

**CASE STUDY**  
for philanthropy leaders

# How IU Health Foundation Strengthens the System's Community Impact Grants

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Sourcing strategic community health projects and pooling funding with partners

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# Table of contents

Overview . . . . . pg. 03

Approach . . . . . pg. 04

Element 1: Position the foundation as the  
quarterback of community impact grantmaking activities . . . . . pg. 05

Element 2: Require all proposals to include an employee  
nomination of a community organization partner. . . . . pg. 06

Element 3: Encourage pooled funding from partners  
and other donors . . . . . pg. 08

Element 4: Launch an interdepartmental committee  
to review incoming funding requests . . . . . pg. 09

Results . . . . . pg. 10

Related content . . . . . pg. 11

# Overview

## The challenge

The Indiana University (IU) Health Foundation manages grantmaking activities associated with IU Health's Community Impact Investment Fund ("community impact fund"), a \$100 million commitment to address the social determinants of health. To best serve organizational goals, the foundation needed to design a funding process that sourced strategically aligned projects and pooled additional financial commitments from other entities—program partners and donors.

## The organization

IU Health is the largest health care system in Indiana, encompassing 16 hospitals and 2,700 beds. In 2019, the IU Health Foundation employed 41 FTEs and raised nearly \$13 million.

## The approach

IU Health Foundation created a grant application and review process designed to fund initiatives in which community partners help advance IU Health's goals. The grantmaking infrastructure also encourages community partners and other funders to commit additional financial resources to the proposed initiatives.

## The result

In 2019<sup>1</sup>, IU Health Foundation granted over \$4.2 million via the community impact fund to four partner organizations. The IU Health Foundation leveraged grant funds for one of these four projects to raise an additional \$1+ million from funding partners, supporting the cost of the entire project over three years. The other three projects secured additional philanthropic support independently, which factored into the grantmaking decisions, as they demonstrated to reviewers that the programs are sustainable.

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**\$1M**

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Matching partner investment that helped form a 24-hour crisis diversion center

1. In response to impacts from the coronavirus pandemic, IU Health immediately invested \$500,000 to community organizations responding to urgent community needs. The foundation will distribute the remaining \$3-4 million in early 2021.

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# Approach

## Leveraging a community impact fund to encourage partner investment in community health programs

A \$100 million system-funded Community Impact Investment Fund is administered by the IU Health Foundation. The fund invests in community health programs in line with the system's overall goal to turn Indiana into one of the healthiest states within 10 years. This publication details the foundation's approach to sourcing projects and partners that extend the value of IU Health's own financial contribution.

### The four elements

**01** Position the foundation as the quarterback of community impact grantmaking activities

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**02** Require all proposals to include an employee nomination of a community organization partner

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**03** Encourage pooled funding from partners and other donors

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**04** Launch an interdepartmental committee to review incoming funding requests

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# 01 Position the foundation as the quarterback of community impact grantmaking activities

In 2018, IU Health committed \$100 million of its own resources to establish a Community Impact Investment Fund. The stated goal of the fund is to address critical health issues affecting the state of Indiana outside of the system's "four walls." The system made a strategic decision to appoint the IU Health Foundation as administrator of the fund, given its deep expertise in fund management, project selection, and fund distribution.

The foundation acts as more than just a financial passthrough. Instead, it's a partner with the health system that organizes the internal grant review process. The foundation actively manages proposal opportunities and directs impactful investments in line with system objectives.

Each year, approximately \$4 million in funds are made available to award grants to IU Health business units, which subgrant to—and collaborate with—partner organizations on community health initiatives.

Grants are directed to develop strategies in four broad areas:

- healthy living
- educational attainment
- workforce development
- place-based solutions to improve neighborhoods and alleviate poverty

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**\$4M**

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Typical Community Impact Investment Funds available each year

# 02 Require all proposals to include an employee nomination of a community organization partner

The sizeable community impact fund provides IU Health with the ability to make impactful investments, but it does not explicitly tell the organization where to make those investments. IU Health Foundation needed a mechanism to source projects that aligned with systemwide goals, advanced local needs, and held the promise of additional donor investment.

