

OSG Learning Brief on Fund Development



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The Strong Field Project supported 15 domestic violence (DV) agencies under the second round of its Organizational Strengthening Grants (OSG) program with the primary objectives of: realizing measurable improvements in organizational strength, and developing innovative tools, models, and practices that could be shared with the larger Domestic Violence (DV) field. The OSG II grant period was officially from July 2012—July 2014.

The OSG II organizations fell into different funding priority areas ranging from policy advocacy to strategic restructuring, with the highest number (five grantees) in the fund development priority area. Given the state of domestic violence funding and critical questions of long-term organizational sustainability, the work of the fund development grantees has understandably generated particular interest. **This learning paper concentrates on the experiences and outcomes of the five fund development grantees with an eye toward crystallizing lessons and implications for the broader DV field.**

State of the Field: Domestic Violence Funding

The state of funding for domestic violence organizations is characterized by the interrelated challenges of scarcity, competition, and restrictions. DV organizations—

particularly shelter-based organizations—rely heavily on public sector funding.¹ Just under \$60 million dollars in federal and state government funding was distributed to DV organizations, cities and counties, Native American tribal entities, and universities in the state, though Nonprofit Finance Fund estimates that at least 10% of that amount has been cut due to budget cuts.²

One OSG II grantee observed that “the landscape of government funding is very limited.” For example, while the U.S. Department of Justice, Office on Violence Against Women (OVW) provides targeted funding for DV organizations, it is relatively modest in size. Larger funding sources exist through U.S. Health and Human Services (HHS) and the Department of Housing and Urban Development (HUD), but the competition is stiff. As one OSG II grantee noted, HHS might release 20 funding opportunities throughout the country and receive close to 500 applications.

For outpatient organizations, the challenges are heightened, since shelter-based programs have dedicated funding sources.³ In addition, at least one OSG II grantee perceived a movement toward public funding for a combination of sexual assault and domestic violence. As this grantee concluded, “If the pot is not getting bigger, then that means the DV funds are getting smaller . . . for a group like us who doesn’t have a history of sexual assault services.”

Government grants are not only insufficient to cover operations, but also come with a number of challenging restrictions, such as not covering food costs. As one OSG II grantee described, “They never want to cover your full operations and indirect costs.” In addition, shelter-based government funding programs “fall short in helping organizations pay for necessary capital investments, create maintenance reserves, and build adequate working capital (defined as the amount of cash and ‘near cash’ an organization has to meet its current obligations).”⁴ Finally, restrictions come in the form of the expected service model and using evidence-based practices that may not align with the local community. As one OSG II grantee described it, “The challenge is not just one of limited funding, but always having to justify changes to approach based on cultural context,” such as serving undocumented populations.

¹ For example, according to Nonprofit Finance Fund, typically about 85% of DV organizations’ total revenue is paid through government funding. As of 2010, approximately 40-50 percent of funding for women’s shelters came from the *federal* government. Galen, E. (January 25, 2012). “US budget cuts devastate shelters for victims of domestic violence”. Varolli, Regina (January 6, 2010). “Federal Funding for Safe Havens Not Tracked”. *Women’s News*. Retrieved January 6, 2013.

² Data collected by Blue Shield of California Foundation, 2010.

³ According to Nonprofit Finance Fund, the first DV-specific funding passed in California in 1977 required funded organizations to provide shelter. This requirement has been maintained across other government and private funding programs. Today, the Domestic Violence Assistance Program (DVAP), one of the most primary DV funding programs in California, requires the provision of emergency shelter.

⁴ Nonprofit Finance Fund, *Navigating a New Course: A Domestic Violence Organization Steers Towards a More Sustainable Future*, 2011.

