



OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH

Office of Population Affairs
The Path to Program Sustainability Webinar Series:

**Part 4: After the Grant Runs Out:
How to Keep Critical Programs Thriving**

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Announcements

End of Sustainability Webinar Series-what's next?

- Where to find slides, resources, etc.
- Upcoming revised sustainability guide



Your Presenter



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Nonprofit Funding & Fiscal Solutions (NFFS)

Mission: To enable our clients to create cultures and systems that result in sustainable programs, fundraising success, and stable infrastructure.

Nonprofit Sustainability Center

Mission: To advance “nonprofit sustainability” - the adaptation, transformation, and long-term impact of community-based nonprofit organizations.



Disclaimer

The views expressed in this workshop do not reflect the official policies of the Office of Population Affairs, or the U.S. Department of Health and Human Services; nor does mention of trade names, commercial practices, or organizations imply endorsement by the U.S. Government. Any statements expressed are those of the presenters and do not necessarily reflect the views of the Office of Population Affairs, or the U.S. Department of Health and Human Services.



OPA Framework for Achieving Sustainability

The Eight Factors

1. Strategize: Create an Action Strategy
2. Assess: Assess the Environment
3. Lead: Identify, Engage & Develop Leaders
4. **Evolve: Remain Flexible & Evolve**
5. Communicate: Communicate with Stakeholders
6. **Integrate: Integrate Program Services into Community Infrastructure**
7. Partner: Build Strategic Partnerships & Mobilize the Community
8. **Diversify: Secure Diverse Financial Opportunities**



Session Objectives

1. Define three critical paths to sustainability.
2. Provide snapshot of the philanthropic landscape
3. Identify strategies to leverage ongoing/long-term revenue
4. Review framework for aligning budget projections and appropriate resource development strategies.
5. Examine two real world youth-provider examples of best practices in nonprofit sustainability.



Poll: How much do you worry about program sustainability?



- **Mindset A**: Not at all! We've got this!
- **Mindset B**: It pops up from time to time, but isn't my biggest concern.
- **Mindset C**: It's a persistent concern, and I would like to have a better handle on it.
- **Mindset D**: It's a roaring inferno of anxiety that often wakes me up at night.



In Search of Sustainability – A Reality Check



The First Path to Sustainability

Integration of programs and services into:

- Other existing programs
- Other organizations
- Strategic partnerships

Success is dependent on:

- Understanding what makes your program -successful
- Understanding program impact
- Ability to effectively communicate
- Community connections
- Partnerships
- Understanding program requirements



The Second Path to Sustainability

Leveraging non-cash resources

- Volunteers
- Donated space/supplies (e.g. furnishings, office supplies, food/clothing, etc.)
- Donated services (e.g. IT support, copying, cleaning/maintenance, etc.)

Success is dependent on:

- Understanding program requirements
- Investment in volunteer program
- Identified non-cash needs
- Community connections
- Effective communications
- Positive public profile



The Third Path to Sustainability

Diversifying and leveraging new revenue sources:

