Multi-Year General Operating Support Program

Program Learning and Results Report (2021-2024)

FOUNDATION FOR COMMUNITY HEALTH

Executive Summary

Foundation for Community Health's Multi-Year General Operating Support Program was established to address a critical challenge in the nonprofit sector: the prevalence of restricted funding that prioritizes program delivery over organizational sustainability. By providing unrestricted, three-year funding to three rural organizations addressing social determinants of health, we aimed to enhance organizational resilience, effectiveness, and mission fulfillment.

Key Outcomes

Capacity Improvements: All three organizations reported improvements in overall organizational capacity (6-39% increase), with the most consistent gains in Financial Operations, Cultural Competence, and Client Engagement.

Goal Achievement: Organizations successfully implemented compensation increases, organizational restructuring, and strategic planning initiatives while maintaining flexibility to address unexpected challenges.

Key Insights

Revenue Diversity Shapes Culture: Organizations with more diverse revenue streams demonstrated greater agility and strategic vision in utilizing flexible funding. Those heavily dependent on restricted funding required more time to shift their thinking toward innovation and risk-taking.

Flexible Funding Impact: Unrestricted support enabled:

- Increased confidence to pursue bold initiatives like new program launches
- Enhanced adaptability during staffing challenges through innovative hiring and compensation approaches
- Critical reexamination of historical processes to improve efficiency

Trust-Based Philanthropy Works: Deeper foundation-grantee relationships developed through bi-annual check-ins and transparent communications, evidenced by increased comfort in discussing challenges and providing honest feedback.

Lessons Learned

1. **Organizational Effectiveness is Contextual:** Effectiveness must be defined individually for each organization based on their mission, context, and growth stage.
2. **Support Beyond Funding Matters:** Organizations benefited from assessment tools, regular check-ins, external consultants, and peer learning opportunities alongside financial resources.
3. **Cultural Transformation Takes Time:** The shift from restricted-funding thinking to strategic opportunism represents a significant cultural change that occurs gradually.

Our experience confirms that providing flexible, multi-year support enables nonprofits to address critical operational challenges, respond to changing community needs, and pursue strategic opportunities that might otherwise seem too risky. These findings will inform our approach to the 2025-2030 program as we continue our commitment to trust-based philanthropy practices that strengthen nonprofit capacity and resilience in rural communities.

Why We Created This Program

We created the Multi-Year General Operating Support Program in response to a fundamental challenge facing nonprofit organizations: the prevalence of restricted funding that focuses on program delivery rather than organizational health and sustainability. While program-specific grants serve important purposes, they often leave organizations with limited resources to invest in their infrastructure, staff development, and adaptive capacity.

The evidence increasingly shows that nonprofit organizations need unrestricted, multi-year funding to build resilience and effectiveness. When organizations have the flexibility to direct resources toward their most pressing needs—whether that's strengthening operations, investing in staff, improving systems, or testing new approaches—they can build stronger foundations for sustainable impact. Unrestricted funding allows organizations to think beyond immediate deliverables and invest in the underlying organizational capacities that enable all of their work.

By providing significant general operating support over three years, we aimed to create space for nonprofit partners to address critical internal needs that restricted funding typically doesn't cover. This approach, in part, represented our shift toward trust-based philanthropy—acknowledging that nonprofit leaders are best positioned to determine how resources should be allocated to strengthen their organizations and advance their missions. Rather than prescribing specific uses for the funds, we sought to provide the flexibility, stability, and breathing room that organizations need to focus on their long-term effectiveness and resilience.

Anticipated Outcomes

When designing this program, we anticipated several key outcomes:

1. Grantee partners would improve their ability to measure their effectiveness
2. Grantee partners would report an increased ability to meet their mission, as evidenced by their organizational outcomes and progress
3. Relationships between the foundation and grantee partners would become more transparent and trusting
4. Nonprofit partners would build organizational resiliency through programmatic work, operational health improvements, and enhanced impact

Learning Questions

To evaluate the program's impact and improve our philanthropic approach, we developed several learning questions:

1. To what extent does trust improve between the foundation and its grantees?
2. How can we better define and identify organizational effectiveness?
3. What tools do organizations need to better measure and meet their own indicators of success?
4. In what ways does flexible funding impact nonprofit effectiveness and resiliency?

Grantee Partners

Our 2021-2024 cohort consisted of Columbia County Community Healthcare Consortium, Community Action Partnership for Dutchess County, and North East Community Center through an invitation-only selection process. All three organizations address critical social determinants of health in FCH's New York towns, a historically under-resourced part of our service area, where community needs outpace available services.

