national committee for responsive philanthropy

Giving at Work
2003

A survey by the National Committee for Responsive Philanthropy
And the National Alliance for Choice in Giving

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Giving at Work 2003

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About NCRP: Founded in 1976, the National Committee for Responsive Philanthropy is dedicated to helping the philanthropic community advance the traditional values of social and economic justice for all Americans. Committed to helping funders more effectively serve the most disadvantaged American families, NCRP is a national watchdog, research and advocacy organization that promotes public accountability and accessibility among foundations, corporate grant makers, individual donors and workplace-giving programs. To obtain more information about NCRP or to join, please visit www.ncrp.org or call (202) 387-9177.

About NACG: The mission of the National Alliance for Choice in Giving is to build the capacity of local and statewide federations that seek to support their nonprofit members through workplace fundraising. NACG represents 52 federations in 33 states that raise and distribute funding for social and economic justice, the environment, human rights and peace. For more information about NACG please visit www.choiceingiving.org or call (207) 761-1110.

Executive Summary

The growth of alternative funds (AFs) over the last six years has been remarkable. No longer a fringe movement, these funds are now a key player in the field of workplace giving, and their practices and principles are already affecting the industry. There is still room for improvement, however, particularly in how these funds are received by their more traditional counterparts. For any of them to succeed, the field must take steps to restore and build trust among each other and the public.

STATISTICAL FINDINGS

- Alternative funds were pledged more than $222 million by individual donors in 2001, an increase of 36 percent over pledges in 1996. During the same time period, fundraising within the United Way system among individual donors increased by 24 percent.
- United Way support from traditional workplace donors (those giving less than $1,000 annually) grew 0.46 percent between 1996 and 2001, and fell by 9 percent between 1991 and 2001.
- United Way growth for 1991-2001 among high-net-worth donors giving "Leadership" grants ($1,000 - $10,000) was up 218 percent, and funding for "Major" gifts ($10,000 or more) was up 418 percent.
- In 2001, for the first time in the history of the United Way, more than half of all its support came from Leadership, Major and direct corporate gifts.
- Alternative funds have made gains in the provision of campaign-management services to large and small workplace campaigns.
- The participation rate of employees in workplace campaigns—where there is one—is 35 percent, and only 25 percent of the American public work in companies with workplace giving campaigns.
- The bottom fifth of households with positive net worths make annual charitable contributions equal to about 13 percent of their household wealth. On average, households with greater net worth gave less than one percent; the top fifth gave less than 0.4 percent of their wealth to charity every year.

QUALITATIVE FINDINGS

- **Aggregating funds through workplace giving adds value.** While workplace giving constitutes only a little more than 2 percent of annual charitable contributions, workplace funds "bundle" individual charitable donations from working people, creating cumulative size and leverage that their individual checks do not command.
- **Alternative funds support new issue areas.** Alternative funds provide funding in areas not supported by traditional workplace giving campaigns, most notably social action and organizing, and tend to support community-based, grassroots organizations.
- **Structural differences distinguish alternative funds.** Alternative funds differentiate themselves from the more traditional model in their commitment to donor choice, transparency at all levels of the operation and responsiveness to the communities they serve.
- **Competition in the industry has begun to transform traditional models.** Longtime players in the workplace-giving field have taken note of the growing appeal of alternative funds and are slowly taking steps to match some of the elements seen as appealing, such as offering donor choice, observing open accounting practices and supporting advocacy organizations. These changes are by no means industry-wide, however, nor are they taking place with any significant speed.
- **A wide range of workplaces are becoming more receptive to alternative funds and their principles.** Far from being relegated to small businesses and typically progressive industries, alternative funds are making inroads in industry, business and the public sector. Alternative funds are also being called on more and more to manage workplace campaigns, as well as participate in them.

- **No single model is being used everywhere, but some key factors contribute to success.** Allowing donors to choose where their money goes, involving employees in the campaign and establishing trust through accurate reporting are among the common attributes of successful workplace campaigns.

- **Federations of funds are helping define the philanthropic community.** A handful of key federations, among them Black United Funds, women's federations and funds, social action federations and environmental federations, are enriching and re-creating workplace giving by establishing a mechanism to provide vital stability and support within their fields.

- **Many charities that have been excluded from traditional campaigns have received support from alternative funds and now rely on that support.** Charities that are members of alternative funds have missions that range from broadly pursuing social justice to addressing such immediate needs as finding a place for homeless men and women to sleep at night. Because they appeal to specific constituencies that have often been excluded from efforts to address the issues that matter to them, they frequently have tighter ties to their communities and a naturally strong base of support.

RECOMMENDATIONS

- **Workplaces should support the continued growth of alternative funds.** The success of these funds indicates that they are meeting a need that had previously gone unmet by the traditional model. Since donors clearly support these funds, employers should welcome them into the workplace.

- **Problems within long-standing institutions in the field should not reflect on the recipient charities.** These organizations do outstanding work in their communities and should receive continued support. Longstanding players in the workplace-giving field should be held accountable, but not at the expense of the groups they support.

- **Accounting practices should be transparent and uniform.** In order to earn the trust of donors and employers, and to reflect positively on grantees, accounting practices should accurately reflect the flow of dollars, and efforts should be made to maximize the amount of funds that reach charities and minimize the administrative costs of the funds.

- **All funds should recognize the value of their counterparts and should allow the playing field for entry into workplaces to be as level and competitive as possible.** A competitive environment where all workplaces are potential markets for all funds and federations—both as participants and as managers—is the best way to ensure that everyone adheres to the principles recommended in this report, and that the widest possible range of charities can continue their work, in turn supporting the greatest number of citizens in need.

1. Introduction

NCRP last reported on workplace giving in 1997. No one could have imagined the political or economic changes that would occur over the next six years in the United States, or their effect on philanthropy. The need for creative and aggressive solutions to poverty, injustice and social divisions has perhaps never been greater, and the burden for finding and implementing those solutions is increasingly falling on nonprofit organizations.

With resources that don't even come close to meeting the need, many local organizations have risen to the challenge admirably, providing examples of change and collaboration that serve as models for efforts nationwide. Less visible has been a growing movement that is providing critical resources to these organizations, resources that otherwise would likely not come and without which many of these groups simply might not survive.

The more than 200 alternative funds in the U.S. raised more than $222 million in 2001, nearly 36 percent more than in 1996. That their growth rate far outpaces that of traditional workplace giving models is a testament to the growing appeal of this movement. That these funds accounted for more than 11 percent of all dollars raised from traditional donors through workplace fundraising in 2001, and that this is almost double the rate recorded just 10 years ago, is further proof that these funds are meeting a need that had gone unmet, and have developed a base on which to continue to grow.

This report serves not only to look at the numbers attesting to the success of these funds—though it does that in the first chapter—but also to look at the workplace-giving field as a whole and how it is being transformed by alternative funds.

To explain the remarkable growth of these organizations, we look at the role alternative funds play in workplace charity. Providing choice to donors and providing funding to groups that unabashedly advocate social justice and organize communities are two of the hallmarks of these groups. Transparency and responsiveness to the communities they serve have also become critical traits for successful funds.

Next we examine the history of workplace giving and the cycles the field has gone through, particularly the transition away from competition and toward consolidated giving, and then more recently back to a more competitive model with a range of players. Major players in the industry have come under greater scrutiny in recent years, and much of what has been discovered has led many donors to demand greater accountability and control over these funds—demands that newer and smaller funds are eager to meet, and to which larger and more established institutions are having a more difficult time adjusting.

The issue of access to workplaces is critical, and alternative funds have made significant headway in developing relationships and campaigns within major corporations and public agencies. While each fund has its own unique way of reaching out to workplaces, we highlight some of the key traits of successful campaigns and profile several.

There are as many stories of success as there are funds, and at least as many tales of obstacles overcome. The handful of profiles of funds and fund leaders provided in this report is but a small sampling of those stories. The examples of Black United Funds, women's federations, social action federations, environmental federations and others illustrate the challenges these groups face, the needs they meet and the power they are building. Profiles of individuals who run some of these funds further demonstrate the commitment and energy that goes into this type of work, as well as the rewards. Finally, we look at some of the groups that rely on alternative funds for their support.

Alternative funds are meeting a need that had gone unmet, and have developed a base on which to continue to grow.

The traditional model of workplace giving and the institutions that have created the industry have been tremendously successful in supporting organizations that provide outstanding services and meet many critical needs. As with any industry, however, there are structural limitations to what a single model can accomplish, and recent quantitative data and qualitative trends indicate that those limitations may be close at hand. The need continues, to be sure, but the need for a new model that can go beyond the traditional one and grow along side it, that can support the kind of advocacy and organizing to bring about the significant systemic change that is needed, is more apparent than ever. Alternative funds have hit the ground running to meet that need. This report is the latest chapter of their story.

2. Trends in Workplace Charitable Giving 1996–2001

Donors in workplaces across the United States pledged more than $222 million to alternative funds and federations in the fall 2001 giving campaign, a 35.72 percent increase over 1996 results, according to a survey NCRP and the National Alliance for Choice in Giving (NACG) recently conducted, examining 191 alternative funds.[1]

This growth rate outstrips the 0.46 percent growth rate United Ways experienced among traditional workplace donors (those giving $1,000 or less) during the same period.

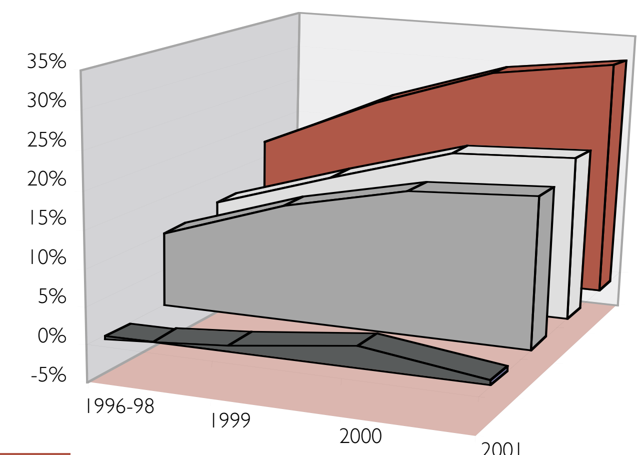
The growth experienced by alternative funds also exceeds United Way growth both for all individual giving—a combination of traditional campaign gifts and leadership and major gift efforts, which grew by 23.68 percent—and for overall gifts to the United Way, which grew by 21.58 percent. The latter figure includes direct corporate support.

Alternative funds outperformed the United Way not only over the five years studied but in each individual year of that period as well (see Table One).

TABLE ONE: Alternative Fund and United Way Growth 1996–2001

	Alternative Fund Growth	**United Way[2] Growth** Traditional Donors[3]	All Workplace and Individual Gifts[4]	All Fundraising
1996–1998	17.09%	-0.50%	11.18%	10.13%
1999	7.42%	1.29%	5.22%	5.37%
2000	5.58%	2.02%	4.85%	3.79%
2001	2.2%	-2.30%	0.84%	0.9%
Increase 1996–2001	35.72%	0.46%	23.68%	21.58%

GRAPH ONE: Alternative Fund and United Way Growth 1996–2001



Alternative Funds Generate 11 Percent of Workplace Donations

Alternative funds accounted for 11.15 percent of all dollars raised from traditional donors through workplace fundraising in 2001,[5] with pledges of almost $222.3 million. This is a 73.7 percent increase from the $128 million pledged by donors to alternative funds in 1991, when they received 6.2 percent of traditional workplace donations. The alternative fund share of all workplace giving—including United Way leadership and major gift pledges—was 7.2 percent in 2000 and 5.4 percent in 1991 (see Table Two).

United Way Growth Fueled by Wealthiest Donors

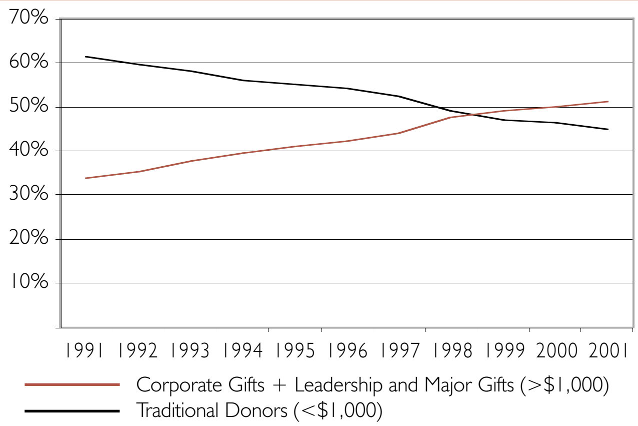
While the United Way has enjoyed gains in its leadership and major gift categories, another important story has received much less attention. United Way support from donors who give less than $1,000—the historic heart and soul of workplace giving cam-

TABLE TWO: Alternative Fund and United Way Share of Workplace Fundraising Market in 1991 and 2001[6]

	Alternative fund and United Way Pledges from Individuals (less than $1,000)	Alternative Funds Percent of Total	United Way Percent of Total	Alternative Fund and United Way Pledges from Individuals, Including United Way Major Gifts (>$1,000)	Alternative Funds Percent of Total	United Way Percent of Total
1991	$2,076,887,447	6.17%	93.83%	$2,374,107,231	5.40%	94.60%
2001	$1,993,574,354	11.15%	88.85%	$3,103,574,354	7.16%	92.84%

paigns—fell 9.09 percent from 1991 to 2001. United Way contributions from average donors crept up a marginal 0.46 percent from 1996 to 2001, but they have yet to return to the levels of the 1991 campaign that immediately preceded the Aramony scandal.[7]

GRAPH TWO: Types of United Way Contributions as a Percent of Total Contributions



From 1991 to 2001, United Way growth was concentrated in three other categories:

- Corporate gifts, which grew by 17.7 percent;
- Leadership gifts (individual gifts from $1,000 to $10,000), which are up 218 percent; and
- Major gifts ($10,000 or more) from individuals, which are up a whopping 418 percent.

Clearly, United Way fundraising patterns have experienced a dramatic shift as support from average donors declined and support from the wealthiest donors grew. In 1991, gifts from traditional workplace donors (those giving less than $1,000) generated 61.48 percent of all money raised by United Ways, while leadership and major gifts represented only 9.38 percent of United Ways' total. In 2001, gifts from traditional donors had shrunk to 44.9 percent of the total, while leadership and major gifts had grown to represent 28.10 percent of all giving to United Ways (see Table Three).

Corporate gifts and leadership/major gifts combined now net more for United Ways (51.14 percent) than do the gifts of individuals who give less than $1,000 each (44.86 percent). This compares with 33.76 percent and 61.48 percent respectively in 1991.

TABLE THREE: United Way Contributions[8] by Gift Category[9]

	1991	2001
Corporate Giving	24.39%	23.04%
Leadership and Major Gifts	9.38%	28.10%
Traditional Workplace Campaign	61.48%	44.86%

HEALTH-FUND MERGER REDUCES NUMBER OF ALTERNATIVE FUNDS

Growth has been a constant feature of the alternative fund movement since its inception, in the 1970s. This growth has been reflected by significant gains in dollars raised and by an increase in the number and types of workplace funds and federations. Development of new alternative funds exploded in the years following the 1988 opening of the Combined Federal Campaign. In 1987 there were three national federations and 82 local federations; by 1997 there were 19 national and more than 190 local federations (see Table Four).

Although new federations have continued to be created over the last five years, the pace of creation has slowed. Despite the new federations, there has been a slight decrease in the total number of local workplace funds and federations. Some of this decrease is the result of closing of funds that did not take hold and thrive. There have also been at least two instances of established federations ceasing operations.

But as Table Four shows, the decrease can mainly be attributed to the 1998 merger of National Voluntary Health Agencies and the Combined Health Appeal to form Community Health Charities. This consolidation decreased by 15 the number of local health funds—more than the overall decline in alternative funds since 1997.

Factoring this "loss" of 15 local health funds into the picture makes it possible to say that although the rate of development of new funds and federations has slowed, the number of workplace funds and federations continues to grow.

TABLE FOUR: Number of Alternative Funds

	1987	1990	1994	1997	2001
National Funds	3	9	15	19	23
Local Funds					
Black United Funds	10	12	18	21	16
Environmental Funds	2	4	17	19	19
Social Action Funds	19	30	38	44	49
Women's Funds	2	7	6	8	6
National Voluntary Health Agencies (a)	18	19	18	22	-
Combined Health Appeal	20	29	37	33	-
Community Health Charities (b)					40
United Arts Funds (c)	11	22	34	34	40
Other Local Federations (d)	?	2	?	8	8
TOTAL	85	134	183	208	201

(a) Only those NVHA chapters that solicited state or local contributions.
(b) NVHA merged into CHA in 1998 to form Community Health Charities.
(c) Only those Arts Funds soliciting employee contributions at the workplace.
(d) Local federations that are not affiliated with a national organization, or that do not readily fit into another category.