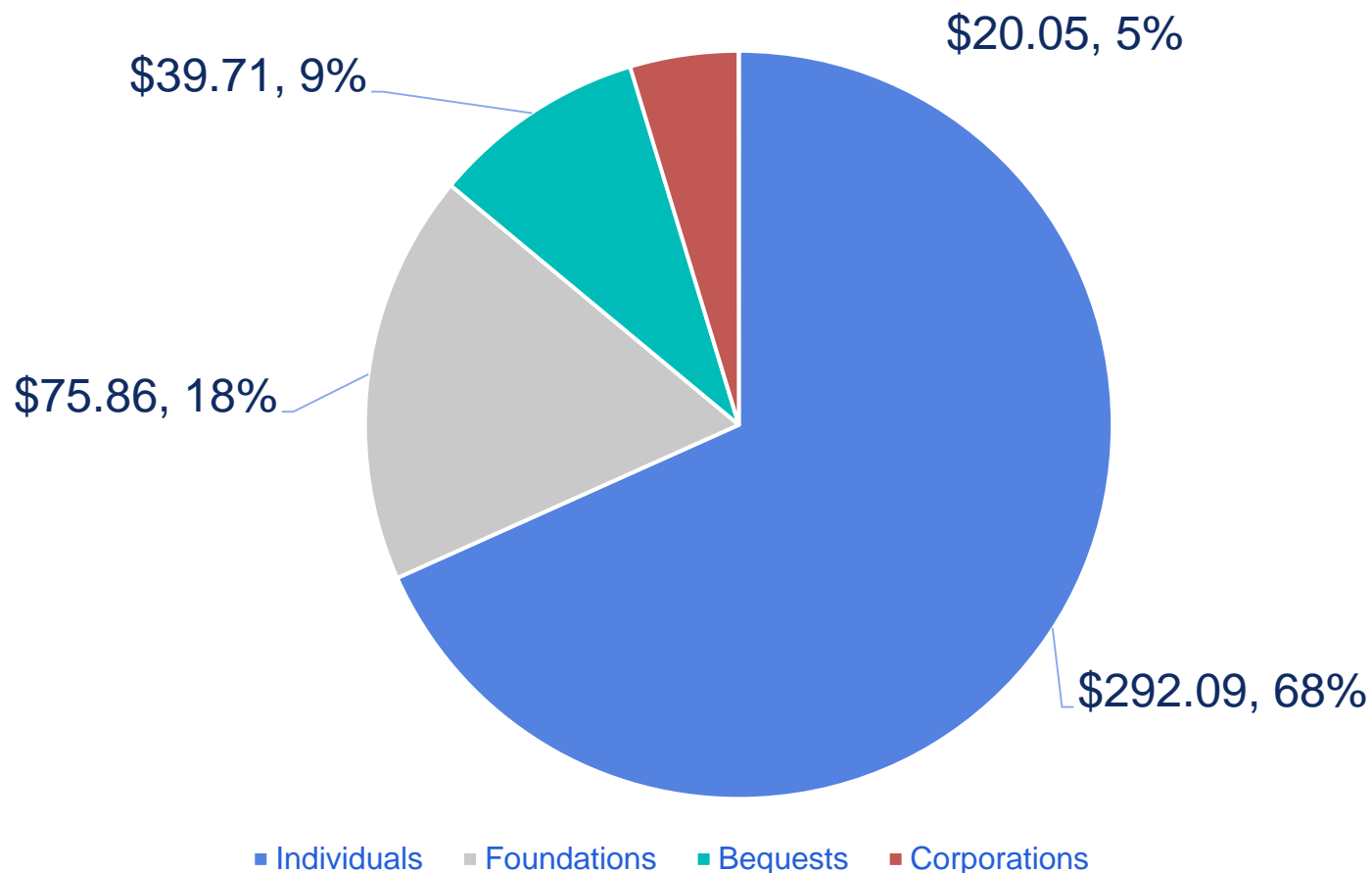
- Traditional fund development (e.g. donor cultivation, grants, special events, etc.)
- Innovative/longer-impact fund development activities (e.g. Pay for Success/social impact bonds; social enterprise; cost recovery strategies; fee for service)

Success is dependent on:

- Quality and need for program
- Fund development strategies align with organization's strengths, skills and community
- Excellent communications
- Fund development is planned and skillful
- Public profile of organization



The Big Picture – 2018 U.S. Giving by Source (\$427.71 billion)



	Value	Percentage
Individuals	\$292.09	68%
Foundations	\$75.86	18%
Bequests	\$39.71	9%
Corporations	\$20.05	5%

Source: Giving USA 2019



The Big Picture – 2018 U.S. Giving by Recipient

	Value	Percent
Religion	\$124.52	29%
Education	\$58.72	14%
Human Services	\$51.53	12%
Grant-Making Foundations	\$50.29	12%
Health	\$40.78	10%
Public-Society	\$31.21	7%
International Affairs	\$22.88	5%
Arts/Culture	\$19.49	5%
Environmental/Animals	\$12.70	3%
To Individuals	\$9.06	2%
Unallocated	\$6.53	2%

Source:
Giving USA 2019



Brainstorming the Fundraising Strategies

- Government funding
- Grantwriting (corporate, private, family foundations)
- Major Donor/Donor Appeal
- Special Events
- Campaign to religious/civic groups
- Sales
- Small Business Solicitation
- Federated Giving
- Fee for service/speaking
- Other (brainstorm time!)