Against this general federal funding backdrop was the economic crisis of 2008-2009 and then-California Governor Schwarzenegger's elimination of funding for the state's Domestic Violence Assistance Program (DVAP), which provides funding for over 90 domestic violence shelters in California. For these agencies, the cuts amounted to more than 40 percent of their anticipated annual financing.⁵ Though DVAP funds were partially restored through intensive lobbying efforts, this had a profound impact on DV organizations in California, not only in terms of the immediate feasibility of continuing operations, but also on their mindset toward long-term sustainability. More specifically, these cuts facilitated a renewed sense of urgency for avoiding overreliance on government funding, increasing and diversifying income streams, and generating unrestricted revenue sources.

In 2011, nearly three years since the start of the recession, heavy reliance on government funding has proven problematic, as organizations wrestle with revenue unpredictability and cuts, inflexible program requirements and limited private fundraising capacity.

- Nonprofit Finance Fund, Navigating a New Course: A Domestic Violence Organization Steers Towards a More Sustainable Future, 2011

In 2012, the Strong Field Project funded five DV organizations to grapple directly with these challenges, embark on income-generating ventures, and help ensure long-term sustainability. Their various approaches—described below—reflect the need to approach fund development in several ways: e.g., building relationships with donors and foundations (which may be more receptive now to supporting DV organizations given the saturation of the issue); relying more on investments; offsetting operational costs with the greater use of volunteers; and establishing income-generating lines of work. As one OSG II grantee noted, "These are not all traditional ways in which nonprofits have looked at fund development." In addition, fund development goals have required OSG II grantees to engage in ongoing research (to consider new ways of raising money, to see emerging points of overlap such as the one between DV and public health/the Affordable Care Act) and to strengthen communications skills in, for example, describing the organization's relevance, and in "making the ask."

OSG Grantees' Approaches to Fund Development


The five fund development grantees, listed in the table below, are all located in major urban areas of California—three in the greater Los Angeles area, one in San Diego, and one in Sacramento. Annual budget sizes range from approximately \$900,000 (My Sister's House) to \$7 million (YWCA of San Gabriel Valley). Three of the five grantees focus primarily or exclusively on domestic violence intervention, while East Los Angeles Women's Center also focuses on HIV issues and YWCA San Gabriel Valley is a large, multi-service agency. Three of the agencies focus particularly on serving

⁵ From the *New York Times*, "Cuts Ravage California Domestic Violence Program" by Jesse McKinley, September 25, 2009.

underrepresented populations (Latino, African-American, and Asian/Pacific Islander by East Los Angeles Women’s Center, Jenesse Center, and My Sister’s House, respectively).

The grantees’ overall approaches to fund development differed along a number of core dimensions:

- **Conducting feasibility studies.** Two grantees (Center for Community Solutions and My Sister’s House) built initial exploratory and assessment phases into their projects to identify their income-generating ventures.
- **Building on existing services.** YWCA of San Gabriel Valley stands out as the only fund development grantee that sought to build directly on existing services and infrastructure (by launching a HealthYlife meals delivery service based on existing Meals on Wheels infrastructure and experience).
- **Pairing fund development and workforce development goals.** Two grantees (My Sister’s House and YWCA of San Gabriel Valley) had fund development projects that explicitly tied to related workforce development goals for their DV survivors.
- **Concentrating on infrastructure and processes.** Two grantees (East Los Angeles Women’s Center and Jenesse Center) had projects that focused more on internal capacity and processes, such as developing a fund development plan, implementing a donor management system, increasing board members’ fundraising skills, establishing a fund development function within the organization, and identifying specific fundraising strategies.

