

Who is Supporting Nonprofit Financial Sustainability?

St. David's Foundation

Growing health foundation embraces multiyear funding and streamlined application and reporting in effort to expand impact.

Quick Grantmaker Stats

Type of funder	Health foundation
Geography/Issue Area	Central Texas
When founded	1996
Total assets (as of FY 2013)	\$663 Million
Annual giving (as of FY 2013)	\$46 Million
Number of staff	59
Website	www.stdavidsfoundation.org
Brief description of the program/ practice being discussed	New two-year grant program, plus streamlined application and reporting.

1. Describe the situation or practice.

The St. David's Foundation is a joint owner of St. David's HealthCare, a regional health system in central Texas that includes seven hospitals, four surgery centers and four free-standing emergency centers. Proceeds from the health system have grown in recent years, boosting the assets of the foundation and prompting its leaders and staff to begin thinking differently about how to expand its impact in the community. Since 2010, the St. David's Foundation has adopted a number of practices aimed at supporting the financial sustainability of its grantees, while at the same time reducing the administrative burdens they face in their dealings with the grantmaker.

"Our goal as we have grown has been to fund deeper and smarter in the organizations we are already working with, rather than trying to fund more broadly across a larger number of organizations," explained Jesse Simmons, data analytics manager with the foundation.

2. What have you tried to do differently?

The St. David's Foundation makes grants to 55 community organizations in six focus areas from aging and mental health to education for future healthcare

workers. Grants are by invitation only. The foundation's grantees include safety net clinics, educational institutions, community organizations serving low-income individuals and families, and others. The foundation also runs the highly acclaimed St. David's Dental Program, which provides free dental care to children via specialty dental vans that travel to schools.

In 2014, the foundation planned to give more than \$50 million to its community through grants to these entities, which foundation staff refer to as *grant partners* rather than *grantees*.

The following are among the new strategies the foundation has adopted as its grantmaking budget has grown:

Institutionalizing multiyear funding

Using materials from GEO and others, the St. David's Foundation staff initiated conversations with the board in 2011 about the importance of multiyear funding and how it makes a crucial difference in grantees' ability to plan and get better results. After the board responded favorably, the staff designed a program that provides the foundation's grant partners with the opportunity to apply for two-year grants, with the ability to renew those grants after two years. For the first time in its history, the St. David's Foundation began making two-year grants in 2012.

The two-year grants are available to support ongoing program costs; the foundation is currently exploring how to provide more general operating support to grant partners. In addition to the two-year grants, the foundation provides grant partners with capacity-building support and capital grants as needed during the grant period.

Revamping the grant application and reporting requirements

At the same time that it has embraced multiyear grants, the St. David's Foundation has set out to simplify the application and reporting process for grant partners. "In the past it was more of a guessing game for grant partners where they were giving us whatever information they had on hand, or whatever they thought we might be interested to see," Simmons said.

Now, the foundation has standardized its application by providing online templates for budgets and metrics, as well as sample applications and budgets that provide models for grant partners to follow. The grantmaker also has offered conference calls and "lunch-and-learn" events to go over the changes in the application.

In addition, the St. David's Foundation has changed its reporting processes for grant partners. While it used to require quarterly reports, it now asks grant partners to complete a semi-annual report online. Grant partners have a

personalized homepage on the grantmaker's website where they can file the reports, which include standardized questions keyed to the goals and outcomes of the grant.

To reduce the administrative burden on grantees, the foundation created an online system for scheduling site visits. The foundation even provides guidelines for grant partners on how to prepare for site visits so they understand up front what the foundation hopes to achieve during the visit. "We are trying to be much more transparent with people so they aren't spinning their wheels doing things they do not have to do," Simmons said.

"Part of the motivation to improve our processes and become a more data-driven, proactive and strategic foundation was the fact that we grew so much in a relatively short time and our processes and workflows were playing catch-up."

– Jesse Simmons, Data Analytics Manager

3. What has been the result?

Despite the fact that surveys of nonprofit leaders regularly show strong support for multiyear funding, the experience of the St. David's Foundation shows that grantees might not immediately jump at the opportunity.

Of the \$31.4 million in grants made in 2013 from the St. David's Foundation main grants program, \$6.4 million (or just over 20 percent) were multiyear program grants. Simmons said he expects this percentage to rise in the coming years as the foundation's grant partners become more comfortable applying for multiyear grants. He also said that the foundation is considering revising its criteria for the grants and making other changes to increase participation. Currently, grant partners applying for the two-year support must have received a minimum of five years of support from the foundation and have met or exceeded the metrics that were the basis of their prior grants. They also have to be facing no major organizational changes such as the loss of an executive director.

Grant partners participating in the multiyear grant program have responded favorably. Regina Rogoff, executive director of People's Community Clinic in Austin, said, "St. David's understands health care, and they understand that in order to provide high-quality, affordable healthcare we need to have sustaining partners."

According to Russell Smith, executive director of Austin Child Guidance Center, “Multiyear funding from the St. David’s Foundation has been enormously beneficial to the Austin Child Guidance Center. It has afforded us the opportunity to engage in longer-term planning; provided strong evidence of community support we can leverage; and lowered the grant writing requirements, which allows us to utilize those resources for other development activities. The St. David’s Foundation has been a great supporter of capacity building, and I believe the multi-year funding is another forward-looking initiative that supports the community.”

4. What are your key insights from doing the work?

“We have found this is an ongoing process and we will be adjusting how we do it as we go along,” Simmons said. One challenge for nonprofits, he noted, is trying to budget for the second year of a grant, so the St. David’s Foundation offers to help grant partners figure that out.

Embracing Data-Driven Grantmaking

As the St. David’s Foundation has grown, it has taken steps to become a more data-driven organization. “In the past, our board tended to focus primarily on financial data,” said Simmons. “But now they and the staff are focused much more on measures of impact.”

This has meant introducing “Data Reviews,” a separate site visit with grant partners to better understand their capabilities related to data use and evaluation. Based on these visits and the staff’s other work with grant partners, the foundation often will offer support for capacity building to help them develop their data and evaluation systems. Simmons said a key focus of the foundation in supporting grant partners in this way is to help them identify a small number of key indicators that will allow them to track their progress over time.

“In the past, people would report on everything and the kitchen sink, but now we have a process where it’s a lot easier for them to focus on an indicator or indicators that make the most sense to them and to report on where they are in getting to their goals,” Simmons said.