Alternative Funds Experience Growth at Local and National Levels

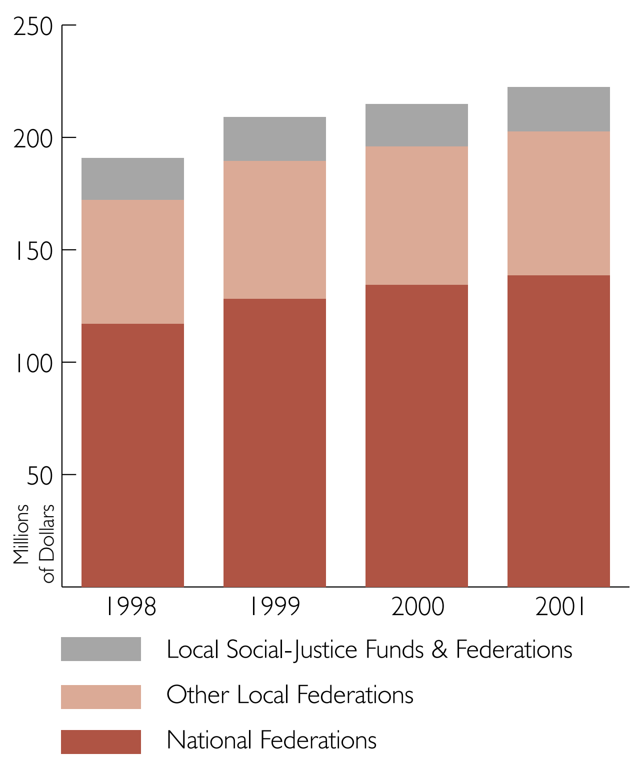
Taken as a whole, alternative funds raised more than $222.3 million in 2001 and grew 35.72 percent from 1996 to 2001. This growth was fairly consistent across the three major categories of alternative funds:

- **Local social-justice funds and federations**[10] received almost $19.7 million in pledges in 2001 and grew 40.34 percent from 1996 totals.
- **Other local federations**[11] received more than $63.8 million in 2001 pledges and grew 35.88 percent from 1996.
- **National federations**[12] received almost $139 million in 2001 pledges and grew 35.28 percent from 1996.

Significantly, pledges to all categories of alternative funds grew faster than pledges to the United Way from traditional workplace campaigns and faster than overall United Way fundraising results.

National federations account for almost two-thirds of total alternative fund fundraising, with various local federations making up the remainder of the AF fundraising market (see Graph Three and Table Five).

GRAPH THREE: Alternative Fund Pledge Results Totals by Category



Breaking Out Alternative Fund Growth

Local arts funds experienced the highest rate of growth among all types of funds and federations for 1996–2001, followed by environmental federations, Black United Funds and national federations.

Growth Among AFs With Campaigns of Various Sizes: 1996–2001

With a 2001 campaign of $225,000, up 947 percent from $21,489 in 1996, Greater Cincinnati Community Shares had the highest growth rate of all federations whose 1996 campaigns yielded less than $100,000. Combined Health Charities of New Mexico (829 percent) and Combined Health Charities of Oklahoma (822 percent) came in second and third in this category. Also showing significant gains among these smaller funds were the Women's Fund of New Jersey (475 percent) and Community Shares of Michigan (351 percent).

Several Community Health Charities (CHCs) and one arts federation swept the top five positions for highest rates of growth among federations with 1996 campaigns of between $100,000 and $1 million. CHC of Texas led the way with an increase of 709 percent, growing from $233,000 in 1996 to almost $1.9 million in 2001. The Greater Hartford Arts Council came in next with a growth rate of 330 percent, followed by CHC of Oregon at 262 percent.

Two arts funds and one health federation had the fastest-growing campaigns among alternative federations that raised more than $1 million in 1996. The Arts and Science Council of Charlotte, N.C., grew almost 162 percent, increasing its receipts from workplace giving from $2.58 million in 1996 to $6.76 million in 2001. The Cincinnati Institute of Fine Arts grew almost 50 percent, from $2.82 million to $4.21 million, and Community Health Charities of Nebraska grew 46 percent, raising $1.62 million in 2001, compared with $1.10 million in 1996.

TABLE FIVE: Alternative Fund Pledge Results Totals by Category[13]

Year	Local Social-Justice Funds & Federations	Other Local Federations	National Federations	Total Pledged to Alternative Funds
1998	$18,769,465	$55,013,503	$117,052,721	$190,835,689
1999	$19,730,066	$61,143,589	$128,210,283	$209,083,938
2000	$18,918,261	$61,404,047	$134,432,031	$214,754,339
2001	$19,667,969	$63,845,146	$138,783,039	$222,296,154

TABLE SIX: LEAD PERFORMANCES AMONG DIFFERENT TYPES OF ALTERNATIVE FUNDS

Size*	Local Social-Justice Funds and Federations	1996	2001	% Growth
Greater Than $250,000	Earth Share of Texas	$260,708	$715,000	174.25%
	Minnesota Environmental Fund	$346,000	$564,000	63.01%
	Earth Share of Washington	$410,000	$663,000	61.71%
	Community Shares of Colorado	$594,934	$931,110	56.51%
	Black United Fund of Michigan	$528,235	$823,052	55.81%
Greater Than $100,000	Earth Share of New York	$185,000	$545,218	194.71%
	Earth Share of Illinois	$124,676	$333,000	167.09%
	Earth Share of New England	$205,132	$496,000	141.80%
	Earth Share of Georgia	$133,280	$318,354	138.86%
	North Carolina Community Shares	$125,165	$292,000	133.29%
Less Than $100,000	Greater Cincinnati Community Shares	$21,489	$225,000	947.05%
	Women's Fund of New Jersey	$17,390	$100,000	475.04%
	Community Shares of Michigan	$2,500	$11,284	351.36%
	Earth Share of Missouri	$44,630	$155,000	247.30%

	Local Arts Funds	1996	2001	% Growth
Greater Than $1,000,000	Arts & Science Council (Charlotte, N.C.)	$2,582,800	$6,764,973	161.92%
	Cincinnati Institute of Fine Arts	$2,822,108	$4,214,994	49.36%
	United Performing Arts Fund (Milwaukee, Wis.)	$1,222,093	$1,764,755	44.40%
Greater Than $100,000	Greater Hartford Arts Council (Conn.)	$100,000	$430,000	330.00%
	United Arts Council of Raleigh & Wake County (N.C.)	$195,000	$312,111	60.06%
	Allied Arts (Oklahoma City)	$120,000	$187,440	56.20%
Less Than $100,000	Corporate Council for the Arts (Seattle)	$41,143	$112,916	174.45%
	Canton Cultural Center for the Arts (Ohio)	$20,078	$37,981	89.17%
	United Arts Council of Greensboro (N.C.)	$60,000	$90,000	50.00%

	Local Community Health Charities	1996	2001	% Growth
Greater Than $500,000	North Carolina	$540,745	$1,728,592	219.67%
	Virginia	$618,090	$1,523,220	146.44%
	Illinois	$860,000	$1,372,216	59.56%
Greater Than $100,000	Texas	$233,000	$1,884,952	708.99%
	Oregon	$146,449	$530,263	262.08%
	Ohio	$234,446	$745,112	217.82%
Less Than $100,000	New Mexico	$9,500	$88,226	828.69%
	Oklahoma	$22,250	$205,047	821.56%
	Iowa	$62,168	$260,278	318.67%

	National Federations	1996	2001	% Growth
Greater Than $5,000,000	Christian Service Charities	$6,400,000	$12,625,628	97.28%
	Global Impact	$10,200,000	$16,200,000	58.82%
	America's Charities	$12,600,000	$20,000,000	58.73%
Less Than $5,000,000	Health and Medical Research Charities of America	$2,500,000	$13,625,458	445.02%
	Military, Veterans and Patriotic Service Charities of America	$2,400,000	$4,264,267	77.68%
	Conservation and Preservation Charities of America	$1,400,000	$2,291,618	63.69%

*Funds are categorized by the size of their campaign in 1996.

Performance Among Social-Justice Funds and Federations

Among the four types of social-justice funds and federations, environmental funds had the highest campaign growth rate as a group (53.8 percent) for 1996–2001. Black United Funds followed at 38.75 percent, social-action funds and federations were next at 33.7 percent, and campaign results at women's funds and federations increased 8.56 percent.

Best in Class: Lead Performance Among Different Types of AFs

While growth was the norm for alternative funds, a few federations in each category stood out from their peers with high rates of growth, frequently in excess of 100 percent. Standout performers are listed in Table Six.

Information on the performance and growth rates of all funds and federations that provided data for each year of the survey can be found in the report appendix.

NOTES

1. See Notes on Data Collection and Interpretation for an explanation of the methodology used to calculate growth experienced by alternative funds and United Ways for this report.
2. Data source: United Way of America Research Services.
3. Pledges from donors giving less than $1,000.
4. Includes United Way Leadership ($1,000) and Major Gift ($10,000) categories.
5. Notes on Data Collection and Interpretation provides analysis suggesting that 11.15 percent is a low estimate for the total amount of the workplace fundraising market captured by alternative funds.
6. This table includes all pledges reported by all funds submitting a response for any year of the survey.
7. In 1992, United Way of America CEO William Aramony was indicted for misusing United Way of America funds, creating a nationwide crisis of confidence surrounding United Ways and workplace giving in general.
8. Data source: United Way of America Research Services.
9. Columns do not total to 100 percent because several miscellaneous sources of United Way campaign revenue are not included (giving from foundations and miscellaneous individual gifts, such as student campaigns).
10. Black United Funds, environmental federations, women's funds and federations and social-action funds and federations.
11. Community Health Charities, Local Independent Charities, and arts funds and federations.
12. America's Charities, Christian Service Charities, Community Health Charities, Earth Share, Health and Medical Research Charities of America, International Service Agencies and 13 others.
13. This table includes all pledges reported by all funds submitting a response for any year of the survey.

NOTES ON DATA COLLECTION AND INTERPRETATION

In preparing this report, NCRP and NACG encountered a variety of challenges in collecting accurate data and presenting valid interpretations of that data. To help readers, we provide the following information regarding the collection and analysis of the data.

- Data for this report was either collected through a direct survey of alternative funds by NCRP, or provided to NCRP by Americans for the Arts, Community Health Charities, Maguire/Maguire Inc., National Alliance for Choice in Giving, Neighbor to Nation and United Way of America Research Services.

- The fundraising results for alternative funds and for the United Way in this report are based on pledges, not on actual receipts. All funds and federations experience pledge loss ("shrinkage") because of donors who either leave or lose their jobs before fulfilling their pledges. Pledge loss varies from year to year and can range anywhere from 4 percent to 10 percent, depending on changes in the economy and employment patterns.

- Campaign results are recorded for the calendar year in which pledges were made, not the year in which they were collected.

- 1996 campaign data is used as a base line for some of the analysis in this report. This is the most recent year for which a comprehensive survey of alternative fund campaign data was conducted and reported (in NCRP's *Charity in the Workplace 1997*). Readers may observe some variation in 1996 campaign pledge data between the two reports. This is a result of offering all respondents to the more recent survey the opportunity to amend or correct 1996 pledge totals previously reported to NCRP.

- To ensure accuracy, growth percentages are calculated based on data for those funds and federations for which data was available for each year studied (1996 and 1998-2001). Out of a total of 191 national and local alternative funds, 134 provided data for each year studied.

- United Ways have experienced dramatic growth over the last 10 years in two categories of support: Leadership Gifts from individuals ($1,000 to $10,000) and Major Gifts from individuals ($10,000 and above). Many of the leadership gifts and some of the major gifts are collected through payroll deduction. However, these gifts are secured through a major-donor solicitation process that is substantially different in methodology from the traditional workplace fundraising campaign.

This report compares alternative fund growth to United Way growth in three ways. First, it is compared to United Way support from traditional workplace donors, those who give less than $1,000, because this portion of the United Way drive is most comparable to alternative fund campaigns. The report then compares alternative fund growth to the sum of the United Way's support from traditional workplace donations and from leadership and major gifts, and finally to the sum of the United Way's growth in all categories, including direct corporate support.

Accounting Practices

United Way campaign accounting procedures make the calculation of a reliable total for all workplace giving difficult. United Ways include in their announced fundraising totals all contributions they process, whether pledged to the United Way or to other funds or federations in one of the many workplace campaigns that United Way manages and that are open to alternative funds.

The result is that United Way fundraising results are inflated by at least 3 percent, and possibly as much as 5 percent.

By way of partial analysis, United Way of America Research Services estimates that 4.6 percent, or $182 million, of all money pledged to United Ways in the 2000 campaign came from Combined Federal Campaign employees. In 2000, United Way was the fiscal agent for all but one major and four smaller CFC campaigns in the U.S. A cursory analysis of 2000 data released by the Combined Federal Campaign shows that more than 54 percent, or $121.5 million, of all dollars raised in the CFC was pledged to local and national alternative funds. If each United Way included its portion of this $121.5 million pledged to other federations in their fundraising results, it would have inflated United Way totals for 2000 by 3 percent.

A review of results from other public- and private-sector workplace campaigns for which the United Way provides fiscal agent services would only increase the amount that United Ways claim as their own but which is actually pledged to alternative funds and federations.

Several alternative funds act as fiscal agents for public- and private-sector campaigns. None of them counts pledges directed to other funds and federations as part of its fundraising total. This is consistent with the National Alliance for Choice in Giving's Standards of Conduct for its member federations, which requires that "Federations/funds serving as fiscal agent shall not include the results of other federations and unaffiliated agencies in their own campaign goals and results reported to the media and general public."

In contrast, United Way of America policy, put forward in a 2000 paper by a working group chaired by current United Way of America CEO Brian Gallagher, recommends that local United Ways count all money they process, even amounts pledged to other funds and federations in combined campaigns for which United Way serves as fiscal agent.

3. The Role of Alternative Funds

It's difficult not to be impressed by the tenacity of the Indiana Social Action Fund. ISAF has spent its existence fighting to retain a shred of access to the public employees' charitable-giving campaign in Indianapolis, while raising relatively little cash. And this tenuous and far-from-certain existence causes some to question the value and contribution that an ISAF, and alternative funds in general, make to the community.

But ISAF, like other alternative funds, represents something more important than money. Alternative funds—social-action funds, ethnic- and racial-identity funds active in the workplace, and environmental funds—are an important, thriving part of the world of progressive philanthropy.

A casual observer might think the workplace is not all that important in philanthropy. Gifts in the workplace constitute a little more than 2 percent of some $200 billion in annual charitable contributions by individuals, corporations and foundations. The $100, $200 or more in annual giving per giver in the workplace pales against the average charitable donations of almost $20,000 for donors with adjusted gross incomes of $200,000 or more (as of 2000).[1] Some three-fourths of taxpayers do not itemize their deductions, and nonitemizers donated an average of $340 to charity annually in 1998, perhaps as much as $619 in 1999 according to estimates by Independent Sector,[2] hardly a stunning per-household amount. But workplace funds "bundle" individual charitable donations from working people, creating cumulative size and leverage that their individual checks do not command.

Nonetheless, the participation of employees in workplace campaigns—where there is one—is down by one-fourth (from 47 to 35 percent), and only 25 percent of the American public work for companies with workplace giving campaigns,[3] reducing the potential benefit of combined or federated workplace fundraising. As the strength of employees to effect improvements in salaries and workplace conditions has come from joint action, so the strength of employees' charitable giving is enhanced by melding their small donations into larger philanthropic pools. The demonstrated charitable generosity of working people, who with adjusted gross incomes between $25,000 and $50,000 are donating just about exactly as much as they can and should according to the experts at the NewTithing Group, would be dissipated if federated workplace fundraising withered.[4]

Perhaps the best example of the power of workplace philanthropy came in the wake of the events of Sept. 11, 2001. According to Wirthlin Associates, four out of 10 Sept. 11 donors cited workplace charitable solicitations as the reason for their financial donations or personal volunteerism in response to the terrorist attacks in New York City and Washington.[5] That could only have occurred but for the existence of workplace fundraising entities such as the United Way, other national funds and federations and the panoply of local social action, women's, environmental and minority funds. It's the latent power of workplace philanthropy: Workplace appeals were more important than religious institution appeals, in-person solicitations, telethons, online appeals, direct mail solicitations and radio and television appeals for donors and volunteers around Sept. 11th charitable issues. Independent Sector's pollsters described the success of workplace appeals in response to Sept. 11th as "surprising," but alternative funds bathe in the untapped potential of workplace charity.[6] As the United Way continues to recede in its attention to the workplace as a venue for charitable giving, emphasizing the upside of major donors and corporate contributors and agreeing to their charitable priorities, the onus on alternative funds to present progressive options to workplace givers has become more important than ever.