Fund Development Grantee	 Capsule Description/Objectives
<p>Center for Community Solutions (CCS)</p> <p>San Diego, CA</p> <p>Budget: \$5 million</p>	<ul style="list-style-type: none"> • Increase unrestricted funds raised to build working capital, raise salaries, and expand services to meet current demand. • Provide outreach and education regarding interpersonal violence, sexual assault, and elder abuse to business leaders and their employees. • Build and/or enhance corporate relationships to increase CCS capacity to serve the community. • Increase CCS staff, board, and volunteers’ entrepreneurial skills to aid in CCS’ overall fundraising efforts.
<p>East Los Angeles Women’s Center (ELAWC)</p> <p>Los Angeles, CA</p> <p>Budget: \$1.8 million</p>	<ul style="list-style-type: none"> • Increase ELAWC’s capacity to raise funds from individuals, corporations, and foundations. • Develop a written three-year fund development plan. • Increase amount of funds contributed by individuals, corporations, and foundations. • Improve ELAWC’s systems for tracking solicitation requests, donor contributions, volunteer hours, and other fundraising related data.
<p>Jenesse Center (Jenesse)</p>	<ul style="list-style-type: none"> • By November 30, 2013, establish a Fund/Resource Development function within the organization where the executive team will review, update, and implement an annual growth and development strategy. • Annually, in collaboration with Jenesse’s executive team, identify and

Los Angeles, CA Budget: \$3.2 million	implement at least four fundraising strategies and specific activities (i.e., special events, donor programs, designated grants, etc.). <ul style="list-style-type: none"> • By June 30, 2013, coordinate and mobilize volunteers and Jenesse Angels to meet identified fund development needs. • By December 30, 2013, strengthen, organize, and maintain a centralized database and research hub, to track gifts and donors that will enhance and support the fund development function.
My Sister's House Sacramento, CA Budget: \$900,000	<ul style="list-style-type: none"> • Identify possible revenue-generating activities for My Sister's House. • Establish a governing structure to review business plans and advise implementation. • Pilot revenue-generating activities promptly upon the completion of preliminary steps. • Utilize new enterprise to strengthen financial stability of survivors of domestic violence.
YWCA of San Gabriel Valley (YWCA-SGV) Covina, CA Budget: \$7 million	<ul style="list-style-type: none"> • Build upon the existing Meals on Wheels program by selling upscale home delivered meals to senior and disabled residents in the San Gabriel Valley. • Build upon the existing in-home services program by selling personalized care management and home-care services to enable current older and disabled persons and the aging baby boomer population to remain in their own homes as long as possible. • Build upon the current employment assistance program and job training program by providing job training for 20 domestic violence survivors each year in marketable skills such as drivers for meal delivery, data entry clerks, food service workers, home-care service workers, and customer service/administrative assistants, with 80% of the graduates securing employment. • Share detailed information about the planning and implementation process of this earned income and job-training venture with other domestic violence agencies.

OSG Grantees' Fund Development Outcomes

Overall, fund development grantees were positive about the extent to which they met

their original project objectives. *In discussing their most valuable and deep-seated outcomes, grantees stressed the importance of organizational infrastructure as well as larger culture shifts.* For example, the OSG II grant allowed ELAWC to build the infrastructure necessary to do fund development work (e.g., a fund development plan and staff position, and a donor management system).

YWCA, Jenesse Center, and CCS all described changes in culture: the development of a revenue mindset to become more sustainable; a new sense of shared responsibility and accountability for resource development; and a culture change that allowed staff to get *comfortable with charging for services and to become better marketers and fundraisers.* As they observed, "A culture change has happened. Before, our staff were hesitant to talk about contracting for services. Now our staff has the dialogue." The

Our new funding from foundations was absolutely influenced by the OSG II project because we were able to talk about our fund development plan, and foundations are keen on funding organizations with strong infrastructure.

- East Los Angeles Women's Center

grant also allowed CCS to establish important infrastructure for doing insurance billing and for creating a business plan for opening a world-class trauma center.

Evidence of Strengthening in Fund Development

On top of foundational and culture changes, grantees showed **evidence of strengthening in terms of potential for increased revenue.**