To discover these opportunities, IU Health Foundation administers an internal application process in which system employees nominate projects—and external partners—for funding. This process ensures that funds are initially granted internally to IU Health business units, and then sub-granted to community partners.

The employee nomination is important for several reasons. First, it provides an initial validation of the potential partner's ability to execute a strategy with IU Health. Second, it establishes the employee as an accountability partner and an advocate for the partner's contribution to the program, should it receive funding.

To source potential investment opportunities, the foundation casts a wide net for proposals by opening the grant application process through an internal, system-wide employee notification. Individual business unit leaders and regional leaders are typically involved in the most successful funding requests.



## 2. REQUIRE ALL PROPOSALS TO INCLUDE AN EMPLOYEE NOMINATION OF A COMMUNITY ORGANIZATION PARTNER

The IU Health Foundation performs an initial sort of submissions to identify programs most in line with IU Health's community health objectives. Employee submissions that are aligned with system objectives have the opportunity to move on to further review.

### Un-nominated external submissions

Occasionally, external organizations express interest in grant funding but are missing the employee nomination requirement. After the foundation carefully explains the employee nomination prerequisite, it will hold an introductory call with the organization. The foundation will try to better understand the scope of the request and attempt to match the organization with internal leaders for a potential funding nomination.



Pooled funding and/or co-funding opportunities with other funders and donors – leveraging our CII funds – not only contributes to our fundraising success but increases project sustainability. Right from the start, the project is drawing multiple sources of funding.

**Jami Marsh, Executive Director, Philanthropic Strategy**  
IU Health Foundation

# 03 Encourage pooled funding from partners and other donors

IU Health Foundation's selection process is designed to amplify the system's financial impact by encouraging pooled funding from partners and other donors. The foundation encourages applicants to identify the financial commitments by program partner organizations, as well as third-party donors who are also keen to invest in the project. The foundation prioritizes applications that can demonstrate a range of additional financial commitments to the initiative.

In 2020, the foundation started to give itself more room to proactively seek funding partners by adding a letter of inquiry step to the process. By previewing funding requests ahead of a formal application, the foundation is able to conduct due diligence with other donors and partners to better understand pooled funding opportunities.

The foundation expects its grantmaking position to attract other donors, who increasingly recognize the importance of supporting collaborative approaches related to social determinants of health. Most notably, IU Health Foundation currently offers a 1:1 donation matching opportunity for new gifts made by individuals who give over \$25,000.

The foundation's ability to leverage investments made by the health system into additional funding commitments by partner organizations and donors represents one of its most valuable contributions to the institution's overall community health strategy.



# 04 Launch an interdepartmental committee to review incoming funding requests

While an employee nomination and pooled funding are critical for proposals to qualify for funding, they are not sufficient. A thorough review process for the proposals is a necessary component of the overall grantmaking infrastructure. The foundation formed an interdepartmental committee to review each funding request. The committee is made up of representatives from community health, government/community affairs, finance, and the foundation. The committee's broad system representation ensures that selected proposals are aligned to institutional goals.

The committee meets at least five times over several months to review grant proposals. Each proposal is evaluated using a scoring rubric that assigns appropriate weight to certain variables deemed most important.

## Key factors considered by the committee include:

1. Capabilities of community health partners
2. Sustainability of the program beyond the funding time horizon (typically three years)
3. Project feasibility (likelihood project can be carried out successfully)
4. Expected community impact from project

# Results

**IU Health's goal to improve the collective health of its community is progressing.**

The IU Health Foundation implemented a funding process that sources strategically aligned community health projects and encourages pooled funding by external partners. Its process has contributed to a growing portfolio of impactful investments.

**A snapshot of 2019:**

**\$4.2M** Community impact investment funds granted by IU Health Foundation

**4** Community organization partners receiving funds





**\$1M+** Pooled funds committed by external community partners and donors

## **Pandemic response**

In response to impacts from the coronavirus pandemic, IU Health and IU Health Foundation pivoted from the traditional grant application process for the 2020 grant award year, immediately investing \$500,000 to community organizations responding to urgent community needs. The foundation will distribute the remaining \$3-4 million in early 2021 as communities continue to meet the health and economic challenges resulting from the pandemic.

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