

2003 Annual Report on the Missouri Foundation for Health
From
The Community Advisory Committee
Approved March 2, 2004

This report is issued in fulfillment of an obligation stated in the bylaws as follows: *"The Community Advisory Committee shall be responsible for advising the Board on no less than an annual basis as to the efficacy of the Foundation's programs from the communities' perspectives as well as the communities' priorities for future efforts of the foundation..."* (Section 5.1.7, MFH Bylaws)

SUMMARY:

In 2003 the Missouri Foundation for Health matured into a fully functioning foundation. Among its accomplishments:

- It gained broad, positive public recognition through its grant making and community functions;
- Increased the expenditure of grants, program-related contracts , and operational costs slightly over the full yearly legal obligation of 5% of assets or about \$46.9 million;
- Awarded 139 grants valued at \$37.1 million to nonprofit agencies for valuable programs across the service area;
- Continued building a talented, hard-working, and diverse staff;
- Started building a reputation for special knowledge of health issues through the publication of several pointed and informative reports about health care in Missouri;
- Initiated a network of health providers and policy advocates who are potential allies in future policy initiatives;
- Made and established contacts with other national foundations;
- Its Board of Directors has shown itself to be hard working, talented, and engaged;
- The web site has matured in 2003 and become the principal means of communicating with the public and showcasing MFH publications, meetings, events, and other products;
- All Community Advisory Committee positions were fully appointed after the attrition of over half its members due to various causes;
- Positive steps on building a public policy capacity -- planning infrastructure development, publications, grants and meetings -- have been undertaken;
- Consummated a strategic planning process that projects appropriate future directions for the foundation.
- Conflict broke out between the Board of Directors and CAC in 2003 over the roles and responsibilities of each entity, nominations, and proposed bylaws changes.

In general the foundation has evolved admirably, deserved the confidence of its volunteer leaders and public, and holds the potential to be a significant influence on health care outcomes in Missouri in the future.

PROBLEMS/CONCERNS

The most significant problem in the past year was increased tension between the Board of Directors (BoD) and the Community Advisory Committee (CAC) made manifest in the CAC's nomination of 15 persons to fill five vacant positions on the BoD. The fifteen did not include two incumbent members of the BoD who were held in high esteem by other BoD members. Tension also rose over BoD - recommended bylaws changes impacting CAC but disapproved by it.

Other potential areas of concern:

- Although it may be premature to formally evaluate current grant awards, partial evaluation of projects is ongoing through quarterly reports of grantees and occasional visits by staff. Planning is underway for formal evaluations to ensure that grants are on target to achieve the optimum impact on the health of target populations. Although the CAC has resolved that each member will visit at least one project per year, that commitment has not yet materialized.
- More on evaluations: The BoD should similarly scrutinize contracts and other expenditures that are not vetted through the Programs and Grants Committee for their impact on the target populations.
- Input on health concerns directly from target populations is still a weakness in community input into the foundation. A proposal from CAC to address this issue is pending. The CAC should be more aggressive in searching out qualified candidates from that population. One applicant in 2003 was generally eligible for nomination, but CAC members recommended that the Attorney General consider her for a next vacancy on the CAC rather than the Board in order to provide more experience with the foundation before considering her again for nomination to the BoD.
- MFH is still ramping up its public policy activities, but they are still in early stages and have yet to establish a permanent presence in Jefferson City. The CAC urges that it be fully operationalized by the next annual meeting in 2004. A BoD committee to oversee policy activities is planned should be established in 2004.
- The loss of public funding for health services for underserved populations is a chronic pressure on MFH to supplant lost public funds. Despite a core value to not supplant lost public funding, a few of its grant awards obviously do just that. The bending to such pressure is understandable from a human need perspective, but it is a role impossible to fill. If MFH

deems a certain health program worthy of support despite the seeming contradiction with its core value, then it might temporarily fund that program, but insist upon, and even help fund or organize, an advocacy component to help the agencies involved to restore public funding. If the agencies involved do not have the capacity to advocate for themselves, then MFH's own public policy capacity might be deployed to help the agencies build an advocacy component.