- **Center for Community Solutions** developed a number of promising initiatives for generating unrestricted income, including the provision of professional training and self-defense workshops for a fee, and billing insurance companies for counseling/therapy for survivors. One of their next steps will be billing Medi-Cal for current counseling clientele since they are now HIPPA-covered. As of fall 2014, CCS had **brought in approximately \$76,000 of fee-for-service revenue and raised \$150,000 in working capital.**⁶ Based on its fee-for-service work, CCS was able to bring in three corporate sponsors (Triton, Scripps Medical, and the Kaiser Foundation).⁷ With Peace Over Violence (an OSG I grantee), CCS also **received a \$1 million grant from The California Endowment** so that staff can be trained in the latest research-based trauma treatment. This is another important step toward CCS' larger vision and business plan development for opening a world-class trauma treatment center, which was catalyzed by the OSG II grant.
- **My Sister's House** opened My Sister's Café in March 2014 to generate unrestricted revenue and provide "real-life" work training for survivors as part of the agency's Women to Work program. While it is commonly accepted that restaurants often take two years to reach profitability, for FY 2013-14, My Sister's House **earned a net profit of \$4,252 after being in operation for only approximately four months** (with the assistance of grants). As of September 2014, the average number of customers and the average sales per month have been increasing over the café's six months of operation. The organization still expects to break even (without the assistance of grants), but the staff notes it will take time and revised strategies, especially since My Sister's Café is a combination of a training program and commercial enterprise. In fall 2014, My Sister's House reported an **organizational budget increase of approximately \$100,000 attributable to the café opening.**

⁶ CCS estimated that working capital would be at \$200,000 by the end of FY 2014-15. As a result of increasing unrestricted funds, CCS has also been able to raise salaries twice for different staff categories in 2014.

⁷ Triton provided \$20,000 of cash and in-kind donations. The Kaiser Foundation became a corporate sponsor for CCS events (\$5,000 for two events per year).

- **YWCA of San Gabriel Valley** attempted to build upon its existing Meals on Wheels program by selling upscale home-delivered meals to seniors and disabled residents in the San Gabriel Valley. While the for-profit initiative, called HealthYLife Meals, faced serious implementation challenges and fell below its goal of selling 6,200 hot meals during the grant period (they sold 1,000), YWCA-SGV's experience **served as a critical and rich pilot-test for building for-profit goals upon nonprofit infrastructure**, and pairing workforce development goals with income-generating ones.
- **Jenese Center** has been able to **increase its annual budget from \$2.7 million before OSG, to approximately \$3.2 million post OSG**. This success is due in large part to an organization-wide approach to resource development, the implementation of a donor management system and project management tool that allowed them to effectively manage fund development work, and a case statement to be used by staff and board for potential donors and supporters.
- **East Los Angeles Women's Center** was able to **increase contributions from individuals, corporations, and foundations by 30 percent** due to fundraising becoming a priority across the organization; creating a fund development infrastructure (hiring a development position and implementing a new fund development plan); focusing on attracting corporate sponsors to support fundraising events; and implementing e-tapestry as a donor and fundraising data management system.

We needed to develop the process for collecting and paying sales tax, processes for collecting payment for meals online which we have learned is quite different than taking a donation online, and are really stretching to figure out how to effectively market this business, which is very different from advertising service availability in a nonprofit.

- YWCA of San Gabriel Valley

Implications for Programming

The fund development work of three of the grantees had clear implications for programming as well. **My Sister's House and YWCA-SGV were both able to build upon existing workforce development programs for their DV survivors.** The café started by My Sister's House provided survivors a "living lab" to build career development skills in a way they could not before with resume and interview skill workshops. YWCA also bolstered its programming by using OSG II funds to provide job training for DV survivors in marketable skills such as meal delivery, data entry clerks, and food service workers. Ultimately eight survivors were able to gain such marketable skills with at least six securing stable employment afterwards.

CCS is able to reach and engage a different target population as a result of the income-generating strategies supported by OSG. As CCS stated, "An Intensive Outpatient Program (IOP) model that is approved by insurance panel can help us reach survivors who otherwise may receive counseling through their insurance companies that lack specific expertise in domestic violence, sexual assault, and best

practices in body/mind trauma treatments.” CCS also noted that their self-defense classes are appealing to women and girls from diverse backgrounds, and can be used as a way to initially engage populations that they might not be able to otherwise.