Organizational Growth

Budget analysis shows mixed operational growth during the funding period:

- One organization grew by 90% from 2021 to 2023
- Another maintained relatively stable budget levels (slight decrease of 3%)
- The third organization experienced moderate growth of 23%

These varying growth trajectories reflect each organization's unique context, priorities, and opportunities during the funding period.

Organizational Self-Assessment Analysis

Throughout the grant period, organizational leadership completed self-assessments evaluating eight key functional areas using a 4-point scale. It's important to note that these assessments reflect each organization's perception of their own capacity, and that organizational health improvement is rarely linear.

Key Findings from Self-Assessments:

1. **Overall Capacity Growth:** All three organizations reported improvement in their overall organizational capacity from 2021 to 2023, with total score increases ranging from 6% to 39%. This suggests that multi-year general operating support contributed to perceived organizational strength.

2. **Common Growth Areas:** The most consistent improvements occurred in:

    - Financial Operations & Management
    - Cultural Competence
    - Fund Development (for two organizations)
    - Client/Constituent Engagement

3. **Persistent Challenges:** Despite focused attention, certain areas remained challenging:

    - Fund Development remained a significant challenge for one organization
    - Staff & Infrastructure presented ongoing challenges, with one organization reporting a decline in this area despite making it a priority

4. **Initial Strengths:** Board Governance was a relative strength across all organizations at the beginning of the grant period

5. **Functional Area Priorities:** The self-assessments revealed common priorities across the cohort:

    - All three organizations identified Staff & Infrastructure as a key area for improvement
    - Two organizations prioritized Diversity, Equity & Inclusion
    - Two organizations focused on Cultural Competence
    - All three emphasized Organizational Strategy & Adaptability

It's noteworthy that several organizations reported both improvements and challenges in the same functional areas throughout the grant period, illustrating the complex and non-linear nature of organizational growth. For example, an organization might report Staff & Infrastructure as both an improved area and a continued challenge, reflecting progress made while acknowledging ongoing work needed.

Goal Achievement

All three organizations pursued goals related to staff development, organizational structure, and strategic planning. The grant check-ins revealed that:

1. Each organization made meaningful progress on their identified organizational goals
2. Organizations successfully implemented compensation increases, organizational restructuring, and strategic planning initiatives
3. Partners leveraged the flexibility of the funding to respond to unexpected challenges, particularly related to staffing and program operations during uncertain times

Addressing Our Learning Questions

Our initial learning questions guided our approach throughout the three-year grant period. Here's what we discovered:

1. To what extent does trust improve between the foundation and its grantees?

Trust between the foundation and grantee partners deepened significantly through our bi-annual check-ins and the transparency of our approach. A qualitative analysis of grant check-in summaries during the three year period, revealed increased openness about challenges, including financial struggles, staffing issues, and programmatic setbacks—conversations that might have been avoided in traditional funder-grantee relationships.

One Executive Director provided direct feedback about foundation communications, suggesting that news of staff departures should come directly from leadership to maintain trust. This comfort in providing honest feedback demonstrates the strength of the relationship that developed. Another Executive Director noted they felt comfortable taking calculated risks because of the foundation's flexible funding approach.

2. How can we better define and identify organizational effectiveness?

Through this program, we've learned that organizational effectiveness must be defined individually for each organization based on their context, mission, and growth stage.

Effectiveness is multidimensional and better understood through a combination of:

- Progress on self-identified goals
- Improvements in self-assessed organizational capacity
- Ability to adapt to changing circumstances
- Success in pursuing mission-aligned opportunities
- Strategic realignment of programs and resources

Rather than a single definition, we see organizational effectiveness as a continuous process of alignment between mission, capacity, and community needs.

3. What tools do organizations need to better measure and meet their own indicators of success?

Our grantee partners benefited from a combination of assessment tools and supportive practices:

- The Organization Self-Assessment provided a framework for identifying strengths and growth areas
- External consultants helped organizations implement specific changes (e.g., LEAN process improvement, DEI training)

- Peer learning opportunities, through FCH's *Nonprofit Community of Practice* allowed organizations to share strategies and challenges

Beyond tools, organizations needed permission to set their own success metrics and adjust them as circumstances changed. For example, one organization shifted from measuring transportation program success by ridership growth to focusing on financial sustainability and service reliability.