Although the workplace share of total individual giving has been declining, in general those declines aren't affecting alternative funds or independent nonprofits.

Although the workplace share of total individual giving has been declining, in general those declines aren't affecting alternative funds or independent nonprofits. Rather, the losses seem to have been occurring in the United Way system, especially if one factors out the "donor-designated" portion of United Way fundraising.

ISAF cannot yet be described as a powerful fundraising machine, but even in its nascent stage it is, like other alternative funds, a "competitive yardstick" for traditional workplace fundraising, an alternative to the narrow range of social service charities traditionally offered as recipients of potential payroll-deduction contributions.

Inherently, even in its smallest and earliest incarnations, the alternative fund movement is a vital part of the movement for democratic philanthropy in the United States and other nations. It embraces nonprofits dedicated to advocacy. The AF movement gives voice and resources to groups whose constituencies are disenfranchised and disadvantaged. AFs are democratic institutions in which the members, not corporate sovereigns, make the decisions; AFs are controlled by the funded agencies themselves. Social change frequently starts small, but the vibrancy and growth of AFs in the face of significant institutional and structural opposition are stirring.

The movement for "donor choice," the ability of employees to designate beneficiary agencies outside the United Way's general allocation pool, would not exist but for the advent of alternative funds.

The role of alternative funds as competitive yardsticks is not inconsequential or ephemeral. The dynamics of American philanthropy attest to the need and demand for alternative funds and institutions like them.

Funding for social action. Despite the growth of charitable giving in the U.S., only a pittance of it reaches social-action groups. In 2001, only 1.1 percent of grant money from more than 1,000 of the top foundations went to groups that promote civil rights and social action, and racial and ethnic minority groups received 9.9 percent of foundation grant money. Grants for African-American institutions and causes dropped in absolute dollars by one-third between 1998 and 1999.

Organized philanthropy is hardly marching to the drumbeat of social change or social justice. The United Ways emphasize service delivery and are increasingly setting thresholds—from 50 to 75 percent—for the portion of nonprofit agencies' budgets that must be spent on providing direct services. Whether intended or not, this has the effect of weeding out social-change advocates from the list of potential beneficiaries of workplace campaigns.

Alternative funds devoted to social change may be small, but the dollars workplace charitable campaigns raise matter to those groups. This is especially true as corporate philanthropic contributions outside United Way campaigns gravitate increasingly toward "corporate strategic philanthropy," charitable donations geared toward promoting the corporation's bottom line. At one level, it means more political litmus testing of corporate-grant recipients to make sure they are prepared to support the corporate donor's political interests or at least to refrain from criticizing the corporation. More generically, corporate philanthropy is shifting toward in-kind contributions, more than 96 percent in the form of the companies' own products, and employee "volunteerism." In such a tight fundraising environment, AF dollars escalate in importance for small, grassroots social-action groups.

Donor choice movement. Something is happening in the workplace fundraising environment that has to give pause to mainstream workplace federations such as the United Way. The movement for "donor choice," the ability of employees to designate beneficiary agencies outside the United Way's general allocation pool, would not exist but for the advent of alternative funds. Workplace fundraisers ignore at their peril the desire of workplace contributors for choice. In many United Way campaigns, the proportion of contributions designated by donors for specific agencies is as high as 50 percent and steadily increasing. In North Carolina, for example, in the Triangle United Way's 2001 campaign, about half of the contributions were donor-designated, and the percentage is growing. *The NonProfit Times* recently reported that one Metro I United Way campaign that opened up to donor choice saw three-fourths of its money flow in that direction.

Despite the diverse interests of their employees, some corporate leaders prefer dealing with United Ways because the United Ways were formed precisely for minimizing the range of individual charities coming to companies for funding. The United Way model enables corporations to limit the number and types of groups and the political messages in physical and virtual "workspaces," according to Adam Corson-Finnerty, the director of development for the University of Pennsylvania Library.

Alternative funds as vehicles for choice. Given this demand for donor choice, the United Way faces a problem: It is relatively poorly structured to promote choice and diversity among participating charities, particularly in the area of social-justice advocacy organizations. Consequently it resists change, at times acceding to and then reacting against demands for donor choice, with confusing and sometimes devastating campaign results. AFs exist to promote choice, particularly for the groups that do not make it into the UW campaigns.

Grassroots groups. The typical mainstream workplace campaign not only controls the nonprofit agencies' access to donors in the workplace, it attempts to control the agencies, too. The United Way tries to play workplace gatekeeper by setting direct-service thresholds, thereby excluding many social-change advocates. And it also often establishes standards regarding fiscal practices and organizational histories that almost completely exclude start-up groups. Historically, the United Way model also restricts the ability of agencies that are members to do independent fundraising. For some potential participants, the requirements and restrictions outweigh the benefits of participating in United Way campaigns.

One of the hallmarks of progressive philanthropy is the principle of proportionality, which holds that the application and reporting requirements placed on grantees should be relatively proportionate to the amount of money received. AFs do not impose inordinate burdens on their member agencies, yet they still maintain high standards of accountability, particularly accountability to the populations served by the member agencies.

Lost workplace contributors. One result of the United Ways' gatekeeper role and their resistance to donor choice is a loss of corporate participation and a loss of employee participation. This holds true not just for the United Ways but also to some extent for all workplace philanthropy, because many employees equate workplace giving with the United Way.

America's Charities reports that corporate participation in United Way campaigns decreased during the past decade from 47 percent to 35 percent, although that figure may more correctly refer to the participation of employees in workplaces with payroll-deduction campaigns, as the United Way seems to indicate. Nonetheless, America's Charities suggests that 5 million workplace givers have been lost.

Something is wrong in the dominant form of workplace philanthropy as practiced by the mainstream intermediaries. Despite United Way statements against pressuring employees to give in the workplace, 46 percent of noncontributors cite being asked at work to give as the reason they do not make charitable contributions. This equals the percentage of contributors who cite being asked at work as the reason they do give, according to Independent Sector's 1999 national giving-and-volunteering survey.

In light of the decreasing percentages of workers contributing to its general allocation pool, the United Way increasingly depends on corporate contributions and major donors' gifts, known as "de Toqueville" gifts, to generate growth in its annual campaign receipts.

Working Americans' generosity. AFs, the United Way and other workplace federations all know a crucial truth about charitable givers in the workplace: America's working people are hugely generous, more so than their super-wealthy counterparts. Some years ago, a study of contributors in Pennsylvania public employees' campaigns indicated that the average charitable gift in workplace campaigns was five times larger than the average direct charitable contribution.

In 2000, the Council of Economic Advisers noted that the bottom fifth of households with positive net worths make annual charitable contributions equal to about 13 percent of their household wealth. On average, households with greater net worth gave less than 1 percent; the top fifth gave less than 0.4 percent of their wealth to charity every year.

Claude Rosenberg of the NewTithing Group calculated affordable donations by households in various adjusted gross income brackets (using both reported salaries and investment assets). He concluded that in 2000 the actual donations of tax filers with incomes in the $25,000 to $99,999 income brackets were roughly what they could afford. Taxpayers with incomes between $100,000 and $199,999 gave $1,344 less than they could afford; those between $200,000 and $499,999 gave $13,442 less; those between $500,000 and $999,999 gave $68,740 less; and taxpayers with incomes of $1,000,000 or more gave a whopping $877,160 less than they could have afforded. In other words, the charitable donor one meets in the workplace is in all likelihood among the most generous people in the nation.

Lost workplaces. Changes in the structure of the U.S. economy and in the dynamics of workplace giving are creating enormous opportunities for alternative funds. By its own admission, the United Way uses a model that is best suited for large employers. Despite corporate consolidation through mergers and acquisitions, a significant part of economic and job growth in the 1990s was due to small, innovative companies with 20 percent sales growth for four straight years. Between 1993 and 1996, such firms with more than 100 employees accounted for 46 percent of all job growth in the U.S., according to the Progressive Policy Institute.

In addition, one-third of all working people are in nonstandard jobs, which means they work part time, in temporary positions, on call, by contract, or as day labor. Many new and nonstandard jobs are in small workplaces, or in telecommuting situations, all of which are under the radar of the United Way.

The national intermediary conundrum. To managers at United Way of America's Alexandria, Va., headquarters, the United Way system may look like a hodgepodge of 1,400 affiliates each doing its own thing. From below, however, the national intermediary model looks rigid and controlling, giving rise to both corporate and worker demands for local control, which lead in turn to company campaigns like those at Boeing and Kraft, and local alternatives such as the various social-action funds and Union Community Funds around the nation.

Alternative funds do not impose inordinate burdens on their member agencies, yet they still maintain high standards of accountability, particularly accountability to the populations served by the member agencies.

The problem is only partly of the United Way's making. With the diversity of community needs in the U.S., grassroots organizations are reacting against the big, national intermediaries whose local franchises dominate charity and philanthropy. This reaction can be seen in the Ford Foundation's relative abandonment of large nonprofit community development financial intermediaries in favor of metropolitan and regional housing partnerships. Ford and other major foundations such as Packard, Mott and Lilly are seeding new community foundations in small cities and rural areas to bring philanthropy closer to donors and donees. AFs fit the model of being close to the contributor and responsive to—actually managed by—the participating charitable agencies.

The emerging potential of AFs rests in their origins as community-based nonprofits committed to social change and social justice.

The United Way and social justice. The pursuit of social justice is not typically associated with the United Way. A local UW may conduct useful needs-assessments and support a range of human-service providers, but regarding social change and social justice in core areas such as living-wage campaigns, immigrant rights, tenant rights and tenant organizing, the United Way is highly unlikely to be at the forefront.

The former director of Southern California's regional association of grantmakers, Lon Burns, presented an analysis at a 1999 philanthropy conference at the University of Southern California that helps explain the United Way limitation. The United Way model, he said, presumes a "commonality of interests between business leaders and citizens," a presumption that is questionable in a diverse and frequently contentious society, especially in the turbulent socioeconomic environment of an increasingly minority and immigrant metropolitan population such as is found in Los Angeles. Burns said that the key assumption of his model is that "there was a sufficient degree of shared values and life experiences within our nation's communities to support a consensus model of community funding and problem solving." This presumption of civic consensus only papers over important differences and rolls roughshod over the viewpoints of those not recognized by the community's dominant business and civic interests. Those viewpoints left out of the United Way consensus look for other homes and find them in AFs.

AFs' social-justice roots. The emerging potential of AFs rests in their origins as community-based nonprofits committed to social change and social justice. It is not surprising that for the moment, the bulk of AF charitable fundraising occurs in public-sector employee campaigns. This corresponds to the rebirth of the union movement, the most active and progressive elements of which have been in government workplaces, frequently organized by the Service Employees International Union and the American Federation of State, County and Municipal Employees.

Although the rate of CFC participation has declined to 37.5 percent of employees from around 50 percent a decade ago, the average contribution has more than doubled, from $76.13 to $153.38 between 1990 and 2000. The average CFC participant's workplace contribution is more than three times the average participant's charitable donations through all other channels. Given their successes in public-sector campaigns, AFs should be increasingly able to move into similarly productive organizing and fundraising roles in private-sector workplaces.

The story of ISAF's continuing struggle to secure and maintain a foothold in the workplace charitable campaigns of Indianapolis is inspiring, an example of social justice organizing at the most basic level. It is a struggle for social-action groups to claim their share of a charitable capital market whose gatekeepers tend at best to be unsympathetic to social-justice concerns. It is easy to envision ISAF reaching the levels of success other AFs have achieved in major cities around the nation. The value of AFs is not simply that they raise money, but that they become bellwethers for how the most democratic form of charity can be conducted, through contributions from working people, America's most generous charitable donors, and allocations by member agencies to grassroots nonprofits dedicated to social justice.

NOTES

1. "Average Deductions by Gross Income" (www.turbotax.com/articles/AverageDeductionsbyGrossIncome.html).
2. The $619 figure is from Independent Sector's *Giving and Volunteering in the United States, 1999*; the $340 figure is posted on the Independent Sector Web page under the heading, "Fact Sheet: Giving in America" (www.independentsector.org/media/factsheet.html).
3. *Employee Workplace Campaigns at the Crossroads: Recommendations for Revitalization* (America's Charities and the Consulting Network, 2000), p. 2.
4. NewTithing's detailed research on charitable donations and charitable giving potential suggests that tax filers with adjusted gross incomes between $25,000 and $49,999 donate an average of $661, which is really $661 above their capacity for giving—at those income levels in this society, NewTithing argues that to maintain a family's standard of living, nothing is really available for charity. The average $661 donation demonstrates the huge generosity of working people who take from their own needs in order to help those worse off. Tax filers in the $100,000-to-$199,999 category, however, donate an average of $3,156 annually, but have the capacity for donating $4,500 per year. In the $200,000-to-$499,999 category, the average donation of $7,558 is almost $14,000 less than they could donate. And at income levels of $1,000,000 or more, the average actual donation is $122,940, but the average affordable charitable capacity is $1,031,000. See www.newtithing.org/content/2001national.htm.
5. Wirthlin Worldwide, *A Survey of Charitable Giving After September 11th, 2001* (Washington, D.C.: Independent Sector, Oct. 23, 2001), p. 9.
6. *A Survey of Charitable Giving*, p. 9.

4. Workplace Giving: The Return of Healthy Competition

Legend has it that the United Way's roots can be traced to Denver, where in 1887 two ministers, a priest and a rabbi banded together to reduce the confusion caused by multiple charitable appeals. This ecumenical effort was intended to heighten accountability among charitable agencies, eliminate duplication of services and promote a social safety net for the community.

Local United Ways recount this story often, perhaps because it lends moral weight to the enduring view held by some that competition in workplace giving is against the community's best interests. Employers continue to hear from United Way leaders that including independent federations in workplace giving campaigns will only confuse employees, raise costs and dilute support for basic human services. Some feel that the story is used to justify United Way's control of an estimated 90 percent of workplace giving, a lack of competition that may not be the best recipe for effective and accountable workplace giving.

Since the early 1970s, however, this dynamic has gradually been giving way to a new paradigm of choice. Thousands of public, private and nonprofit employers across the country have opened their campaigns to charities long excluded from traditional workplace giving. The experiences of these combined campaigns reveal how competition in workplace giving benefits campaigns and communities alike.

The time has come to expand choice in giving. Competition is needed to raise standards of conduct, heighten efficiency and restore public confidence. It is needed to destroy enduring myths of a private-sector safety net. And it is needed to increase public awareness of the vibrant web of charities working for positive change in the United States.

Workplace giving in the 20th century was marked by a lack of competition. The 21st century is already beginning to restore what was threatened during that time: charitable choice for working Americans, autonomy for nonprofit organizations and philanthropic independence for employers.

Who Owns the Workplace Campaign?

The United Way did not invent workplace giving. Workers did. Well before 1887 and through the end of World War I, workplace giving in the U.S. was employee-led. These employee-giving campaigns can be traced as far back as the 1820s, when women mill workers in Lowell, Mass., held spirited hat-passing sessions on the shop floor.

Business leaders responded by creating the Community Chest, the precursor to the United Way. Had the Community Chest's only purpose been to coordinate diverse workplace appeals, we might congratulate business leaders for a job well done. But the chests served another purpose: to transfer authority for workplace giving from workers to a centralized body of community business leaders and thus to save workplace giving from the unruly and whimsical charity of factory workers.

By the 1920s, individual Community Chests began consolidating into the American Association for Community Organization, which later became the United Way of America. AACO was established in 1918 "to encourage and stimulate collective community planning and the development of better standards of community organization for social work." AACO dispatched staff nationwide to encourage new Community Chests. A summer training institute for business leaders was established at Ohio State University, inaugurating a decades-long movement toward standardization of community fund practices and policies.

AACO's influence was substantial. In 1924, 180 chests raised $49 million; in 1930, 363 raised $75 million. While AACO emphasized the "professionalization" of fund management and social work, the burgeoning chests served a broader political purpose, that of demonstrating that private initiative and "community organization" could adequately address human needs, thus sparing society from the perils of government intervention.

According to historian Judith Trolander, "Fundraising campaigns exploited anti-New Deal sentiment among the conservative business class by stressing private philanthropy, individual responsibility and the importance of local agencies. The Community Chest repeatedly emphasized the 'danger' of federal domination of welfare in order to arouse Americans to new heights of private charity." Like all monopolists, Community Chest leaders squelched real or potential rivals with ruthless impunity. "Agencies were forced to play it safe," Trolander writes, "to stress service to the community, to refurbish established practice rather than to encourage social reform and change."