Lessons Learned in Fund Development

All of the fund development grantees experienced various implementation challenges during the course of OSG II. These included the unexpected departure of an executive director and key project staff, setbacks in securing a new business site, a poor consultant fit, a frustratingly slow process to become certified to take insurance, and the need to revise project objectives in accordance with a reduced grant budget. While these challenges were critical on an individual level, there were also larger, cross-project lessons on start-up and implementation.

- **Meaningfully engage staff from the beginning.** Engaging staff from the project’s start was critical for at least three reasons: to engender a sense of shared responsibility for the organization’s financial sustainability; to facilitate an authentic and comprehensive shift in business culture; and to maintain a space for ongoing concerns about the implications of a business culture shift (e.g., for the organization’s mission and target population).
- **Balance money and mission.** Both My Sister’s House and CCS faced fundamental questions about how their fund development efforts potentially conflicted with the larger organizational mission. For My Sister’s House, it was a process of persuading and also demonstrating to the Board of Directors that the project’s workforce development goals for DV survivors should be weighted equally if not more than income generation objectives. For CCS, the project raised fundamental questions on its commitment to its target population. As they reflected, “As a nonprofit, you are committed to a certain target population and what does it mean when you are expanding it—especially to include a higher socioeconomic class in your service population?”

We’re not trying to make everyone a fundraiser, but we are trying to increase everyone’s capacity to recognize opportunity, whether it’s an opportunity to serve the community, to help us with fundraising, or to build and cultivate other relationships.

- Center for Community Solutions

- **Explicitly articulate the board’s fund development role.** At least three fund development grantees found it necessary to directly address the commitment and role of its board members to fund development. For example, at CCS, the need for board members with skills and dedication to their role as fundraisers became more pressing. In response, CCS board members initiated a staggered transition process for members who were not comfortable with the fundraiser role, implemented board member term limits, and developed a checklist for expected board performance to guide future recruitment. For My Sister’s House, it was necessary to establish a business advisory committee to support the board and raise its capacity for pursuing a revenue generating activity. One of the committee members subsequently became a full board member.

We need board members to understand their role in fund development and how to partner with staff on these efforts. It’s a challenge getting the board to understand that . . . You need to think more strategically, predicting and meeting net proceed goals.

- OSG II Fund Development Grantee


- **Harness the power of networks.** Grantees recognized that making and maintaining individual contacts is key to fund development efforts and ultimate success. For ELAWC, this priority is built into their culture as a small organization (without a fund development department) and their mode of operation. As a result, part of their project’s focus was on increasing the number of *embajadoras*, who act as ELAWC promoters in the community and can bring in additional support. In addition, ELAWC interprets the success of their fundraising events not just by the amount of money raised, but also by the contacts made, e.g., with corporate representatives. As ELAWC stated, “Additional networks have come out of it, and I think that was more of our focus, not just to do a golf tournament and make \$12,000. It was a matter of really networking; how can you measure that with numbers?” For CCS, networking was initially a secondary benefit of their project but, with a consultant’s feedback, they realized that networking was the primary goal and a way to open the door to future opportunities. This realization carried over to goals for their staff to understand their role in the process, and to become “aware that they have the opportunity to recognize and build on potential relationships.”

While self-defense and healthy relationships curricula will not be huge moneymakers, they will go hand-in-hand with developing personal relationships that could be financially productive.

- Center for Community Solutions

Implications for the Field

In the table below, we summarize the richest fund development learning areas and “gems” with strong potential for informing the field.