Funding Models

MODEL	CHARACTERISTICS	EXAMPLES	TACTICAL TOOLS
Heartfelt Connector			
Funding source: Individual	The mission has broad appeal	Medical research (Susan G. Komen Foundation)	Special events
Funding decision maker: Multitude of individuals	The benefits often touch the lives of the funder and friends	Make-A-Wish Foundation	Direct mail
Funding motivation: Altruism	Nonprofit connects donors to the cause through volunteerism or other means		Corporate sponsorship
Big Bettor			
Funding source: Individual or foundation	Builds majority of support from small number of individuals or family foundations	Medical research (The Stanley Medical Research Institute)	Major gifts
Funding decision maker: Few individuals	Mission may be fulfilled decades (e.g. finding cure to a certain disease)	Environment (Conservation International)	
Funding motivation: Altruism			
Public Provider			
Funding source: Government	Provides services that may be perceived as core government responsibility (i.e. foster care)	Education (Success for All Foundation)	Government contracts
Funding decision maker: Administrators	Clear definitions exist of the services and processes that nonprofits must provide (for example, RFPs)	International (Family Health International)	
Funding motivation: Collective interest			
Policy Innovator			
Funding source: Government	Secures government funds for a significant new approach to problem or to address a problem not currently viewed as a core government responsibility	Oklahoma PFS Supportive Housing Project	Legislative appropriation or earmark
Funding decision maker: Policymakers	Requires a high-level government "champion"	Latin American Youth Center Promoter Pathway® Model	Pay for Success
Funding motivation: Collective interest			Government pilot project
Local Nationalizer			
Funding source: Mixed	The issue is one of a few top priorities for improvement or success in a locality (i.e., creating a quality school system)	Education (Teach for America)	Major gifts
Funding decision maker: Few individuals	The issue is common enough to exist in many localities nationwide	Youth development (Big Brothers Big Sisters of America)	Special events
Funding motivation: Altruism			

Source: https://ssir.org/pdf/2009SP_Feature_Foster_Kim_Christiansen.pdf



Long-Term/Ongoing Revenue-Generating Strategies

- Social Enterprise
- Fee-for-Service
- Best Practice in Donor Cultivation
- Pay for Success/Social Impact Bonds



What is Social Enterprise?

Social enterprises use business strategies to achieve a social good. They can be non-profit, for-profit, or cooperatives, but they are designed to generate revenue while advancing a social mission.

Social enterprises can:

- Donate Back
- Deliver Transformative Products or Services
- Provide Employment Opportunities



Social Enterprise vs. Fee-for-Service (what's the difference?)

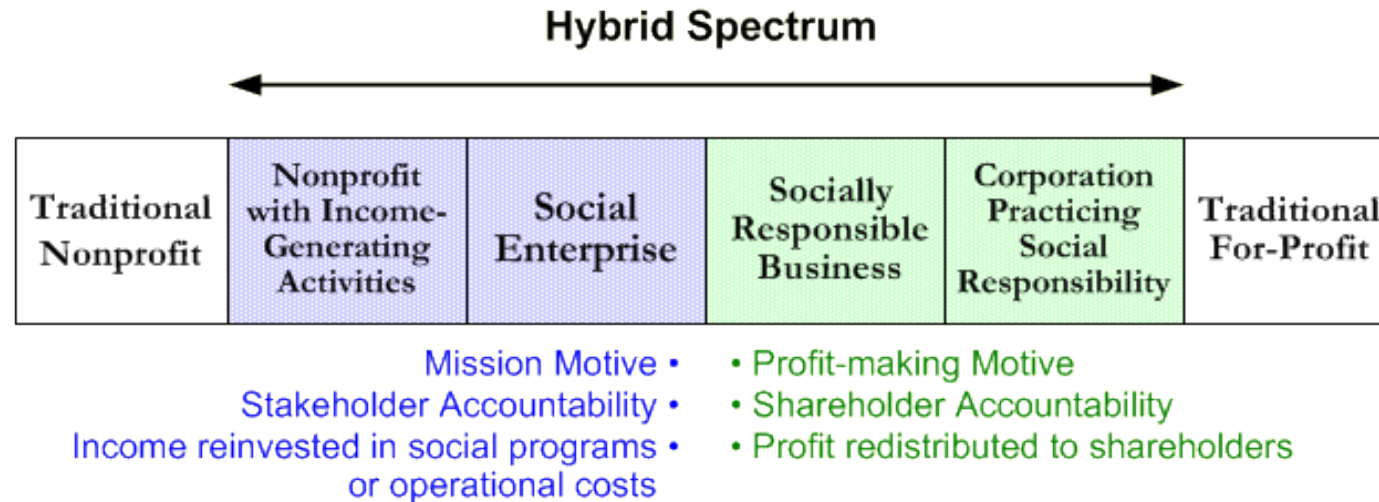
Nonprofit Social Enterprise

- Main motive for for-profit activities is mission accomplishment.
- Ideally, achieves both social impact and diversification of funding.
- Hybrid: part for-profit and part non-profit.