Over the years, Community Chests developed into United Funds and then into United Ways, and fought aggressively to control and consolidate community campaigns. United Funds opposed numerous World War II–era charitable appeals. In 1939, for example, the United Funds tried to persuade Congress to fund the United Service Organization so that the USO would not conduct a private appeal (Congress refused). Throughout the 1950s, the United Fund fought pitched battles with national health charities, and in the 1960s it fought first to stop the Combined Federal Campaign, then to limit competitors' access once it was established.

Today's United Ways have inherited a culture of control over the flow of money and the formulation of the message, and in many regions business leaders are unable or unwilling to challenge that control. It may well be a quest for philanthropic liberty among the business elite that forces change, though. Among business leaders, the imperative of "making goal" for the United Way is gradually giving way to a desire to serve the interests of their employees. Standardized community-wide appeals are changing, one workplace at a time, to campaigns designed by workers themselves. Under this new ethic of self-determination, business leaders no longer will have to travel across town to rein in an errant employer. The idea that one company can tell another company (or government office) how to solicit workers is becoming unfashionable. In the new paradigm, payroll giving is viewed as an employee benefit, and even hints of coercion are unacceptable.

The United Way has made a substantial contribution to human welfare, but like all institutions, it needs ongoing examination, constructive criticism and reform.

Erosion of the Myth of a United Way Safety Net

The Community Chest movement was at the heart of Herbert Hoover's response to the Great Depression. In a national radio address on Oct. 16, 1932, Hoover appealed to the charitable impulses of Americans, calling on each citizen to give to the Community Chest: "The purpose of this appeal this evening is to summon again the great heart of the American people. We must make our material provision for the support of our charitable and character-building institutions. We must provide to the utmost extent for the local community support to the increased distress over the country. I take profound pride in the fact that my countrymen have accepted the responsibility, each in his own community, to meet this need. That is the only way to meet it effectively—in the neighborhood itself, where the need is known."

Hoover's faith that private initiative alone could lift the country from economic malaise led to his political downfall and ultimately to one of the greatest electoral realignments in U.S. history. Though many would like to believe otherwise, private charitable contributions have never come close to creating a safety net. A 1936 Russell Sage Foundation study found that public funds, primarily from state and local governments, accounted for 70 percent of social welfare expenditures during the Hoover administration.

It wasn't until 1967, however, that the United Way of America, under pressure from member agencies struggling to meet human-service needs, officially allowed affiliates to accept government funding. Since then, government money has become the primary source of revenue for United Way member agencies. Nevertheless, United Way's long-time, recently phased-out campaign slogan, "One Gift for All," helped perpetuate the idea that United Way was the primary funder of local human-service organizations. Leaders of new federations routinely face accusations of undermining the United Way safety net and threatening services for the disadvantaged. Yet United Way funding accounts for well under 10 percent of total United Way agency revenues, with the rest coming from local, state and federal governments; fees for service; and private philanthropy.

A New Era of Efficiency, Accountability and Disclosure

The workplace giving marketplace is like any other. When its structure shifts from monopoly to competition, it becomes more efficient and more transparent. Take administrative costs, for example. In a combined campaign, participating charities are typically asked to reveal their administrative costs to potential donors. United Way has used this issue both to underscore its alleged efficiency and to cast aspersions on the financial integrity of its competitors.

Competition also drives down the cost of campaign-management services that the United Way historically provided to employers. In the public sector particularly, there are now formal guidelines requiring that proposals be sought from alternative providers of management services. In Philadelphia, Chicago, Boston and Maine, alternative federations have won major public-sector campaign-management contracts based on cost and quality of service.

The real effect on United Way financial practices is yet to come. As employers and donors recognize the benefits of competition, they will likely scrutinize a number of United Way business practices, including the following:

- **Failure to report the loan of executives.** Local United Ways have failed to report the loan of executives as an in-kind contribution on IRS Form 990s and other financial statements. In many ways, loaned executives are the glue of annual community-wide campaigns. Paid by their corporate employers to work for United Way for two to four months or more, loaned executives enable the United Way to solicit employees in workplaces without incurring fundraising or administrative expense. New federations have no such advantage. In light of how local United Ways have scrutinized and criticized the administrative costs of their competitors, the double standard is particularly unjust.

- **Overstatement of local campaign income.** The Financial Accounting Standards Board in the 1990s changed standards governing the reporting of charitable contributions, yet many United Ways continue to exaggerate contributions to the United Way in announcing their annual fundraising totals. Routinely included in annual totals are public- and private-sector employee pledges to non-United Way federations and agencies—dollars that pass through the United Way only as custodial transactions.

- **Treatment of designations.** In the traditional United Way campaign, donors give to a general United Way pool and United Way makes allocations to member agencies. Under donor choice, however, revenue is fragmented: Some goes to the general pool, while some is designated directly for member agencies. Some donors will split their gifts between the general pool and a favorite charity, believing that the latter will get its proportional share from the general fund as well. But that's often not the way it works. United Way makes allocations based on the gross-aggregate total (general funds plus designated funds), not on the general pool's total. This means that an agency that gets a lot of donor designations will see proportionally less from the general fund. In most cases, the result is that the "chosen" charity ends up receiving precisely the same amount of funding as it would have if there had been no "donor choice" in the first place.

Without question, technological advancement is a factor in increasing the efficiency of payroll-deduction giving, but it is competition that is forcing the issue. Workplace giving as a whole will benefit as competition spurs discussion of best practices for handling and reporting the contributions of workplace donors.

A More Natural Allocation Of Charitable Resources

The United Way has argued that its monopoly over the annual campaign creates a more rational distribution of charitable gifts. Trained volunteers, they say, can better assess and respond to community needs than could donors deciding independently. With due respect for the value and hard work of United Way community allocation boards, this will always be a judgment call. Do the employees being asked to give really know less about community needs and how to solve them? If they are uninformed, why are they?

The most visible United Way response to these questions has been the marketing of "donor choice," which allows donors to designate individual charities that, however, are still largely under the aegis of the United Way. Test-marketed in the late 1980s and rolled out nearly everywhere since, United Way Donor Choice does little to alter a traditional campaign. But since United Way prohibits "self-promotion" by individual charities and controls the mechanics of donor designation, making a non-United Way designation is often akin to voting for a write-in candidate.

Increased competition from new federations is shifting the distribution of workplace charitable resources in two ways. First, nonprofit organizations long excluded from the United Way are receiving vital operating support through workplace campaigns. New federations depart from the United Way's strict adherence to direct social-service funding and generate dollars for community organizing, social-justice advocacy, environmental protection and economic development. The new federations complement the United Way's human-service focus by highlighting their member groups' work in preventing the spread of HIV/AIDS, reducing sexual assault and eliminating toxic chemicals from the ecosystem. Many of these organizations even advance the interests of United Way members by advocating government funding of human services. In many cases they are dedicated allies of United Way agencies. Workplace donors begin to see the nonprofit sector more clearly—not as "United Way and other" but as a web of organizations supporting each other's work.

Second, the development of competition is affecting United Way funding patterns. Particularly since 1980, United Ways have directed money to a wide array of charities they never included before. Indeed, whether motivated by competitive pressures or genuinely responding to community change, the United Way system deserves credit for extending its funding to organizations addressing issues such as domestic violence, sexual assault, HIV/AIDS, disability rights and in some cases, community organizing, advocacy and policy reform.

Conclusion

Today's employers are starting to ask new questions about their workplace campaigns. Rather than wondering how choice will affect the United Way, they are questioning the very purpose of workplace campaigns: How can workplace giving most benefit their communities and their employees? Where loyalty to United Way tradition prevents these questions from being asked, workplace campaigns are unlikely to meet their full potential.

The United Way has made a substantial contribution to human welfare, but like all institutions, it needs ongoing examination, constructive criticism and reform. Rarely is the organization's work or methods questioned, however, largely because of implied or stated loyalty on the part of major institutions that have supported it for decades, institutions that often wield great influence in their communities. Building a new paradigm for workplace philanthropy and unveiling the benefits of charitable choice will be a more fruitful endeavor for nonprofit organizations once our leading institutions see the value of choice in workplace giving and take steps to implement it among their employees.

Brave and deliberate leadership has paved the way to partial democratization of workplace giving. It will take more of the same to achieve a philanthropic pluralism that honors the diversity of working people, represents the full breadth of community-based nonprofit activity and truly unites working Americans in annual charitable campaigns for the common good.

5. Inclusive Campaigns On the Rise in Corporate America

As employers discover that workers want to choose which organizations their money will fund, many corporate giving campaigns now include alternative funds and local organizations that interest the staff. Although corporations generally set up the infrastructure for charitable campaigns in the workplace, these campaigns are run by members of the workforce and are tailored to their needs. The following is a brief look at some of the best alternative fund corporate giving campaigns.

Earth Share of Texas has coordinated a corporate giving campaign with American Airlines since 2000. The idea to expand the campaign beyond the United Way began in 1997 when Earth Share of Texas, an organization that serves more than 70 local, national and international nonprofit environmental groups, contacted American Airlines. The project has been a learning process for American Airlines as well as Earth Share of Texas.

Through the campaign, some 110,000 American Airlines employees can give to Earth Share organizations. Donations from American Airlines employees have been used to help several environmental agencies, including the Nature Conservancy of Texas, which used money from the campaign to purchase several new open-space areas in the state. Funds raised by American Airlines employees also helped the Texas Solar Energy Society purchase solar installations for a day-care center in a low-income section of Austin. The Endangered Species Media Project used donations to take inner-city Houston youth on a dolphin tour in the Gulf of Mexico—the first time some of the children had been on a boat.

Many corporate giving campaigns now include alternative funds and local organizations that interest the staff.

It has been extremely beneficial for Earth Share to be in a campaign with a corporation with such a recognizable name. In 2000, employees contributed $57,000; in 2001 that figure was $32,000. The decline was due in large part to the events of Sept. 11, 2001, which made it difficult for American Airlines to implement some planned changes.

One of the keys to the success of the campaign, according to Max Woodfin, executive director of Earth Share of Texas, is that American Airlines has "gone to great lengths to ensure that state and local organizations are just as much a part of the campaign as are national organizations," and supporting local groups has proved to be important to American Airlines employees.

When selecting the charities to be a part of the campaign, American Airlines tries to understand what its employees want as well as what the charities need. "The charities were selected to cover a wide and broad spectrum of charitable areas," Michael Marino, the administrator of charitable giving for American Airlines, said. "I think that the more choices there are for the employees, the better it is for everyone."

Another successful corporate campaign for alternative funds is the partnership between Kaiser Permanente and Cleveland Community Shares. For the past three years, Kaiser Permanente's charitable campaign has included five federations that meet a variety of needs and address issues that are important to the community: the United Way of Cleveland, the United Way of Lake County, the United Way of Summit County, Harvest for Hunger and Greater Cleveland Community Shares.

Kaiser Permanente first expanded its giving campaign to an alternative fund when it included Greater Cleveland Community Shares in 1992. "Back in the early '90s, there were a lot of questions around the United Way and the way it was allocating funds," Derrick Barnett, who oversees the campaign for Kaiser Permanente, said. "The decision was made to have other options in the campaign for people who may not necessarily want to give to the United Way but still want to contribute to the campaign."

Many employees participate in events such as walkathons and other community activities that raise money for the campaign. In the past, donations from employees have been used to help organizations such as Habitat for Humanity, the Lesbian/Gay Community Service Center and Planned Parenthood. With so many employees participating, the campaign can become confusing at times. Organizers try to plan it thoroughly by scheduling activities throughout the year while avoiding conflicts with other efforts.

In fall 2001, Kaiser Permanente surveyed participants to find out what employees expected from expanded giving campaigns.

"We discovered that people really want to know where their money is going and that [it's important to them to] feel like their money is going to be used to really benefit their community," Barnett said.

Kaiser Permanente also encourages its staff to visit some of the agencies that are eligible for funding. In 2001, Kaiser Permanente took associates and campaign managers to visit several sites of funded organizations so they could see the effect of their charitable giving.

"I think it's absolutely key that campaign associates have that knowledge so when people say they want to give, but they aren't sure what an organization does, they can actually see what it does firsthand," Jan Kline, the campaign chairwoman for Greater Cleveland Community Shares, said. "That knowledge has been paramount to increasing our campaign donations."

Each year Kaiser Permanente sets a goal of increasing contributions by 5 percent over the previous year—a goal it has exceeded for the last three years. In 2001, employees raised $17,340 for Greater Cleveland Community Shares.

The company tries to keep the interests of its employees in mind regarding the way funds are distributed. "When it comes to this campaign, I am fully aware that this is not the company's money but the employees', and we should spend it the way they want it spent," Barnett said. "It's really their wishes that are the most important."

Barnett said he believes that other corporations should strongly consider opening their campaigns to more charities and community groups. Kline and Barnett agree that among the best things about participating in a corporate giving campaign is the social change that results and the opportunity for employees to get involved in their communities. "People look forward to the goofy bake sales and book sales," Barnett said. "Just being able to provide a venue for employees to have fun at work, while at the same time doing something good for the community—that's pretty gratifying."

After consulting with other Denver-area corporations that had expanded their giving campaigns, Hunter Douglas decided to implement its own expanded giving campaign, working with the alternative fund Community Shares of Colorado. The campaign got off the ground in 1998, when employees began questioning the United Way's policies, and is currently headed by a Hunter Douglas employee, Nancy Kapp.

"I guess we started because of the local United Way scandal, if that's what you would call it," Kapp said. "At that time, the upper management of the United Way campaign had very high salaries, and not as much money as people thought went to the different organizations, so general questions were asked. People wanted to know that their money was going to an organization, not to the large United Way salaries and overhead. The general feeling that I got from employees was, 'Why should I give them my hard-earned money so that they can live high on the hog?'"

In 1999, Hunter Douglas began matching employee donations 50 cents on the dollar. Over the last four years, employees have raised a total of $57,000, including $19,156 in 2001, not counting the corporate match.

Another key to the success of the campaign is that Community Shares of Colorado focuses on thanking all of the employees who participate. "We make sure we go out and address all of the employees," Jill Schneider, the associate executive director of Community Shares of Colorado, said. "We have been known to go out and meet people working the 6 a.m. shift as well as [those on] the 11 p.m. one, and people really seem to like that. We also have a bear mascot that we have go out and thank employees who have donated."

The employees of Hunter Douglas have been extremely involved in the campaign since the beginning. Many of the charities that are funded are chosen to appeal to the very diverse staff of Hunter Douglas. In the past, funded charities included The Gathering Place and other shelters for women and children; programs that assist the elderly; and the Ball Swan Center, which helps developmentally disabled children. In addition to helping the charities through funding and volunteer work, the campaign has also educated the employees about funded programs that may be of use to them in the future.

"I like to see employees get enlightened and realize, 'Oh, this is something I can use,'" Kapp said. "I think generally people think these programs are only for the homeless or those down on their luck, and [then] they find out that there are some things that they might need or can use, so the education part of this campaign is really satisfying."

In 2001, Kaiser Permanente took associates and campaign managers to visit several sites of funded organizations so they could see the effect of their charitable giving.

One thing Kapp believes is missing from the campaign is participation by upper management. "I would like any help I can possibly get to get better participation by the upper management," Kapp said. "I have not broken into that area yet. This is our weakest point."

Kapp thinks that those who are interested in starting an alternative fund campaign should do so and should allow the employees to run it, she said. She also advises people not to be afraid to ask charitable agencies questions, because they are very willing to help.

These are just a few examples of many successful corporate giving campaigns undertaken by alternative funds. While no two of these efforts are exactly alike, persistence, patience and a commitment to giving workers the opportunity to choose where their money is going are some of their common characteristics. Because of successes such as these, employers are becoming more and more open to campaigns from alternative funds.

6. Public-Sector Campaigns

KEYS TO SUCCESS IN PUBLIC-SECTOR COMBINED CAMPAIGNS

It was the public sector that first established open charitable campaigns in the workplace. Beginning in the 1960s, the federal government allowed a variety of charitable organizations to solicit employees during the Combined Federal Campaign. State and municipal governments, school districts, public utilities and public colleges and universities followed suit. Many of these campaigns include alternative funds/federations, which have proved to be popular choices. The National Alliance for Choice in Giving estimates that public-sector giving accounted for more than $8 million in pledges to AFs during fall 2000 (contributions to local United Ways are not included in these figures).

