaign was initially resisted by many clinics, it helped to enhance fund development capacity and diversify fundraising sources. The requirement helped some clinics move beyond their exclusive reliance on government or foundation funding for capital projects and helped build their internal structure to raise funds. While most clinics expressed plans to maintain or build on this enhanced capacity, they expressed concern about sustaining this capacity over time.

MCCG grants often increased credibility with other funders and expanded clinics' capacity to leverage funds. This was especially true of clinics in the initial stages of their campaign, those newer to capital campaigns and those in rural areas where it typically is more difficult to raise funds. Clinics report that having a major donor funding their project in the early stage of the capital campaign helped leverage donations from other sources; matching requirements enhanced these fundraising efforts further.

Ongoing, flexible and tailored technical assistance and training complemented the MCCG grants. The customized TA provided much needed assistance for clinics engaging in major capital campaigns and projects, often for the first time. It was important that CCI staff and the TA providers were able to adapt to the individual needs of clinics as they changed over time or as new needs arose—capital projects frequently encounter unforeseen obstacles

“The MCCG grant was critical to being able to expand the clinic at all. I question whether we would be here today—having gained FQHC status [to access government funds], attracting referrals, receiving operating subsidies and expanding [our patient base]—without CCI.”

—MCCG Grantee

despite even the most careful planning. Even with the extensive provision of TA, many clinics note their desire for additional, ongoing supports. CCI staff's own flexibility in the focus and timing of TA, grant applications and implementation periods, in the distribution of organizational capacity grants and in the content topics of TA and seminars all contributed to meeting clinics' needs and to their effective use of the MCCG grants.

A culture and practice of reflection and information sharing improved the Program as it evolved. CCI regularly gathered and shared information related to MCCG among its own staff, TA providers, external review committee members, grantees and other funders and lenders involved with major capital efforts. For example, CCI utilized TA and evaluation results at multiple times during the Program to inform grantees about TA utilization and best practices, as well as to prepare applicants for a MCCG core grant. Through this practice of disseminating knowledge, especially with the TA providers and external review committee members, CCI provided and obtained ongoing input about the Program so that the approach to MCCG could be adjusted as needed.

CCI established a high level of trust and partnership among grantees and other partners. This spirit of collegiality allowed clinics and TA providers to share their successes as well as challenges so that CCI could help grantees adjust and strengthen their work as well as improve the field's readiness for capital projects as a whole. Grantees emphasize their appreciation of CCI's advocacy on their behalf, from their engaged support during the application process to their efforts to introduce clinics to other funders. Through this grant program, CCI was able to build upon and strengthen long-standing relationships with clinics that had previously received CCI grants as well as build new connections within the community clinics field and those who assist clinics with facilities improvements.

"[Our collaboration with CCI] has improved our understanding of clinics and helped us in our understanding of other [grant] applications from clinics in other parts of the country. It's been more than mutually beneficial—it's helped inform our process... This [relationship with CCI] is pretty unique."

—Funder

Key Elements of Grantee Effectiveness

Leadership: Engage clinic leadership (i.e., directors and board members) in the planning and implementation of the capital project and promote it among staff and community.

Communication: Involve employees in the capital campaign and keep them informed on progress; ensure internal communication between leadership, development staff, other employees and volunteers; make sure clinic staff and leadership can make a "case statement" for the capital project that is connected to the clinic's mission and can tell the clinic's "story" in human terms.

Fund development strategy: Ensure that the clinic is ready to undertake a capital campaign (e.g., readiness assessment and thorough planning); develop a detailed fundraising plan; think about the capital campaign as a way to develop the clinic's fund development capacity for the future.

Community engagement: Involve the broader community in the capital campaign by encouraging volunteers to take part in processes such as capital campaigns and fundraising events.

- ¹ Debt financing entails the acquisition of loans, bonds or program-related investments to support a capital project, with the expectation of paying back the funds over a long-term period.
- ² These efforts were supported by different funding sources, including the MCCG program and CCI's Green Buildings program, which focuses on environmentally sustainable construction, renovations and operations. Additional information about this program is available in *Going Green: One Funder's Experience Entering Green Grantmaking*, an evaluation brief available on CCI's Web site www.communityclinics.org.
- ³ Since clinics undertook large capital projects with multiple funding sources, CCI's support was not the sole contributor to impacts.
- ⁴ At the completion of the grant, when this information was collected, some of the clinics' capital campaigns were still in progress.
- ⁵ Other sources include contributions from patients, civic groups and vendors, as well as revenue from events.
- ⁶ Data on increased access to care and expanded services were collected from 26 grantees' grant reports in the final three MCCG cohorts; grantees in the first two cohorts were not asked to project/report data in these areas.

A previous MCCG evaluation report produced by BTW, *Enhancing Community Clinic Capacity Brick by Brick: The Impact of the Community Clinics Initiative's Major Capital Campaign Gifts Program*, can be found on CCI's Web site (www.communityclinics.org). This report provides more in-depth information about the findings highlighted in this brief. Specific tools and materials utilized by MCCG TA providers and grantees are also available on CCI's Web site as well as the Web sites of Capital Link and Capital Incubator (www.caplink.org and www.capitalincubator.org).



This brief was written by Kim Ammann Howard and Regina Sheridan at BTW *informing change* and is based on BTW's evaluation of the MCCG program. Data for this evaluation were collected from 53 grant projects across the first five MCCG cohorts. Data sources include grant reports; 41 total interviews with grantees, technical assistance providers and recipients, CCI staff and other key stakeholders; a survey among organizations that received technical assistance (64% response rate); and relevant background materials. For more information about this brief or the MCCG evaluation, please contact Kim Ammann Howard at kahoward@btw.informingchange.com or (510) 665-6100. For more information about the MCCG program, please contact Kathy Lim Ko at kko@tides.org or (415) 561-7855.