4. In what ways does flexible funding impact nonprofit effectiveness and resiliency?

Flexible funding demonstrated multiple positive impacts on effectiveness and resiliency:

Risk tolerance: Organizations were willing to pursue new initiatives, like early childhood programs, because they had financial safety nets

Staffing adaptability: Partners could adjust compensation, create new positions, or restructure roles to address emerging needs

Crisis management: When faced with unexpected challenges (licensing delays, staff departures, facility issues), organizations could redirect resources without funder approval

Strategic opportunism: When community needs or opportunities emerged, organizations could quickly pivot, as seen in one partner taking on food pantry services from another organization

Perhaps most notably, flexible funding allowed organizations to think beyond immediate program needs and invest in their long-term organizational health, addressing fundamental infrastructure and systems that program-restricted grants rarely cover.

What We Learned

Throughout this three-year program, several key themes emerged from our work with grantee partners:

Confidence to Pursue Bold Initiatives

The presence of flexible funding empowered grantee partners to pursue mission-critical initiatives with greater confidence, as one nonprofit partner specifically credited the foundation's support in launching a new program despite significant challenges. One organization notably used the financial security provided by general operating support to launch an Early Learning Program despite significant start-up costs and licensing delays, stating they "would not have considered launching this program" without this support model.

Adapting Through Staffing Challenges

All three grantee partners demonstrated remarkable agility in navigating significant staffing transitions, developing innovative approaches to hiring, compensation, and role restructuring that built organizational resilience during difficult periods. Organizations experimented with new positions, hybrid work models, and improved benefits packages to maintain service quality while addressing workforce challenges.

Reexamining Historical Processes

Grantee partners discovered valuable opportunities to question and improve longstanding operational procedures, separating essential program requirements from historical processes to create more efficient service delivery systems. One organization's experience with a process consultant revealed they "could change things that they had initiated," allowing them to streamline application processes. Similarly, another partner's transportation program underwent significant restructuring based on new insights about capacity and efficiency.

Evolving Measurement of Success

Nonprofit partners evolved their definition of program success beyond simple expansion metrics to

embrace more holistic approaches that balanced growth with financial sustainability and operational efficiency. One grantee partner notably recognized that "staying within budget has not been a measure/indicator of success for the program" and needed to redefine success parameters for their transportation service. This shift in perspective was critical for long-term sustainability.

Key Insight: Revenue Diversity Shapes Organizational Culture

One of the most significant learnings from this program was how an organization's revenue diversity fundamentally shapes not just their financial stability, but their entire organizational culture, mindset, and capacity to utilize flexible funding.

Organizations with more diverse revenue streams demonstrated greater agility in leveraging unrestricted funding for innovation and risk-taking. This went beyond simple financial flexibility—it manifested as a distinct organizational mindset that could envision new possibilities and approaches. As one executive director reflected, it took time to "fall out of habit of bold thinking" after years of managing restricted funding, eventually realizing that initial thoughts about using the funds "were still within the 'bounds' of restricted funding."

Conversely, organizations heavily dependent on program-restricted grants or contracts had developed organizational cultures more focused on compliance and predetermined outcomes. These partners required more time to shift their thinking and develop the skills needed to maximize flexible funding opportunities.

This insight reveals that revenue diversity influences:

Organizational thinking: Organizations with diverse funding demonstrated broader strategic vision and comfort with experimentation

Risk tolerance: Partners with multiple revenue streams were quicker to pursue bold initiatives with uncertain outcomes

Skill development: Organizations accustomed to flexible funding had stronger capacity for strategic planning and resource allocation

Internal processes: Those with diverse revenue had developed systems for evaluating opportunities against mission rather than grant requirements

For foundations implementing similar programs, this suggests that organizations with less diverse funding may require additional support—not just financial resources, but also capacity building around strategic thinking, opportunity assessment, and change management—to fully leverage the benefits of unrestricted funding. The transformation from restricted-funding thinking to strategic opportunism represents a significant cultural shift that occurs gradually as organizations develop new muscles for decision-making and resource allocation.

Conclusion

The Multi-Year General Operating Support Program demonstrated that flexible, unrestricted funding enables organizations to address critical operational challenges, respond to changing community needs, and pursue strategic opportunities that might otherwise seem too risky. The organizational growth, functional improvements, and increased assessment scores across our partner organizations suggest that this approach effectively strengthens nonprofit capacity and resilience.

As we look toward future cohorts, we remain committed to trust-based philanthropy practices that empower our nonprofit partners to focus on their missions while building stronger, more adaptable organizations.