Nonprofit Fee-for-Service

(nonprofit with income-generating activities)

- Commercializes its social services.
- Sells directly to the target population.
- **One of the most commonly used social enterprise models among nonprofits.**



Donor Cultivation: Essential to Income Diversification

- 7 out of 10 adults in the US give away money
- The need to give is intrinsic
- People give when asked
- People give when they feel engaged
- More donations come from working- and middle-class families
- Cultivation ideally focuses on the donor, not the donation



How is donor motivation changing?

- Less inspired by honors, rewards and peer recognition
- Focused on mission and values
- Desire higher level of involvement
- Interest in sharing professional time and skills
- Interested in solutions and performance accountability
- Interested in sustainability



Donor Cultivation - Impact of Wishful Thinking

Not asking or reducing cultivation activities:

- Risks donors leaving to support other organizations
- Results in lost opportunities for building relationships
- Destabilizes revenue stream, compromises long-term sustainability



1. Point of Entry

- Facts 101
- Emotional Hook
- Capture Names

2. Follow Up

- Listen and Involve



4. Introducing Others

- Free Feel Good Cultivation Event

3. Ask for Money

- Units of Service
- Multiple Year Pledges

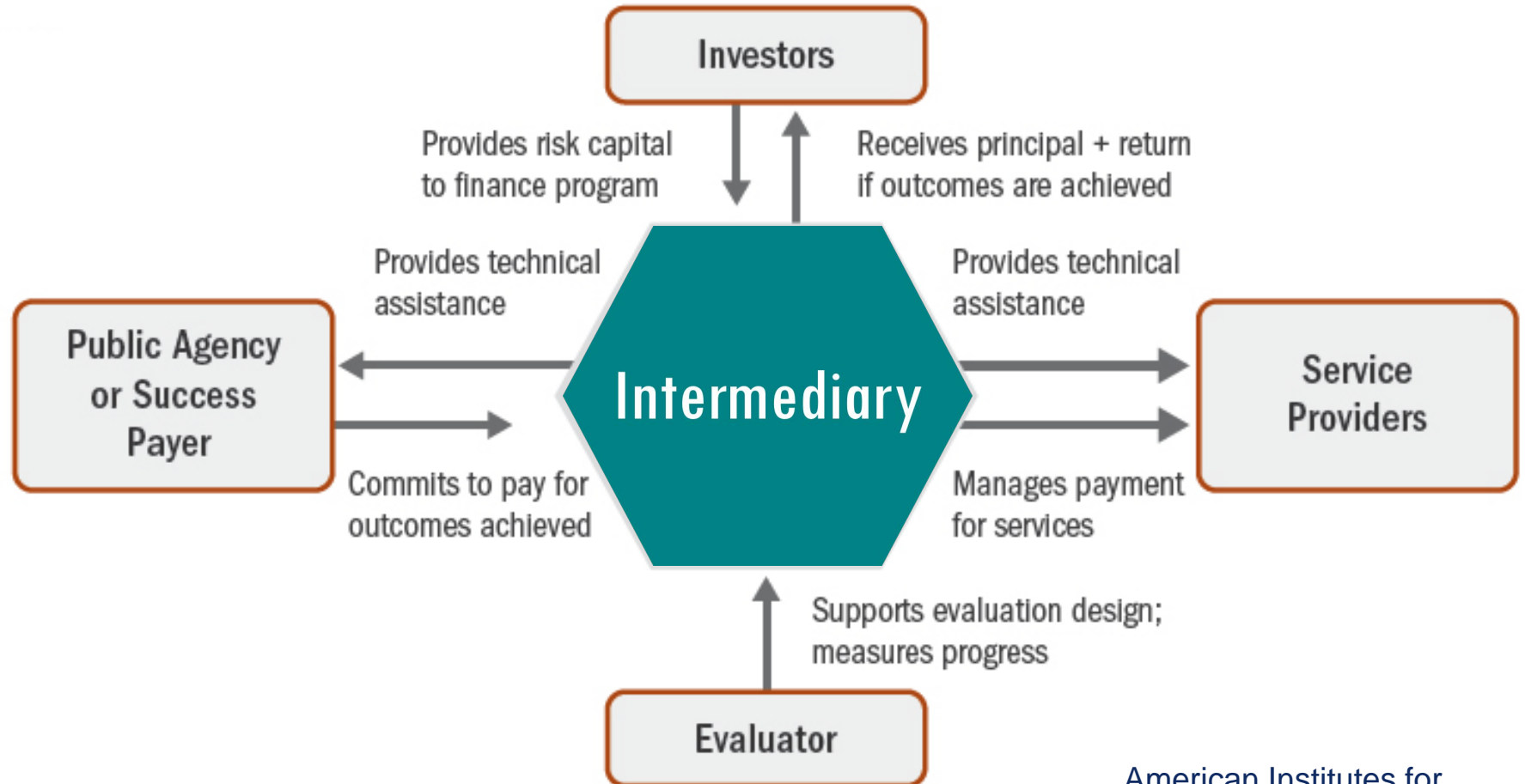
Raising More Money/ Benevon Model

- Intuitive
- Sustainable
- Continuous
- Multi-year giving base
- Mission-based
- Permission-based
- Organic

What is Pay for Success (PFS)/Social Impact Bonds?

PFS brings together investors with local, state, and federal government agencies to fund and improve education, health, and social services.

AIR, 2017



American Institutes for Research, 2017



Is a PFS initiative right for you?

Part 1: Practical Considerations

- Do you have the development time?
- Are you open to innovation and exploration?
- Do you have the leaders/champions?
- Is the state or federal government willing to re-think traditional contracting?
- Will government provide significant autonomy and leeway?
- Can you access budgetary, financial, and administrative data?

Part 2: Issue Considerations

- Has your social issue not improved with government-led interventions?
- Can you identify a public or private organization that would support an outcomes-based contract?
- Are there other methods or services that would better address your issue area?
- Is there a clearly defined target population?
- Is there a clear, measurable outcome that would have lasting, positive impact on that issue?
- Might the impact be evident in < 8 years?
- Do effective interventions that can achieve the outcome exist?
- Do local organizations have the capacity?



Framework for Aligning Budget & Sustainability Activities

Develop budget to support sustainability goals & objectives

- What will your vision for sustainability cost?
- What financial and non-financial resources will be required?