In these campaigns, employees benefit from seeing a variety of approaches to the problems that plague them, their families and their communities. Traditional charities, such as United Way members, provide social service solutions—they work to heal the sick, feed the hungry, shelter the poor and provide recreation activities for the elderly and children. Such programs are important but don't address the underlying problems of the poor, disenfranchised and oppressed. While many United Ways have added the rhetoric of social change to their marketing materials in recent decades, their programs' mainstays remain delivering social services. AFs focus on organizations that work to effect systemic changes in public policies and attitudes regarding disease, hunger, homelessness, poverty and alienation.

The success of these campaigns varies widely. The amount raised per employee ranges from 10 cents to $10. Why are some campaigns more successful than others? An examination of 10 campaigns[1] revealed key factors that led to success—factors that are applicable to public-sector as well as private-sector campaigns.

- **The number-one characteristic of successful campaigns is choice.** A 1999 Chicago public schools' survey of coordinators of the Combined Charities Campaign found that the most frequently cited factor in increasing employee participation was "expanded choices of charities."

  Wendy Oldham, program director of the National Black United Fund, said, "When we bid for the contract to manage the Baltimore City Campaign, employees throughout government fought to help us win it. They knew their perspective would be incorporated into the choices we provided and the campaign methods we employed."

- **Employee involvement is the foundation for commitment to the campaign.** Public-sector campaigns have demonstrated over and over that employee involvement leads to commitment. All of the campaigns cited in this article rely on employee involvement at all levels to create ideas and excitement, to generate peer interest, to implement the nuts and bolts of the campaign and to plan for future campaigns.

  These campaigns use employees to solicit gifts. Employees share stories about benefits they have received from organizations in the campaign, they contribute raffle prizes, they perform data entry, they thank their colleagues and so on.

- **Quality materials and a visible marketing campaign motivate volunteers.** There is no substitute for quality materials. Each of these campaigns provides a complete, attractive and clearly worded contributors' guide. The campaigns also use newsletters, e-mail and bulletin boards to communicate with employees. Raffle drawings and incentive gifts motivate givers and volunteers alike.

- **The benefits are substantial when all stakeholders take part.** Successful campaign leadership starts at the top. The top local manager (for example, a regional director, mayor, director or commissioner) must lend active (or at least passive) support. But all levels of leadership should be involved to yield far-reaching results.

  Campaigns succeed best when unions are involved. Union leadership and rank-and-file members can speak about the campaign at union meetings. Without union support, the campaign cannot hope to succeed beyond a minimal level.

If the campaign is viewed as the purview of one group or another, full participation is undermined. If the concerns of management or labor are ignored, the campaign will suffer.

Similarly, successful campaigns involve all the charitable partners. They speak at volunteer-training sessions and employee gatherings. They determine the budget before the campaign, meet during the campaign on matters of policy and review the audit afterwards.

- **Fair and dedicated management is crucial.** Unlike many private-sector campaigns, public-sector campaigns almost always rely on outside managers, whose responsibilities include developing materials, training volunteers and processing contributions. Mike Doyle, director of the Public Interest Fund of Illinois, said, "It is rewarding to see the enthusiasm employees bring to the campaign when you provide them with quality materials and service."

  Campaigns that allow employees to select charities are successful when all the choices are fairly and equitably presented in written materials and oral presentations to employees.

  The campaign managers must also invest sufficient resources. Assigning skillful employees and providing sufficient backup support demonstrates the commitment necessary for success.

- **Donors must trust the process of giving.** Donors who have experienced difficulties—such as their gifts not going to the designated charities or the wrong amount being taken from their paychecks—refuse to give again. Successful campaigns route each gift with accuracy and give donors timely confirmation of their gifts.

- **A proper interface with government support systems is crucial.** Although public-sector campaigns often rely on outside managers, government units must provide support. Payroll departments must deduct and forward contributions, data-processing units might produce campaign summaries and mailrooms must deliver complete campaign materials on time. Employees in these units can be the most important volunteers, and successful campaigns develop ongoing relationships with them.

Conclusion

Public-sector campaigns are a major source of contributions for AFs throughout the United States. The factors that make the campaigns successful include offering choices; involving employees in campaign design, implementation and evaluation; providing quality materials and incentives for giving; providing fair and dedicated campaign management; and ensuring that contributions reach the designated charities.

When these factors are present, public-sector employees can participate in protecting the environment and building a world free of racism, sexism, homophobia and poverty. Offered such choices, they give freely and generously.

NOTES

1. Campaigns surveyed for this piece included the City of Philadelphia Employees' Combined Campaign, the Maine State Campaign, the Champaign County Combined Charities Campaign, the Chicago Public School Combined Charities Campaign, the Chicago Transit Authority Combined Charities Campaign, the PACE (suburban Chicago transit authority) Combined Charities Campaign, the Lake Land Community College Combined Charities Campaign, the Combined Federal Campaign of the Massachusetts Bay Area, the City of Boston Employees Campaign (COBEC) and the 1990 City of Baltimore Combined Charity Campaign.

DON'T MESS WITH TEXAS: Funds Resist Purge from State Employee Campaign

Since 1994, Diane Fanning's fundraising federation, Another Way Texas Shares, had applied annually to the Texas State Policy Committee to participate in the State Employee Charitable Campaign (SECC). It had never had trouble even though some of its members aren't popular with conservatives.

But in 2001, "politics entered into the equation," Fanning said. On March 31 the committee, led by three appointees of Comptroller Carole Keeton Rylander, rejected six Another Way members and 28 members of environmental federation Earth Share of Texas. It said the organizations violated state law by using SECC money for "lobbying and litigation" or by not providing "direct or indirect" services.

Attack of the Bureaucrats

Since the campaign's 1994 inception, there had been rumblings from the right wing that the SECC was "the left's pot o' gold." James A. Cooley, a writer for the conservative *Lone Star Review*, argued that SECC regulations barred groups that engaged in any lobbying or litigation. Although the law merely prohibits SECC funds from being used for those purposes, Cooley's invective gained cachet in conservative circles. Rumors circulated about a possible legislative ban on organizations that did any lobbying or litigation.

Fanning and Max Woodfin, Earth Share of Texas's executive director, were thus prepared for a legislative, but not an administrative, attack. After the committee ruling, Woodfin obtained the records pertaining to the application process. They included a folder containing James Cooley's articles, indicating that at least one committee member used them "as a frame of reference," Woodfin said. (A spokesperson for the comptroller denied that the rejections were politically motivated but declined to speculate about how the articles got into the files.)

Meanwhile, Another Way members and rejected applicants Texas Civil Rights Project and Texas Abortion Rights Action League made good use of their membership lists, deluging Comptroller Rylander and her three appointees with calls.

The vagueness of the law regarding "direct or indirect" service left the groups vulnerable. "Nothing [in the legislation] says environmental work is OK," Woodfin said. Many of Fanning's members faced a similar dilemma. They had to make the case that "a lot of advocacy is education—about poverty, about needs, about research and so on," she said.

Some of Fanning's strongest support came from Republicans who "agreed that not applying the law equally was not right," she said. "It was very rewarding to see people set aside the partisan politics." State employees, meanwhile, objected to bureaucrats' telling them what they could do with their money.

Comptroller Rylander got the message. "There were some glitches in the application process," she said a few weeks later. "I am sure they will be resolved." On May 4, 2001, the committee overturned the rejections.[1]

Learning Their Lesson

Fanning said she wonders what might have happened if Another Way had lost. "Would all my agencies be [rejected] the next year? Were they out to get us?" Ultimately, she decided, the committee's motivations mattered less than the federations' tenacity.

The support from across the political spectrum surprised Woodfin. "Just because someone is a Republican doesn't mean they're against our organizations or choice," he said. Nor can it be assumed that all Democrats will go to the mat over a principle, he added.

Some committee members were subsequently replaced, a development Woodfin and Fanning find encouraging. But they cautioned federations against letting their guards down. "It's so easy for people to work in the background and sneak up behind you," Fanning said.

FEDERATIONS EMBRACE CAMPAIGN-MANAGEMENT OPPORTUNITIES

In April 2003, recent publicity surrounding troubles at the United Way of the National Capital Area culminated in the decision by the Combined Federal Campaign of the National Capital Area—the nation's largest charity drive among federal employees—to choose a non-United Way agency to manage its fall campaign for the first time since at least the 1970s. This development has shed light on a largely untold story about workplace giving over the past 20 years: the failure of local United Ways to comply with regulations in managing public-sector campaigns. The extent of this problem is far-reaching: Non-United Way federations throughout the country have witnessed multiple years of United Way neglect of codified policy in federal, state, municipal and other public-sector campaigns. These deviations from policy lead to the promotion of United Way interests over the interests of other participating charities through practices such as the following:

- Organizing United Way-biased events;
- Keeping non-United Way volunteers off campaign-planning committees;
- Giving United Way greater visibility in marketing materials, employee brochures and pledge forms;
- Failing to provide campaign results and donor information by specified deadlines; and
- Not distributing campaign proceeds as scheduled.

In addition to specific violations of employer policies, over the years many United Ways have lost the incentive to do a good job as public-sector campaign managers. With all federations on an equal platform, the public-sector combined campaign model is less attractive to United Ways as a fundraising opportunity and not a model many United Ways wish to see succeed. In many communities, the overriding problem has been lackluster, underperforming campaigns as a result of United Ways' exhibiting benign neglect or deliberately deciding to divert resources to other campaigns.

This gradual abdication of responsibility combined with continued policy violations has inspired several non-United Way federations to take things into their own hands. This trend began in the late 1980s with the National Black United Fund's challenge of United Way campaign management in New York City, Baltimore and elsewhere, and with the Center for Responsible Funding's winning the contract to manage the city of Philadelphia's employee's giving campaign—a job it holds to this day.

Until recently many younger federations lacked the resources to pursue campaign-management roles effectively. Yet thanks to their growing presence in campaigns, greater fiscal stability and increasingly sophisticated infrastructure, new federations are embracing campaign-management opportunities in what is sure to be one of the next major trends to shape workplace giving. Success stories abound of non-United Way federations securing contracts long held by United Way and using their new roles to make campaigns more equitable, effective and efficient. Beyond the landmark shift of campaign management at the Combined Federal Campaign of the National Capital Area, a review of other recent developments follows.

Action for Boston Community Development

ABCD, already the lead manager of the $2 million Combined Federal Campaign (CFC) of Massachusetts Bay, the City of Boston Employees Campaign and the Keane Inc. employee campaign, received word in February 2002 that it had been selected to manage the fall 2002 Commonwealth of Massachusetts Employees Campaign (COMEC). In 2001, some 20,000 Massachusetts state employees contributed $2.4 million through COMEC. Lisa Doucett, campaign manager for ABCD, reports that the group will be working to increase the 20 percent employee-participation rate in COMEC while lowering administrative costs. With the addition of the COMEC contract, ABCD will be administering campaigns representing nearly 200,000 workers and generating more than $5 million in annual pledges.

Public Interest Fund of Illinois

In March 2002, the Local Federal Coordinating Committee for the Chicago Area CFC informed PIFI that it had been awarded the contract to administer the $4.7 million giving campaign for 67,000 local federal employees. In addition to proposing strategies for improving the campaign, PIFI plans to reduce administrative costs by $100,000. "We're honored that the federal government recognizes our capacity to handle a campaign of this magnitude," said Mike Doyle, executive director of PIFI. "This is a vote of confidence in our capacity to get the job done effectively and efficiently."

Community Solutions Fund

CSF has been selected to manage the $1.1 million Greater Twin Cities Area CFC. "We're excited about this opportunity to serve philanthropy in our community," said campaign manager Andrea Wrobbel. "Our local United Way has done a good job, so we have a good foundation from which to work. We have built a good reputation locally for our financial management, as well as a track record for successful and creative collaborations. We plan to use these capacities to increase the effectiveness of an already good campaign."

Community Shares of Colorado

Community Shares of Colorado and its partner federations have won management contracts for both the 2002 Colorado Combined Campaign for state employees and the 2002 Denver Employees Combined Campaign. The Partnership Campaign Coalition comprises Community Health Charities of Colorado, Caring Connection and Community Shares of Colorado. "Being entrusted with the management of these high-profile employee giving campaigns is a great honor for our coalition and an acknowledgement of the credibility and visibility that we have developed in our communities," said Community Shares of Colorado Executive Director Greg Truog.

NOTES

1. As this report goes to press, access to the state of Texas employees' giving campaign for advocacy, environmental and social justice organizations is under attack once again, this time via the Texas Legislature. New eligibility language hidden away in that state's adopted budget may make it easier for those with oppositional agendas to interpret the language in a manner that would exclude these charities from the 2004 campaign. International charities have been eliminated from the campaign completely. Efforts by state employees, the affected charities and federations to reverse or soften the effects of this decision are underway.

7. Federations as Philanthropic Communities

In the 1920s, '30s and '40s, as Community Chests and United Funds took hold in cities across the country, the subject of charitable "federations" aroused impassioned debate. Critics pointed to the potential for federations to consolidate power over community philanthropy and restrict the activities of nonprofit organizations. Proponents cited the efficiencies of federated fundraising, heightened accountability and more orderly solicitation drives.

Early concerns about community chests and united funds were grounded largely on fears that one monolithic federation would dominate community fundraising. Sizing up the history of 20th century workplace giving, it may be fair to conclude that those fears were realized. From the 1950s through the 1990s, the United Way not only dominated workplace fundraising, but also used its monopoly to leverage multiple layers of influence over the nonprofit sector.

Today we can rethink the meaning and purpose of federation. The emergence of scores of local and national federations over the past quarter century has set the stage for a new dynamic in community philanthropy, one in which multiple federations end the workplace fundraising monopoly and forge mission-based alliances within the nonprofit community. Perhaps most importantly, a diverse mix of federations helps the donor public navigate the nonprofit terrain. Federations help individuals faced with hundreds of worthy charities identify and build affinity with nonprofit organizations that match their values and charitable priorities. And though the United Way may not find solace in this thought, it is likely that the new federations are helping the donor public more clearly understand the role of the United Way.

In simpler terms, federations create philanthropic community. They strengthen relationships among charities, heighten visibility for charities that would otherwise be unknown and build bridges between donors (and workplaces) and the nonprofit sector. And as workplace campaigns move into cyberspace, federations may play an essential role in forging a philanthropic community online.

The new generation of federations exhibits ample benefits:

Black United Funds, linked through their affiliation with the National Black United Fund, offer distinct avenues for African-American philanthropy in communities across the country.

Environmental federations, many joined in a national confederation with Earth Share, elevate awareness of environmental giving and America's environmental movement through cooperative fundraising and branding.

Social-action federations bring together diverse community-based charities that share a commitment to social-justice advocacy, citizen empowerment and policy reform aimed at addressing root causes of human and societal problems.

Women's federations and funds help heighten awareness of women's issues and serve as a beacon for donors concerned about women's issues.

All of these federations are enriching and re-creating workplace giving. As partners and as competitors—with each other and the United Way—they bring a balance to community philanthropy that was missing in the days of the single workplace campaign. In a nonprofit sector faced with the tragedy of Sept. 11 and an economic downturn, federations can provide vital stability and support to struggling grassroots charities.

The stories that follow illustrate the evolution and promise of these philanthropic entrepreneurs.

BLACK UNITED FUND PROFILE: The Black United Fund of Michigan

The Detroit Black United Fund Inc. was established in 1970 as an alternative funding and resource center for nonprofit community-based initiatives. It stemmed from the community's desire to develop mechanisms for self-sufficiency and stabilization. BUF is dedicated to helping people help themselves.

In 1984, the Detroit Black United Fund Inc. became the Black United Fund of Michigan Inc., enabling the organization to widen its area of service and cultivate a broader market of support. BUF's increasing membership and resources have provided financial support and technical expertise to community programs championing endeavors such as youth enrichment, senior citizen programs and cultural and educational development programs.

BUF focuses on three primary areas of service:

- **Specific Needs Areas.** These reflect current or emerging community needs, as well as short- and long-term projects for our communities.

- **Start-up Programs.** These programs often represent new community initiatives aimed at addressing today's problems. These programs usually do not meet traditional funding criteria; therefore, BUF is the only funding alternative for many of these start-up programs.

- **Innovative Programs.** These often-unique programs tend to take nontraditional approaches to new and old community problems. They frequently set a precedent and sometimes serve a community for only a limited time or until the problem is remedied.

BUF's funded programs cover a wide range of issues. For example, some programs conduct and support research, such as the Michigan Lupus Foundation, Michigan Self-Help Clearinghouse, the Black Caucus Foundation of Michigan Inc. and Black Child and Family Development. There are high-quality cultural programs, including the Museum of African American History, the Motown Historical Museum and the Tuskegee Airmen Museum, all of which attract visitors from all over the state and around the world.

In 1996, BUF opened its doors to member organizations of the local federation known as BUF-MI FED. This new federation has access to solicit federal employees throughout southeastern Michigan.