	Key Learning Areas for the Field
<p data-bbox="240 415 485 447">Fund Development</p> 	<ul style="list-style-type: none"> <li data-bbox="578 415 1399 940"> <p>• Center for Community Solutions’ (CCS) fee-for-service model: CCS offers a compelling model for how to become eligible for insurance billings and become a HIPAA-covered entity, and how organizational culture and practices are changed through this process. CCS has presented on these topics to a packed room at a Partnership meeting in September 2014. CCS also has the following materials to share:</p> <ul style="list-style-type: none"> <li data-bbox="672 625 1399 678">○ Business plan for billing third-party insurance for counseling services has been developed and can be shared. <li data-bbox="672 688 1399 741">○ Intensive Outpatient Program (IOP) plan has been developed and can be shared. <li data-bbox="672 751 1399 835">○ Business plan, campaign, and fee schedule for self-defense programs has been developed and can be shared. <li data-bbox="672 846 1399 940">○ Marketing tools for self-defense and healthy relationship curriculum targeted toward schools, community groups, and medical providers. <li data-bbox="578 951 1399 1392"> <p>• My Sister’s House’s pairing of revenue-generation and workforce development goals: To address the twin challenges of building organizational sustainability and providing real-world job skills to survivors, My Sister’s House launched an initiative to identify and implement a revenue-generating venture. My Sister’s Café opened in March 2014.</p> <ul style="list-style-type: none"> <li data-bbox="672 1140 1399 1392">○ My Sister’s House developed a reader-friendly manual for sharing their experience and lessons with the broader DV field. The manual discussed the two primary challenges above, as well as nine key steps, including selecting the enterprise, developing a staffing plan, and developing a marketing plan. (My Sister’s House shared the manual with other DV organizations at three fall 2014 convenings: The Partnership, CompassPoint, and the Women’s Foundation of California.) <li data-bbox="578 1402 1399 1812"> <p>• ELAWC and Jenesse Center’s cultural shifts and infrastructural strengthening: Both organizations had shifts toward a resource development culture, with sustainability becoming more of a shared responsibility across all staff. For both ELAWC and Jenesse Center, the OSG grant also facilitated the necessary infrastructure to increase fund development capacity—e.g., a fund development plan and position, a case statement for donors, a project management tool to manage ongoing fund development work, and critical new experience with crowd funding platforms. Both organizations also bolstered their fund development infrastructure with the implementation of donor management systems (e-tapestry and Fund EZ program). Overall, the efforts of Jenesse and ELAWC have helped build sustainability with an eye toward future staff, volunteers, and board members.</p> <li data-bbox="578 1822 1399 1885"> <p>• YWCA’s effort to build for-profit services on non-profit experience and infrastructure: While the YWCA of San Gabriel Valley has</p>

	Key Learning Areas for the Field
	<p>experienced numerous setbacks and challenges with implementing their HealthYlife meal-delivery service, the experience has yielded a wealth of critical lessons related to transitioning to a for-profit mindset, tools, and processes; building on pre-existing services (Meals on Wheels); collaborating with other departments (Senior Services); and understanding when survivors are ready for career development opportunities (as part of the for-profit venture).</p>

In late 2014, the Women’s Foundation of California established the Peer Learning Exchange Fund (PLEF) as part of the OSG component of SFP. PLEF grants were aimed at providing opportunities for OSG organizations to directly collaborate with one another and share lessons, ideas, and best practices from their OSG projects. Ultimately four projects involving seven organizations were approved. One fund development grantee, My Sister’s House, was funded to share lessons on earned income generation with two other OSG grantee organizations.

Going forward, it will be important to understand the extent to which My Sister’s House was able to transfer its fund development knowledge to these two organizations and with what real-world effects. In addition, of interest to the field at large will be the successes and setbacks of the other fund development grantees’ ongoing implementation efforts and the vehicles by which they can be shared post-Strong Field Project.

Overall, the OSG program’s fund development grantees have established critical roots for change and promising ways to address the larger DV field’s funding and sustainability challenges. They have done so through strengths-based approaches that reflect the orientation of the larger SFP initiative. For example, fund development grantees realized that increasing fund development capacity was not just about addressing a lack of money, but also about building networks of support for the organization in various and untapped communities. Second, by virtue of coming together as an OSG cohort to share experiences and lessons, fund development grantees adopted a collaborative versus competitive mindset to their work. Finally, fund development grantees also worked to broaden the base of responsibility and stewardship among their staff for long-term sustainability.