DETAILS:

1. Public image: In 2003 MFH held nine public forums throughout the state, a statewide conference for advocates and health providers, issued two significant reports on Missouri health issues, awarded 139 grants totaling over \$37.1 million dollars, and participated with the Robert Wood Johnson Foundation in a health policy awareness promotion in the St. Louis area. Each of these activities was marketed by staff to statewide and/or regional media as appropriate, and the widespread coverage can only be considered overwhelmingly positive. So it appears that MFH's public image is well-launched and relatively high profile.

One has to observe, however, that a high profile, positive image carries ongoing, high expectations and responsibilities for continued high performance. It confers a certain amount of authority on the foundation on health issues. If public expectations are high, so is the potential for public disappointment and opposition. The foundation should certainly deliberate and plan how it might handle unforeseen, embarrassing situations or public opposition to principled positions that it might take on important policy issues.

Potentially embarrassing situations are: grantees misusing grant funds; the appearance of insider decision-making in the awarding of grants, contracts, or investments; conflicts of interest by volunteer leaders or staff; internal conflict among foundation leaders; regions or the target area not well-served or represented; and others.

We note, for example, in the release of the report, *A Universal Health Care Plan for Missouri*, that the executive director of the Missouri Insurance Coalition was quoted as calling the findings of the report "a pipe dream". This mild remonstrance was a first hint of negative attention and opposition from one of the most powerful political forces in the state. They will surely be paying more attention to MFH in the future because of its assets and potential for impacting their industry. MFH would be wise to be prepared.

2. Grants: 2003 was the first full year of grant making. 139 were awarded amounting to \$37.1 million. About 700 proposals were submitted; Over 400 were rejected by the Program and Grants Committee, and 181 were not accepted for

processing because they were not consistent with MFH criteria. Major areas funded included dental care, chronic disease management, infrastructure, outreach/health promotion, mental health, and domestic violence/child abuse.

Thus, processing of grants, initially by staff, and subsequently by the volunteer Programs and Grants Committee and then the Board is a major activity of the foundation consuming staff and volunteer time and resources.

Since its inception in 2002, the grant-making process has been increasingly refined and routinized. The process begins with staff reviewing and clarifying submitted proposals and then the Program & Grants Committee, consisting of volunteers, performing a second review based on information and analysis provided by staff. In its early stages there was more disagreement between staff and volunteer recommendations, but the differences are narrowing. A clear sign of progress in the grant review process is the increasing agreement between staff and volunteers, about 85% in agreement on average.

The awarding of grants is still too recent to permit a meaningful evaluation of them. But there are quarterly reports coming in. Staff has visited some projects to gain personal insight. The foundation is working with outside consultants to evaluate projects when the time is ripe. The strategic plan has recognized the importance of evaluation and has outlined steps for addressing it. A contract has been issued to the Center for Effective Philanthropy to survey grantees about foundation operations. So all-in-all, an evaluation process is on the road.

A caution on grant making is deserved. The foundation is a great target of opportunity for creative proposal writing in universities and others of the health establishment. Indeed success at gaining generous grants can be building blocks or obstacles to successful careers in the health care establishment. The challenge to the foundation is whether such grants actually improve access and health to the most vulnerable populations more than they build careers and institutions. While most grants awarded appear to be on target, it is not clear that all are. It should be noted that steps have already been taken to limit the number of simultaneous reviews and total awards to large entities.

3. Staff: It is hard to feel anything but positive about the staff currently on board. They appear qualified, dedicated, and hard working. Their diversity also helps one feel that they represent the world and not just the favored majority.

Because of its rich asset base along with the unusual obligation to serve the most underserved population, the Foundation has a higher obligation and profile than most other foundations. It should continue to guard against any appearance of overstaffing, excessive salaries, and elitism. While it appears that its personnel

policies are in line with normative foundation practices around the country, we note that its program officer positions require a master's degree. That appears to be a rigid requirement that would exclude many talented people, including many grantees, or even those serving in leadership positions on the Board and CAC.