BUF offers employees the opportunity to contribute through payroll deductions or direct contributions. It does so in every sector, including corporate, federal, state, municipal, educational, health systems and community organizations.

BUF's administrative and fundraising expenses are kept to a minimum, allowing dollars to benefit directly those who need them most. The BUF mission is to respond to emerging community needs, positively influence the community's economy and enhance and perpetuate the community's heritage. Over its 30-year history, BUF has raised millions of dollars to support community self-help initiatives that are aimed at building a better Michigan.

ENVIRONMENTAL FEDERATION PROFILE: Earth Share of Texas

At the kickoff for the 2000 City of Dallas Combined Charities Campaign, a man came to the Earth Share of Texas table and said, "You're the people trying to put the timber industry out of business."

During an employee meeting for the 1996 Texas state campaign, a sportsman accused Earth Share of Texas of representing "communists" who wanted to take his water and land away.

Is this kind of response inevitable for environmental fundraisers in the home state of a president who appears to be launching an all-out assault on the environment? The answer, happily, is no. A more common reaction is, "I'm so glad you're here."

Earth Share of Texas couldn't reason with the man in Dallas because he kept walking, but it had better luck with the sportsman. It pointed out that one member group works to preserve open space that can be used for hunting, while others have helped make hundreds of miles of Texas waterways "fishable" again.

Earth Share of Texas was founded in 1992 as the Environmental Fund for Texas. Since then it has raised more than $3 million for its 72 member organizations through payroll-deduction plans. Pledges grew from $30,000 in 1992 to $747,000 in 1999, the last year for which audited totals are available as of this writing.

Members span the environmental spectrum, working to build parks, eliminate pollution-control loopholes, plant trees and save thousands of acres from bulldozers each year.

Thanks to their growing presence in campaigns, greater fiscal stability and increasingly sophisticated infrastructure, new federations are embracing campaign-management opportunities in what is sure to be one of the next major trends to shape workplace giving.

Earth Share of Texas's largest campaigns are the Texas State Employee Charitable Campaign and Dell Computer Corp.'s Direct Giving Campaign. The environmental fund was barely a year old when its chairman and executive director helped draft legislation that created the state campaign, which now yields annual pledges of almost a quarter-million dollars.

Dell Computer invited the environmental fund into its campaign before Dell was a household word. EST's growth has paralleled that of Dell's. (And its pledge receipts have been hit by recently announced Dell layoffs.)

In 2001, three state review committee members attempted to bar EST from the state campaign completely on the grounds that it was organized exclusively to solicit state employees. After losing that battle, they attempted to deny admission to more than half of EST's member agencies. After appeals, an EST open-records request and four weeks of environmentalists' phone calls, letters and e-mails, they readmitted all EST members to the campaign.

The future is bright for Earth Share of Texas. It has changed its appointed board to a smaller, elected board, making it easier to bring in business and community leaders to serve alongside representatives of member organizations. EST has recently launched campaigns with Compaq Computer, American Airlines, Vignette and Green Mountain Energy. EST's first million-dollar campaign should be right around the corner.

SOCIAL-ACTION FEDERATION PROFILE: Greater Cleveland Community Shares

It has been 17 years since Greater Cleveland Community Shares launched its first workplace charitable campaign, at the Federal Building in downtown Cleveland. The $2,100 raised that year was less than the 13 original members of Greater Cleveland Community Shares spent on campaign brochures, but it was a start.

Community Shares celebrated its 15th anniversary by setting—and exceeding—a fundraising goal of $1 million, about $807,000 of which came from workplace campaigns. "I never thought we would ever be talking about a million dollars," said Chip Bromley, a founding board member of Community Shares. "It is truly exciting to see this grassroots movement find its niche in the philanthropic community." In 2001, pledges to Shares and its members topped $860,000.

Community Shares now has 31 member organizations working to find local, long-term solutions to social-justice issues as diverse as Cleveland itself—everything from domestic violence and homelessness to workers' rights, health-care equity and the arts.

Like the 47 other local social-action funds in the United States, Community Shares provides the mechanism for social-justice and advocacy organizations to collect funds through the workplace, often alongside United Way employee-giving campaigns. "We are not competitors," said Michele Scoccola, Community Shares' campaign director. "We complement the social safety-net programs run by United Way agencies. You know the saying that an ounce of prevention is worth a pound of cure? We like to think of ourselves as that ounce of prevention in greater Cleveland."

But many employers don't see it that way. Gaining entrance to new work-site campaigns is called "access," and it takes patience to convince employers that both Community Shares' and the United Way's agencies play critical roles in the community and that employees should be allowed to choose which organizations to support. It took Community Shares 10 years to get into Kaiser Permanente, but that hard work has really paid off, as Kaiser employees pledged more than $17,000 for Shares and its members in 2001. Each year, more and more employers are recognizing that Shares' member agencies are helping a lot of people and that including Community Shares as a giving option does not mean turning their backs on United Way. As of 2002,10,500 employees at 21 work sites will have had their first opportunity to give to Shares' organizations through workplace campaigns.

Social-action funds nationwide have shown that increasing choice in workplace campaigns increases giving, as the Cleveland campaigns have shown. Adding Community Shares to an existing campaign attracts new donors and engages employees who appreciate the value of choices.

It was estimated in 1998 that a Shares member group touched one of every seven people in Cuyahoga County. Employees at work sites across greater Cleveland believe in what this social-action federation does, and they know that their money stays in their community.

WOMEN'S FEDERATION PROFILE: The Women's Funding Alliance

When women and children thrive, the entire community prospers.

The Women's Funding Alliance has taken that simple motto to heart.

In the early 1980s, leaders of Seattle-area women's organizations were lamenting the limited availability of funds for issues such as gender-based violence, lesbian support and reproductive rights. They organized the Women's Funding Alliance to provide such funding. The founding mothers knew that a federation could build an ongoing revenue stream through workplace giving campaigns. They also hoped it would raise awareness about women's issues and enable participating groups to support each other.

Over the years, the Alliance's membership has grown from five agencies to 20. These groups address sexual and domestic violence, literacy, HIV support and advocacy, reproductive rights, housing, lesbian issues, discrimination, girls' leadership, refugee rights and support, chemical dependency, economic development and welfare rights. Since its 1983 founding, the Alliance has distributed more than $1.9 million to its federation agencies.

Growth and Change

It's often critical to take a step back to assess whether an existing organization's mission and services are still relevant to the community. The Women's Funding Alliance took this step in 1999. Trends in workplace giving, the boom in high-tech millionaires in the Seattle area and changes in the local United Way structure, made the organization realize the world was adapting, but the Alliance wasn't.

In response, the board, staff and volunteers developed a broader, bolder and more inclusive structure. The Alliance's work was expanded to focus on three areas:

Funding Social Change. Although members of the federation still receive most of the funds it distributes, the Alliance has expanded its grantmaking program to support a more diverse group of nonmember agencies. In 2001, the Alliance distributed $92,000 in grants to 12 agencies, and expected to distribute $100,000 in 2002. The Alliance also expected to distribute $266,000 to federation members, a 27 percent increase over 2001 giving. Through the initiative of two donors, the Alliance also started a scholarship program for women and girls connected with funded agencies. In the last two years the Alliance has awarded more than $18,000 to 24 individuals pursuing professional or personal goals.

Raising Awareness. The Alliance uses communications techniques to educate the public and amplify the voices of women and girls. A number of organizations have reached new donors by taking part in Alliance panels or presentations.

Building Community. The Alliance facilitates connections and collaborations between organizations and individuals concerned about women's and girls' issues. For example, the Alliance recently published a directory of 164 agencies serving women and girls in the Puget Sound region. The transformation of the Women's Funding Alliance into a blend of federation and fund is providing more resources for Puget Sound agencies, building key connections among diverse groups and increasing awareness of issues affecting the health and well-being of women and girls. Since the Alliance launched this approach in late 2000, there's been a resurgence of support for the group's work. Nonprofit agencies that had thought the Alliance was exclusive now want to work with the organization. Donors see the value of investing in the Alliance's work, and the organization has gained important credibility in the eyes of other community leaders and institutions.

OTHER FEDERATIONS

In addition to the Black United Funds, environmental federations, social-action funds and women's federations described above, there are several other important categories of workplace funds and federations.

Local Federations

Community Health Charities (www.healthcharities.org) is the product of the 1998 merger of National Voluntary Health Agencies with Combined Health Appeal. Community Health Charities is a national federation of independently incorporated chapters that operate at the state and local levels. Currently, the national CHC represents 65 national health agencies in the Combined Federal Campaign and national corporate accounts, while 40 state CHC chapters represent state and regional chapters of national health charities in local public-sector and corporate campaigns. CHC member charities include the American Kidney Foundation, the American Lung Association, the Parkinson's Disease Foundation and United Cerebral Palsy.

Community Health Charities chapters are the single-largest group of alternative funds at the local level, raising almost $37 million in 2001. The combined pledges to national and local CHCs represent the largest category of alternative funds, raising more than $62 million in 2001.

United Arts Funds are "combined or federated appeal[s] for arts funding conducted annually to raise unrestricted money on behalf of three or more arts, culture or science organizations." There are currently more than 90 United Arts Funds, 40 of which raise money through workplace fundraising campaigns. Unlike most other federations, UAFs conduct the bulk of their fundraising campaigns in the spring, in an effort to harmonize with United Way's fall campaign.

Local Independent Charities (www.lic.org) is a bit of a hybrid. Unlike other local federations, which are separately incorporated charities each with its own board of directors, LIC is a single nonprofit charity, with a national board of directors, which recruits and represents local charities in local giving campaigns. LIC was created in the early 1980s to raise money from federal employees in the San Francisco Bay area and now represents more than 800 charities in 26 states and the District of Columbia (for more on LIC, see Maguire/Maguire Association Services).

National Federations

In addition to Community Health Charities, other federations represent national charities. These federations, created initially to raise money from federal employees through the Combined Federal Campaign, have grown and evolved over the last decade to gain access to other public-sector, private-sector and corporate accounts. They include the following:

America's Charities (www.charities.org) represents more than 100 member charities, including direct-service charities like Father Flanagan's Boys' Home and America's Second Harvest, as well as advocacy nonprofits, like the American Civil Liberties Union Foundation, the National Abortion and Reproductive Rights Action League Foundation and Catholics United for Life.

Earth Share (www.earthshare.org) is a nationwide network of environmental and conservation charities. It has 41 national members, including the Natural Resources Defense Council, the Izaak Walton League of America, the Nature Conservancy, the Sierra Club Foundation and the Clean Water Fund.

In 2000, Earth Share entered into a partnership with 15 of the 19 independent local environmental federations. Earth Share handed off management of many campaigns to the 15 local partners. (National Earth Share 2001 campaign pledges were down in part because local Earth Shares are now accounting for revenues that were previously collected by the national fund.)

Global Impact (www.charity.org) represents 52 international humanitarian charities. ISA was formed in 1956 to raise money from federal employees and expanded to include local and state public-sector campaigns, as well as private-sector accounts. Members include Save the Children, Project Hope, Oxfam America and Doctors Without Borders USA. Recently, Global Impact was awarded the contract to manage the nation's largest workplace charity drive among federal employees, the Combined Federal Campaign of the National Capital Area.

National Black United Federation of Charities was started in the early 1990s as a project of the National Black United Fund, the national parent to local Black United Funds. National Black United Federation of Charities represents 35 national black American charities in the Combined Federal Campaign. Member agencies include the National Conference of Black Lawyers, the International Black Women's Congress and the Federation of Southern Cooperatives/Land Assistance Fund.

Maguire/Maguire Association Management (www.maguireinc.com), although not a workplace federation, is an important player in the workplace fundraising world. Maguire/Maguire is a for-profit association-management firm that specializes in providing support services for the headquarters and members of workplace federations. Maguire/Maguire has been involved in creating and managing at least 15 national federations since 1987. It has minimized fundraising expenses as a percentage of donations raised by representing large numbers of charities. It has used a strategy of creating constituency-targeted federations to recruit more than 1,400 charities to the federations it represents. Currently Maguire/Maguire represents Local Independent Charities (see above) and 12 national federations:

- Animal Funds of America (www.animalfunds.org)
- Children's Charities of America (www.childrenscharities.org)
- Christian Charities USA (www.ccusa.org)
- Conservation & Preservation Charities of America (www.conservenow.org)
- Do Unto Others: America's Emergency Relief, Development and Humanitarian Outreach Charities (www.duo.org)
- Educate America! The Education, School Support and Scholarship Funds Coalition (www.educateamerica.org)
- Health & Medical Research Charities of America (www.hmr.org)
- Hispanic United Fund (www.hispanicunitedfund.org)
- Human and Civil Rights Organizations of America (www.hcr.org)
- Independent Charities of America (www.independentcharities.org)
- Military, Veterans & Patriotic Service Organizations of America (www.mpvsoa.org)
- Women, Children & Family Service Charities of America (www.womenandchildren.org)

The 12 national federations and one local federation (Local Independent Charities) represented by Maguire/Maguire have more than 680 and 800 member charities, respectively, and raised almost $55 million in 2001.

Neighbor to Nation (www.shareamerica.org) provides campaign and management services for three federations of national charities that were started by Maguire/Maguire, but which left that firm in 1996. Unlike Maguire/Maguire, Neighbor to Nation is not a for-profit venture. In addition to representing the three partner federations in the Combined Federal Campaign, Neighbor to Nation also campaigns under its own name in other public- and private-sector campaigns on behalf of the combined membership of the partner federations. Neighbor to Nation's three partner federations area:

- Christian Service Charities of America (www.csoa.org)
- Human Service Charities of America (www.hsca.org)
- Medical Research Agencies of America (www.mraa.org)

8. New Models

THE UNION COMMUNITY FUND

The Union Community Fund (UCF) is a brand-new form of philanthropy: workplace fundraising initiated and managed by union members to support community-based organizations that address the issues of greatest concern to America's working families.

The Union Community Fund was established in 2000 to fund local, community-based organizations devoted to the needs and concerns of working families. Created with seed money from the AFL-CIO, the UCF solicits donations primarily through workplace payroll deductions among unionized employees. Although a small portion of the funds collected is earmarked for a national fund, at least 75 percent of all funds raised locally remain in the local community. The national board dispenses another 14 percent in grants to social- and economic-justice nonprofits. The central goal of the Union Community Fund is to foster a new kind of participatory philanthropy among union members and retirees, and thereby to increase the total amount of charitable dollars available to promote economic equality and social justice.

The Union Community Fund has been operational for only a little more than two years, and has established its first local funds in Washington, D.C.; New Orleans; Houston; Tucson, Ariz.; Phoenix; Seattle; western Massachusetts; New Hampshire; North Carolina; and North Dakota. Early efforts were largely dedicated to UCF's Sept. 11 Relief Fund, so it will be important to see how these local funds evolve under less extraordinary circumstances. Based on the lessons learned from these pilot sites, UCF is committed to expanding slowly to additional cities and states. It has been admitted to a number of local and state combined campaigns and to the national Combined Federal Campaign. UCF has a four-person staff in Washington, D.C., and field staff in several locations. It receives consulting assistance from the National Committee for Responsive Philanthropy.

Unions, union members and labor's friends responded to AFL-CIO and UCF board President John Sweeney's appeal for the Sept. 11 Relief Fund by giving $3 million. In April 2002, the donations were distributed in 50 grants to 40 community organizations in New York City and metropolitan Washington. Priority was given to community organizations responding to the needs of working families of victims of terrorism, workers falling through the economic cracks, immigrant and undocumented workers and organizations helping to give workers a voice in the recovery and rebuilding of New York City.

Unions have been central players throughout the history of workplace fundraising. In fact, the modern United Way model dates back to 1948, when the United Auto Workers' Walter Reuther joined Henry Ford II to create a new model of workplace fundraising in Detroit. Even before that, during World War II, unions were strong supporters of workplace giving.

In recent years, workplace giving has declined throughout the nation. About 35 percent of employees who can participate in United Way campaigns do so, for example, down from 47 percent a little more than a decade ago. With some 5 million workers having left United Way campaigns, the loss to charitable giving is conservatively estimated at $500 million. Many of the employees who have been lost in standard workplace fundraising campaigns are younger and minority workers who fail to see the kinds of charitable choices they desire in typical United Way campaigns.

Increasingly concerned about this downward trend, the AFL-CIO conducted surveys and focus-group research in 1999 to determine whether union members might be more inclined to contribute to a charity that was more clearly identified with the labor movement's goals. The results were overwhelmingly positive. Union members expressed strong support for a charity that would help meet basic needs and promote social change, that could be easily and proudly identified as a union effort and that would focus primarily on local needs.