Understand and identify feasibility of different sustainability strategies



Considerations in Selecting & Evaluating Sustainability Activities

1. How much will the activity cost in dollars, time, effort?
2. How risky is it?
3. Can we lose money? How much?
4. Will it jeopardize other program income, relationships, goodwill, or internal commitment to other programs?
5. Does it fit our image and values?
6. Will it work in our community?
7. Do we have the skills?
8. Will the timing work?
9. Are people enthusiastic?
10. What are the potential benefits?



Example 1: UTEC - Innovative Use of Social Enterprise

“UTEC’s mission is to ignite and nurture the ambition of our most disconnected young people to trade violence and poverty for social and economic success. “

1. Excerpt from UTEC’s About Us Statement:

UTEC is a catalyst. We **think big** about what we can achieve. We continually **chip away**, demonstrating relentlessness in our pursuit of positive change. We **plant seeds of peace** and cultivate trust. We see **beyond the mask**, knowing there’s always more beneath the surface. We **ignite social justice**. And we **spark sustainability** – for our young people, our enterprises, and our physical environment.

2. UTEC’s Social Enterprise:

UTEC operate FOUR sustainable, revenue-generating social enterprises as designed to foster workforce development opportunities: **Mattress Recycling; Food Services; Woodworking; and Event Rentals.**



Example 2: The Care Center: Best Practice in Donor Cultivation

“The Care Center helps young mothers grasp how powerful they are, gives them the tools to learn, and provides them with an exciting and engaging learning environment.”

1. Excerpt from The Care Center’s “Our Approach” Statement:

Breaking barriers ... lifting spirits ... inspiring young women to excel intellectually and academically ... providing access to arts and culture ... supporting struggling young families as they move toward self-sufficiency ... shifting from a community dealing with the challenges of poverty to one that is a leader in innovative educational reform and community enhancement, developing a model that can be used across the country—this is the work of The Care Center.

2. The Care Center’s Donor Program:

Monthly point-of-entry events; diverse paths to engagement and participation; monthly giving club; annual celebration (graduation, fundraising, key note speakers; young mother speakers); > 300 attendees; Annual giving \$244,000 (15% of budget)



Final Thoughts: Keys to Sustainability

- Build Relationships
- Stay Connected
- Amplify Message
- Internal Message
- Protect the Core
- Stabilize leadership
- Planning and evaluation
- **Stay flexible and evolve!**

**THIS
MOMENT
IS AN
OPPORTUNITY**



Final Thoughts & Questions

- What sustainability strategies have been effective for your program?
- What two strategies do you think would be a good fit for your program and agency?



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