For future hiring or appointments to volunteer leadership positions the Foundation should allow meaningful experience as an alternative to academic credentials and consider ways to identify talented individuals from its target population whose personal experience may compensate for the lack of academic credentials.

It is also apparent that the creative ideas from Board and CAC members create both hiring pressures to perform more-and-more sophisticated work and stewardship pressures to maintain modest staff resources. Both entities should be aware of the cost of good ideas.

We note that in the Strategic Planning document on SWOT (strengths, weaknesses, opportunities, threats) that there were a very few references to "racial tension on both Board and staff level" and "conflicts of interest by staff and Board". We also note that the draft strategic plan did not list objectives to address these complaints, implying that the Strategic Planning Committee may have considered them but given them no weight. By mentioning the complaints, we do not claim to know of their validity but only wish to make sure that Board and management stay alert to potential difficulties. The fact that they were mentioned means that someone in volunteer leadership or staff thought that they observed problems. A serious complaint always starts with the first words spoken. So the lack of volume does not mean that they should be ignored.

4. Special knowledge of health issues: The Foundation issued two major reports: *Health Care Expenditures & Insurance in Missouri* and *A Universal Health Care Plan for Missouri* both prepared by Kenneth E. Thorp, Emory University. Both reports were issued to the state's media and were widely covered, mostly positively, around the state.

In addition to the above, staff prepared a number of other internal reports which helped guide grant making decisions. These included: *Health Care in the Criminal Justice System*, *Examining the Loss of State Funding for Family Planning Services*, *Health Promotion for Youth* and others which inform the rational allocation of grants and the interested public about challenges and opportunities in the health system and guide the Foundation toward data driven programs decisions.

5. Coalition Building: In 2002 and 2003 the Foundation held 17 public forums around the state and in November 2003 organized a statewide conference for health policy advocates and key providers. These forums and conferences have raised the visibility of the Foundation, and built potential constituencies and coalitions for future common policy goals. The Foundation deserves praise for such efforts. They have the potential for unifying a diverse and territorial health advocacy constituency toward common goals.

All Board and CAC members should attend at least one public forum per year. According to records six members of the Board have never attended a public forum. Six members of CAC have never attended. While the information attainable from these forums can be gotten from reading reports of the forums, they do not substitute for the personal contact, relationship-building, and feelings that are expressed at these forums

6. Community Advisory Committee (CAC): In its first three years the CAC experienced the loss of seven of its 13 members because of departure from the service area, career changes, etc. Seven new members and six incumbent members were appointed in June 2003.

The attrition of members increased the burden on remaining CAC members during the period of vacancy and brought a majority of new members on board at a crucial moment: the beginning of the nominations process for 2004 board positions. To avoid future similar problems the CAC supported a recommendation for a bylaws change that would stagger the terms of CAC members.

Differences between the Board and CAC members arose over the 2004 Board nominations when two experienced incumbents were not renominated. The causes of the differences are complex, and the CAC and new Board leaders should strive to reconcile them as soon as possible for the good of the foundation.

The concept of a Community Advisory Committee with authority to impact Board composition and review Board actions is an unusual organizational feature of this and other conversion foundations around the country. Because it is an untraditional departure from normal corporate governance, the tensions might be seen as inevitable until the two entities get accustomed to their roles and relationships.

[Note: While this report is about the 2003 program year, it is important to point out that the BoD completed its election of new Board members two months after the December annual meeting and after threatened action by the Attorney General and after the dispute

broke into the press. This near miss of damaging public conflict dramatizes the importance of the new BoD leaders and CAC reconciling their roles and relationships for the good of the foundation.]

CONCLUSION:

By any measure the Foundation has had a praiseworthy year in terms of its awarding of grants for health needs of underserved populations, the raising of its credibility and public image, and increase in assets. There is no organization without problems and challenges, but, with the exception of the internal dispute between the BoD and CAC, those are unarguably small in proportion to the successes and progress the Foundation has made.