The AFL-CIO's Executive Council approved the proposal for creating the Union Community Fund in August 1999; the delegates to the national AFL-CIO convention overwhelmingly approved it in October 1999. Its mission statement reads, in part: "The Union Community Fund is a community-based and worker-owned charity that promotes economic equality and social justice, community by community.... The Fund's mission, therefore, is to support programs that close the growing economic gap in our communities in a way that enables the working family, as its major benefactor, to direct the giving. It is the union community stepping forward to build strong allies for social change."

Research and experience indicate that UCF might do a great deal to attract the younger and minority workers who have been lost to workplace fundraising. Most data suggest that for African-American and Latino contributors, fundraisers who work with unions that minority workers identify with and trust may be critical for bringing these workers back to workplace-giving campaigns. UCF has the potential to increase the participation and contribution size of workers who are not connecting with existing workplace federations.

The interest and enthusiasm garnered by UCF chapters to date suggest that this model will attract charitable givers in the workplace and strengthen the connection of union members to community-based organizations in their metropolitan areas. The results will be more funds generated from workplace giving and more personal involvement of union members in local nonprofit organizations that meet the needs of working families.

More information on Union Community Fund can be found at www.unioncommunityfund.org.

COMMUNITY SHARES USA: Supporting Local Social Change

Don't mourn—organize.

Labor activist and hero Joe Hill's famous call to action is an apt summary of just how a number of social-justice federations, women's funds and multi-issue alternative funds are responding to the corporate consolidation and globalization that has undercut employers' support for grassroots charities: They organized Community Shares USA in November 2001.

The results of 2001-02 campaigns conducted by grassroots giving federations across the country clearly show that employees want to give locally. Small grassroots organizations have long collaborated locally to be a force in their communities and to attract the attention of corporations. Community Shares USA extends those collaborations to the national level.

"Our economy is increasingly forcing businesses and nonprofits alike into acting on national, even global levels. Just as this can mean trouble for the mom-and-pop stores, it creates challenges for grassroots organizations that serve a local community," says Greg Truog, executive director of Community Shares of Colorado. "As wonderful as national charities are, they can't solve locally based problems of a specific neighborhood. Often, large charities aren't as agile and quick as grassroots organizations that deal with problems on a local level with the help of people affected by those problems."

Community Shares USA enables national corporations with offices in multiple cities to hold a unified fundraising campaign that supports social-change efforts in their local communities. Each federation in the network supports grassroots organizations that strive to break cycles of inequality and create lasting, positive social change. By working together, the federations have created a process that makes it easy for employers to process workplace charitable gifts across multiple states and multiple issues.

Matt Howe, executive director of the National Alliance for Choice in Giving, believes that the creation of Community Shares USA is a very timely development for local social-action funds and women's funds. "Corporations are looking for efficiencies in their giving campaigns [and] consistency across the country," says Howe. "Community Shares USA is a bridge that will allow federations to gain a part in large corporate campaigns and will make it possible for employers to offer employees a choice of local social-justice and community giving options."

The Community Shares USA board is made up of representatives from the organizations within the federation—creating a bottom-up management style. Although it's as easy for a corporation to work with Community Shares USA as with any other national charity, the recipients of the support are definitely not just a series of identical franchises. It's not chain-store charity.

"Community Shares USA is rooted in neighborhoods where the work is being done; it's [managed] from the bottom up," says Mary McCoy, former executive director of Greater Cincinnati Community Shares. "It's all about people power!"

Community Shares USA already has members and associate members among social-justice federations in many metropolitan areas where national companies have a regional presence. Community Shares USA is aiming to have affiliates in all states. Community Shares USA participated in its first campaign in the fall of 2002, at CNA Insurance.

But CSUSA's vision is about more than providing a mechanism for payroll giving. It's about being a standard-bearer for progressive philanthropy. "We all share the same values. By sharing the Community Shares USA brand, we let our supporters know that wherever they live and work, they are not alone. There are dedicated, clever folks attacking injustice with inventive approaches and old-fashioned organizing in their community, and CSUSA is there to help link them," says Pam Dunkin, campaign director for the Women's Funding Alliance in Seattle. "Whether the issue is gender equity or international justice, Community Shares USA stands for communities and people working together to achieve democracy, justice and equality."

Community Shares USA is a model that can make a difference on the local level. This approach will help prevent contributions to local organizations from being sacrificed when national corporations set up corporate-wide giving campaigns. It will make it easy for large corporations to have a direct effect on the communities where their offices and employees are located without holding different campaigns for each region. By connecting with Community Shares USA, they can coordinate a national effort on the local level.

9. Alternative Fund Leaders

To explain what running an alternative fund is like, LeAnne Moss, executive director of the Women's Funding Alliance in Seattle, offers a comparison. "It's not like painting a room, where you know when you're done," she says. "It's ongoing, and sometimes it's hard to see the small successes you achieve, when such huge challenges are looming.

"But it's wonderful to be able to make a difference," she adds.

Moss's description is echoed by leaders of other funds, who describe their work as always challenging, often frustrating and consistently rewarding, and who all have a level of commitment and passion for their work that one would expect from those leading a movement to transform the way grassroots social change organizations are supported.

"I like talking with donors, and helping them make the connection between the resources they have and the justice work that needs to be done," says Moss. "I like talking with grantees, and seeing what can happen when we help start a Southern Sudanese Women's Organization that works with girls, or when a lesbian teen tells us about a camp that she went to where she was able to help other teens come to terms with their sexuality."

But for every success there's still resistance to be overcome, she says—still potential donors or employers who look at the fund's mission and ask, "Why do you still focus on women and girls? Aren't we over that?" Such misconceptions are common and plentiful, which means adding a significant amount of education and outreach to the already long list of tasks that fall to fund directors.

Fund directors come from a wide range of backgrounds, but many of them have community-organizing experience. That experience comes in handy when running an alternative fund, says Greg Truog, executive director of Community Shares of Colorado. "I often apply the skills I learned as an organizer when working to build our coalition," he says. Another important skill learned from his days as an organizer, he adds, is "knowing how to fight outnumbered."

Mike Doyle, who runs the Community Shares of Illinois, agrees. "We're democratizing workplace giving, changing the way charitable dollars flow in our community, and that's a very political task. There are institutions that control decisions, and we need to organize people to put pressure on institutions to open up campaigns," he says. "I see myself as an organizer much more than a fundraiser."

As varied as fund directors' backgrounds are, they do seem to have one common thread—few, if any of them have previous experience working in philanthropy. Many worked for member groups and got involved in the funds that way, while others saw the work as an opportunity to broaden the effect they could have on issues they care about.

Sheila Watkins, executive director of Northwest Ohio Community Shares, came to her job with a unique perspective—that of a former United Way employee. "My passion is greater for the mission of Community Shares," she says, "and I like our philosophy of member agencies being the board and determining the direction of the fund."

"We're democratizing workplace giving, changing the way charitable dollars flow in our community, and that's a very political task."

Amina Anderson, executive director of the Black United Fund of Oregon, has been involved with her fund from the very beginning. Working on a United Way campaign more than 20 years ago at a federal agency where she worked, she noticed that no black organizations were involved in the campaign. She got involved in Black United Funds and NCRP, and learned about alternative funds from member organizations in other states. After three years as a volunteer, helping to get BUF of Oregon started, she was hired as executive director and has been there ever since.

"I had been in a number of jobs that were supposedly designed to better serve communities of color," she recalls. "They didn't, but it was a way for companies and the public sector to say, "Look at what we're doing.' They didn't feed my passion or have an impact on the community."

Many directors talk about passion for the work they do and for the work their groups do. Max Woodfin, executive director of Earth Share of Texas, says that a director can't just be an administrator, but also needs to care about the work the member organizations are doing, he says. On the surface the work the funds do may not seem to be as critical as the work done by the member organizations, says Woodfin, who had been an environmental writer and had worked for two state environmental agencies before coming to Earth Share, but the two are inextricably linked. "While we're not planting trees or analyzing public policy decisions that affect the environment or purchasing land to keep it out of development, the people who are doing those things could not do it as effectively if we weren't making hundreds of thousands of Texans aware of their work," he says.

Perhaps the quickest lesson directors learn when they begin leading a fund is that there is no quick and easy solution to the challenges they face, particularly that of access to workplaces.

Perhaps the quickest lesson directors learn when they begin leading a fund is that there is no quick and easy solution to the challenges they face, particularly that of access to workplaces. "This job has taught me patience," says Truog. "I worked so hard my first year here, and barely moved the campaign at all, and I started to wonder if I was the right guy for the job. Then someone told me that my efforts would pay off in the long term. We doubled the campaign each year for the next three years."

Anderson says he has learned that nothing is impossible. "With persistence and commitment most things can happen—it's just a matter of time," he said. "Most companies are reluctant to embrace new ideas, and even if we can convince them that supporting us is the right thing to do, it happens very slowly."

Woodfin says that "the best success comes from personal connections. We take a grassroots level approach—first we go through people we know, then through people they know and third through people who know the people who know the people we know."

"Still, we're constantly reminded that there are people who have not heard of us, people who are not aware that there are options like Earth Share," he adds. "People think we're a land trust, or that we're part of United Way, or that we control where donations go. The hardest part of this work is fighting misperceptions."

Doing so means accepting that sometimes you are at odds with others. "Directors have to be comfortable and embrace the conflict that comes with this work," says Truog. "A lot of people in the nonprofit world are used to making nice and smoothing things over. We're really doing social change, and that takes conflict. If you're not comfortable with that, maybe this isn't right for you."

That doesn't mean that all of the work of alternative funds is about conflict, however. Many of the principles of these organizations are rooted in coalition building and collaboration. "At an agency I used to work for we said that we want to be accountable to our funders, but we want our funders to be people in the community where we work," says Doyle. "That's what keeps you rooted in community values." That principle goes for his fund as well, he says. "It's about empowering member agencies and giving them a say over their decisions. It's more cumbersome and messy, but it grows better because people become more vested and are more committed."

Watkins agrees. "Working for United Way, they are a top-down organization. The board comprises local elected officials and local CEOs. Community Shares is a grassroots organization, and it's a lot harder work working up than it is working down." The additional work is worth it though, she is quick to add, and carrying that grassroots perspective all the way through to everyone involved in the fund is critical. "Our donors feel passionate and have interests in certain community needs," she says. "We understand that they are intelligent, and we want them to be informed donors. We have to respect them."

As with any organization, fund directors "have to be familiar with human resources, fiscal management and fundraising," says Anderson. "But a strong commitment to the work can allow you to overcome any lack of skills. Most of the tasks you need to do can be learned, or you can find someone who has them."

Other attributes of successful directors are patience, tenacity, people skills and an appreciation for long-term change, say veteran directors. Nondas Voll, executive director of Rhode Island's Fund for Community Progress, adds that one has to be prepared to work extremely hard. "We have very low overhead so we can turn as many dollars as possible back to the member groups," she says. That means few benefits and many long hours. "But there are days when a check will come in from a donor with a nice note and you just put your head down on your desk and cry. It's amazing how much faith people put in us."

"I know for a fact that we've already changed things," says Truog. "For those who come after us it's never going to be the same again. But we're not done with what we're going to be able to do.... This is really a perfect job."

10. Where the Money Goes: Funding the Front Lines

Charities that are members of alternative funds have missions that range from broadly pursuing social justice to addressing such immediate needs as finding a place for homeless men and women to sleep at night. These agencies are on the front lines of the struggles for minority rights and community building and against job discrimination. Some of these agencies may be perceived as less mainstream than those that receive funding through United Way campaigns. But because they appeal to specific constituencies that have often been excluded from efforts to address the issues that matter to them, they frequently have tighter ties to their communities and a naturally strong base of support.

Many agency staffers have been directly affected by the problems their agency is combating, strengthening the organizations' ties to their constituencies. That is the case at the South Jersey Breast Cancer Coalition, which was co-founded by breast-cancer survivors. One of them, Loretta Mikulski, says the decision to create the coalition followed an important revelation: "New Jersey wasn't really represented in any political forums or multi-issue rallies [regarding breast cancer], and I thought to myself, 'Can't I do something about this?'"

With that thought, and an initial, out-of-staffer-pockets operating budget of $500, the Coalition was started with the hope of achieving "enough recognition to get things done" and of becoming "a resource [for] those needing information or advocacy," Mikulski says.

From that small beginning, the Coalition has grown and changed, in part because of its association with the Women's Fund of New Jersey. At the outset, Mikulski urged localized advocacy, but working with the Women's Fund helped the coalition develop a more widespread program in the state. New Jersey "has become pretty great in supporting women's rights, probably because we beat them to death over the issue," Mikulski says with a chuckle.

Given the Coalition's initial lack of outside support, it's not surprising that its affiliation with the Women's Fund has made a huge difference. The Coalition has been able to cease out-of-pocket spending and focus on efforts to advance its mission rather than on whether it will make its next rent payment. It now has a board of 18 breast-cancer survivors, all of whom have other, full-time jobs and yet are involved in every Coalition decision. It has also been able to employ an attorney to provide free consultations to the Coalition's constituency.

"We love the Coalition for what it represents. While others try to explain the importance of saving the spotted owl, these women go up to you and show you where they lost their hair due to chemotherapy," says Myra Terry, executive director of the Women's Fund. "It's a very powerful thing, something we are proud to be a part of, and [to] be so tight-knit with."

A small, Milwaukee-based agency whose board members can also closely identify with their constituency is Repairers of the Breach, which works for the rights of homeless Americans. Every member of the Repairers' board has been homeless at some point; most are currently homeless.

Earl Bricker, the former executive director of Community Shares of Greater Milwaukee, says that the services Repairers provides "are rare, and [they] shouldn't be." Bricker says that the agency's activities and influence on homeless issues have "fueled the start of other homeless-advocacy groups, and they have provided all homeless groups a greater chance to gain greater funding. We are proud that Repairers of the Breach is a member of Community Shares."

There is nothing better than a community voice to get things moving—nothing happens when there is a lack of public participation.
—Laura Olah, Citizens for Safe Water Around Badger

The story of Citizens for Safe Water Around Badger is a great example of how alternative funds can help empower and bring into the public eye people and groups that have been relatively powerless and unknown. The agency's headquarters is a room in Laura Olah's Wisconsin home; her young daughter answers the phone: "Olah residence!"

While other nonprofits might have difficulty operating with a one-person staff, Olah relishes the opportunity. She has worked diligently for the past several years to promote awareness of possible groundwater contamination from the Badger Army Ammunition Plant.

Armed with funding obtained through Community Shares of Wisconsin, Olah spreads the word about the contamination risk through a variety of publications, such as the local Shopper Stopper supermarket newspaper. She says she is excited about the future of Citizens for Safe Water and is certain it has a future, thanks to Community Shares. Crystal Anders, executive director at Shares, praises the effect Citizens for Safe Water has had. "They are an incredibly effective voice in their community," says Anders.

Southface Energy Institute dwarfs Citizens for Safe Water in terms of staff, but it has also benefited greatly from being a member of an alternative fund. Membership in Earth Share of Georgia has allowed Southface to become even more focused on energy conservation and more visionary.

The fund clearly has a good opinion of Southface, naming it Member of the Year in 2001 and designating Southface Director Marci Reed its Leader of the Year. Alice Rolls, executive director of Earth Share of Georgia, calls Southface "a leader in the community" and says the group makes a difference. In addition to providing funds that help keep the agency viable, Earth Share of Georgia brings Southface to the attention of business leaders who can be the source of future grants.

I wish we could go out of business sometimes, but people are just not doing their job to empower others.

—Barbara Toomer, Disability Rights Action Coalition

Barbara Toomer's Salt Lake City-based organization has a simple mission statement: "To assure the rights of people with disabilities." Pursuing that mission during the 10 years that the Disability Rights Action Coalition (DRAC) has been operating has been far more complex. By filing lawsuits or supporting lawsuits brought by others, DRAC has worked to ensure nondiscriminatory access for people with disabilities. Beyond helping their constituency by their own actions, Toomer and DRAC want to ensure that people with disabilities have the independence to help themselves.

With a budget of only $110,000, DRAC must focus its efforts to maximize its influence. With limited resources, and in the face of criticism from more-established conservative nonprofits in Utah, DRAC fights for its constituency and voices strong opinions with the help of the funding it receives through its membership in Community Shares of Utah.

United Way was the exact opposite of the philosophy we thought was worthwhile in a charity.

—Joe Garlick, Woonsocket Neighborhood Development Corporation

Why do these agencies work with alternative funds? Why don't they work with the United Way? With its strong nationwide name recognition, the United Way would seem, on the surface, to make sense for a small nonprofit that is looking for immediate acceptance and increased funding. However, agencies that work with alternative funds say that either the United Way was never an option they considered or that when they requested United Way funding, they were turned down.

Joe Garlick, the director of the Woonsocket Neighborhood Development Corp., was told the United Way was not taking any more members or at least not members of his group's "pedigree." With support from the Fund for Community Progress in Providence, R.I., the Woonsocket Neighborhood Development Corp. works to develop affordable housing by building new homes and refurbishing old ones. In recent years, the agency has also built two community centers in areas of Woonsocket where they were sorely needed. Despite a relatively small budget of $400,000, the development agency has been able to undertake a wide range of projects.

Toomer of DRAC says that United Way officials "would never want the activist element, because they want a nice moderate agency" that might work on similar issues but with more of an emphasis on direct service than on advocacy for policy changes.

Several agency directors say the United Way's desire to change or stifle their message dissuaded them from working with the more mainstream, more popular and more well-funded campaign.

Most members of alternative federations interviewed for this report are very positive about the experience of working with AFs. Suzanne Bruce, director of corporate and foundation giving at Planned Parenthood of Colorado, says Colorado Community Shares has "created fantastic exposure for us, and while we often have had some difficulty funding our projects, they've come in and saved us time and time again. We've had the opportunity to network with other pro-choice nonprofits, which has allowed us to expand our membership, our funding and our exposure to the rest of the world." Planned Parenthood previously was a member of United Way, but Bruce says the agency's message was "stifled under the red tape."

Greg Truog, executive director of Community Shares of Colorado, says Planned Parenthood is especially able to "take its commitment seriously and participate above the call of duty. Multiple people have helped across the board, and they understand and appreciate what we're trying to do. They have big name recognition, and they are widely respected and good for Shares."

Lynne Brandley, executive director of Community Shares of Utah, sees great value in the fund's relationship with the Disability Rights Action Coalition. Toomer and several other people from DRAC who are on the Shares board provide priceless information about the status of their nonprofit and other member agencies. Brandley says that Toomer, "an icon in the area of disabled persons' rights, always mentions Shares wherever she travels. How can we not be with them entirely?"

Certainly, alternative funds provide an excellent avenue for small agencies to increase their viability while maintaining their own singular messages. Alternative funds provide visibility and a network for smaller agencies to grow in size, stature, support and effectiveness.

11. Conclusion: Tomorrow's Workplace-Giving Leaders

Despite clear challenges facing the field, the central conclusion of this report is that workplace giving remains a highly effective fundraising and education strategy with enormous untapped potential for the new generation of workplace-giving federations. Several factors shape our perspective:

- The continuing upward trajectory and appeal of non-United Way federations. The decline in aggregate workplace participation in recent years and languishing United Way workplace revenues mask the impressive growth curve of alternative federations and the enthusiasm with which employees greet new campaign models and new choices.

- The unwavering dedication to this field by federation leaders and their member organizations. As reflected in these pages, the enduring optimism, passion and entrepreneurship behind these federations are tangible.

- The resources and creative energy that employers—public and private—continue to invest in annual campaigns for their employees.

- The innovative campaign models and competitive proposals for campaign management being offered by non-United Way federations as well as private vendors.

While the stage is set for a new wave of growth, success is not guaranteed. The new federations must quickly embrace unfolding opportunities being offered by technological change, shifts in corporate giving policy, and swings in public opinion about United Way and the workplace campaign. Leadership and resources must be thoughtfully applied to address these key challenges:

- **The need to restore public trust and accountability to the marketplace.** Now is the time for federations publicly to define clear new standards of campaign practice and disclosure.

- **Employer and donor demand for efficient and effective solutions for campaign management.** New federations must build their internal capacity to administer campaigns and develop the "business of workplace giving" in a manner that engages employers as partners and increases healthy competition for campaign services.

- **The rise of e-campaigns.** The rate of transition from paper to online campaigns varies across geographic region and employment sector, but the trend is accelerating. Federations must secure their standing in campaigns that are shifting to an electronic platform and develop proactive e-campaign strategies to win participation in new campaigns.

- **Waning employer and donor confidence in the value and relevance of "federation."** Technology and downward pressure on administrative costs will continue to call into question federations as intermediaries. Federations must effectively demonstrate the role they play in building community, supporting campaigns and providing a coherent, manageable structure for both paper and online campaigns.

Navigating these challenges will not be simple. Tomorrow's workplace-giving leaders must blend versatility with vision and not shy away from risk. Yet the same should be said for the institutions in a position to assist this still young and enterprising movement. Employers must think openly and creatively about their workplace-giving policies. Foundations and donors must share the risks involved through investments in the infrastructure of workplace federations and other forms of involvement and advocacy on their behalf.

The National Committee for Responsive Philanthropy and the National Alliance for Choice in Giving deliver this report to the workplace giving community with our enduring commitment to support and collaborate with all those who seek to advance and enrich this vibrant and essential movement in American philanthropy.

12. Epilogue: A Better Way for Workplace Giving

Throughout 2002, the United Way of the National Capital Area was at the epicenter of debates about charitable accountability. Brian Gallagher, the chief of the United Way of America, weighed in with a call for the removal of National Capital's executive director, the beleaguered Norman O. Taylor. The Senate's champion of philanthropic accountability, Iowa Republican Charles Grassley, has requested reams of information about the United Way's financial dealings.

The leaders of local corporations convened to bemoan the United Way's loss of credibility, with several, including ExxonMobil and the Washington Redskins, choosing to sit out the United Way workplace fundraising campaign until the waters clear. Even a few of the eight regional affiliates of the National Capital United Way have expressed a desire to leave the fold that not all that long ago consolidated into the second-largest United Way in the nation.

All this occurs against the backdrop of a federal attorney's investigations, aimed at fiscal improprieties by past and current National Capital United Way brass.

The situation came to a head in April 2003 when it was announced that for the first time since the 1970s, the United Way would not manage America's largest workplace charity drive among federal employees. The Combined Federal Campaign of the National Capital Area (CFCNCA) instead awarded the management of its 2003 annual fundraising drive to Global Impact, which runs a smaller campaign among employees at overseas U.S. military installations. One hopes that this decision by the nation's largest CFC sends a signal highlighting the importance of accountability and transparency throughout the philanthropic and charitable sector.

Now is the time to redouble charitable giving, not to withdraw.

But does this signal an end to the crisis? Does eliminating the National Capital United Way's executive director solve the problem? Is anyone suggesting that the United Way itself simply go away? The answer to all three questions is a resounding no. The problem is one of accountability, ethics and probity, not an apocalyptic and unwarranted sacking of the primary mechanism for workplace donors to support critical human service providers in the Washington area. And a new management team at the helm might not overcome problems that can be traced to United Way policies and procedures.

Here are four straightforward points toward a remedy for the National Capital United Way meant to sustain and strengthen workplace giving in the Washington area—points that have wide applicability throughout the United Way system:

First, donors should in no way abandon the many excellent United Way-funded charities as a result of the legal and financial imbroglios of the National Capital United Way. The alleged gaffes of the United Way do not reflect on the recipient charities, which in fact have been cheated of resources they probably deserved to receive. With the economy and the stock market on shaky ground, now is the time to redouble charitable giving, not to withdraw.

Second, a good chunk of the National Capital United Way's current problems result from claiming or reporting moneys as its own that simply pass through the organization intended for other workplace federations, even other United Ways. This problem is not unique to the National Capital affiliate. United Ways in Tucson and San Jose, among others, have stumbled in similar ways.

This stems from long-standing policy guidance to United Ways managing fundraising efforts in federal government workplaces (the Combined Federal Campaign, or CFC) that recommends, "Where the United Way is the PCFO (Principle Combined Federal Fundraising Organization) for a combined government campaign, gross receipts will be counted regardless of how and where the funds are distributed." The United Way of America policy guidance provides some mechanisms for inter-United Way negotiations regarding which entity counts what funds, but it's still confusing: "United Ways shall report what they raise in their community. Donor designations to other United Ways should not be subtracted out, nor should incoming designations from other United Ways be included."

The result is obvious in the Washington metro, Tucson and San Jose situations: The local United Ways' campaign total may be grossly inflated or simply inaccurate because of the failure to reveal which funds are truly meant for local distribution versus those that are meant to pass through to other United Ways or even other workplace fundraising federations.

The solution? The fiscal agents for charitable workplace fundraising campaigns should not claim or report money designated by the donors or the workplace to charities represented by other workplace fundraising funds or federations. The standards of conduct of the National Alliance for Choice in Giving, an association of local workplace funds and federations dedicated to social change, environmental and ethnic/racial minority charities, address this issue forthrightly: "Federations/funds serving as fiscal agent shall not include the results of other federations and unaffiliated agencies in their own campaign goals and results reported to the media and general public."

To do otherwise, as the National Capital United Way apparently has, misleads donors about how much money is truly available for local charities and undermines donor faith in the United Way and its participating charities. To continue the practice of double counting also creates the false impression of lower-than-actual United Way administrative costs (spread over all of the funds passing through the organization rather than measured against the specific moneys raised by the United Way for local agencies).

The United Way simply should not count other organizations' funds that pass through its hands, period. It is difficult to defend the reliability of the United Way's other fiscal practices and reporting when the official "number" that is raised is off by millions of dollars.

Third: Provide more-accurate, detailed explanations of actual administrative costs. The United Way should divide its administrative cost allocations into two components: the administrative costs incurred in the United Way's passive "fiscal agent" role of processing pass-through funds to other United Ways and other workplace federations, and the administrative costs involved with raising, processing and allocating money for its member charities locally. There's nothing wrong with administrative costs. Just explain them clearly and publicly.

That should also include the issue of pledge-loss reserves. The National Alliance for Choice in Giving standards again tackle this straightforwardly: "The allowance for uncollectible pledges shall be based on actual overall pledge loss, not estimated pledge loss.… [The federation/fund] shall therefore distribute exactly what it receives (less approved fees) and report the actual pledge loss at the end of the campaign cycle." This overcomes the National Capital United Way practice of higher-than-actual pledge-loss estimates, with collected funds dumped into administrative accounts rather than distributed to member agencies.

The ExxonMobil announcement gives an inkling of a fourth guidepost to solve the United Way imbroglio. The market for selecting workplace campaign management and fiscal agents should be open to competition from other employee payroll deduction professionals. The United Way's near-monopoly over workplace fundraising simply doesn't work, and all concerned could benefit from healthy competition in workplace-giving management.

Giving corporations alternatives to the United Way—and giving the United Way the opportunity to compete for campaign-management contracts rather than serving as the only default option—is the best way to keep costs low, improve fiscal management and provide a check on potentially improper and unethical behavior. The market competition will in the end actually help, not hurt, the United Way.

There are more than 1,400 United Ways in the United States. In general, they know and live up to their responsibilities of leading the way in charitable transparency, accountability and trust. But some of their practices—abetted, perhaps unintentionally, by national United Way reporting guidelines—lead to overcounting and pledge-loss discrepancies outside Washington, too. Big charities like the United Way, the Red Cross and others have to recognize that their occasional fiscal melees affect all charities, large and small. It's the onus of leadership.

In a series of articles in November 2000, *Fortune* magazine asked, "Can anyone fix the United Way?" The answer is yes. Charities and employees can ask for change, choice, competition, openness and accountability in workplace fundraising campaigns. Nonetheless, the ultimate power to effect change in workplace fundraising rests with the employers—by opening up campaign-management opportunities to alternatives to the United Way and by demanding improved transparency, accountability and efficiency from whoever is selected to handle employees' charitable donations.

Since the National Capital imbroglio, the United Way of America has promulgated new financial accounting and reporting standards that appear to address some of the double-counting questions among United Ways and clarify mechanisms for calculating administrative charges, but other elements of charitable probity remain to be addressed. The lessons of the National Capital United Way—and now others including affiliates in Michigan and elsewhere where financial improprieties have surfaced—are not meant merely for the United Way network. The lessons are for everyone in the workplace fundraising arena.

There's no escaping that the American public's trust in the nonprofit sector is waning. A Harris Interactive survey for the *Chronicle of Philanthropy* in 2002 revealed that 42 percent of respondents lost confidence in charities after Sept. 11 while only 19 percent gained confidence in the nonprofit sector. A poll conducted by Princeton Research Associates for the Brookings Institution comparing public attitudes in July 2001 and May 2002 found that the number of respondents with "a lot" of confidence in charitable organizations fell from 25 percent to 18 percent, compared to a doubling in the proportion of respondents with "no confidence" in charities, from 8 percent to 17 percent.

According to a survey of charitable donors by Wirthlin Associates in 2003, the lessons of the United Way accountability problems should be heeded. According to Wirthlin, while more than 40 percent of Americans say they will slash their charitable giving because of the economic recession, an almost equal proportion say that "nonprofit scandals and misdeeds" will prompt them to cut back on their donations. Wirthlin's conclusions are just as important for alternative funds as they are for the United Way:

"Trust remains paramount.… Research across nonprofit organizations and donors suggests that trustworthiness is always of utmost importance for donors.… Survey findings underscore the need to protect and defend organizational trust. In fact, failures in trust have nearly the same negative impact in giving as an economic recession. In this new world of donor transparency, no one can afford to violate or undervalue donor trust."

We hope that the 2002 and 2003 accountability crises in the United Way will not have been in vain. The opportunity is now for employers, charities, employees, alternative funds and the United Way itself to all do their part to create a better way.

Contributors and Acknowledgements

CONTRIBUTORS

Caroline Borolla (Inclusive Campaigns on the Rise in Corporate America) was communications assistant/intern for NCRP in the summer of 2002. She is a graduate of American University and is now an editorial intern at *CMJ New Music Monthly* and contributing writer for *Rockpile Magazine.*

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Kathryn Lowery (Community Shares USA: Supporting Local Social Change) recently resigned as executive director of Community Solutions Fund, a collaboration of 42 innovative and highly effective Twin Cities-based grassroots nonprofit organizations fostering social justice. Lowery served in this position for seven years, was associate executive director the prior year and served as campaign director for the preceding four years. Lowery was also the founding board president of Community Shares USA. Lowery was educated at Macalester College and the Hubert H. Humphrey Institute of Public Affairs.

LeAnne Moss (Women's Federation Profile: The Women's Funding Alliance) has more than 13 years of experience in nonprofit executive leadership. Since 1996, Moss has been the executive director of the Women's Funding Alliance, a philanthropic organization in Seattle that raises funds for and awareness of issues facing women and girls through workplace giving campaigns, individual fundraising and public education. Before coming to WFA, Moss was the founder and executive director of a women's economic development and microenterprise organization in Michigan.

Michael Nerenberg (Where the Money Goes: Funding the Front Lines) worked as communications assistant/intern with NCRP in 2000-2001 and in the spring of 2002. Nerenberg is a 2002 graduate of the George Washington University with a bachelor's degree in political science/public policy, and will attend law school in the fall of 2003.

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Jim Sessions (The Union Community Fund) is the recently retired founding executive director of Union Community Fund (UCF). Before joining UCF, Sessions was director of the Highlander Research and Education Center in New Market, Tenn., a 70-year-old training center for activists in social-justice movements. Before Highlander, he was director for 12 years of the Commission on Religion in Appalachia, and earlier he was the director of Southerners for Economic Justice. He is an ordained United Methodist minister.

Nan Langen Steketee (Keys to Success in Public-Sector Combined Campaigns) is a social worker and community organizer by training. A graduate of Wellesley College and of Bryn Mawr Graduate School of Social Work and Social Research, she has worked in philanthropy for over 20 years. As director of the Center for Responsible Funding in Philadelphia for 20 years, Steketee worked with corporations, universities, government entities and nonprofit organizations on establishing or expanding their workplace-giving campaigns. Under her leadership the city of Philadelphia established the most successful open or combined charity campaign in municipal government history in the United States. Raising $1.5 million a year, the Philadelphia Combined Campaign benefits traditional and non-traditional charities alike while setting the standard for open and fair charity drives that are administratively manageable and significantly beneficial to the community.

Max Woodfin (Environmental Federation Profile: Earth Share of Texas) is president of the board of the National Alliance for Choice in Giving. He has been executive director of Earth Share of Texas since May 1997 and is on the national Earth Share board of directors. He was principal speechwriter for Rep. Barbara Jordan, D-Texas, from 1991 until her death in 1996.

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Chief Financial Officer, Earth Share

Wendy Oldham
National Black United Fund, Program Director

United Way of America Research Services

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Michael Nerenberg, Communications Assistant/Intern

Appendices

APPENDIX A Black United Funds

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Bay Area Black United Fund (Oakland, CA)	$115,061	$209,575	$248,225	$107,967	$159,498	38.62%
Black United Fund of Arizona	$10,400	$8,819	$5,185	$5,826	$3,523	-66.13%
Black United Fund of Memphis, INC	$107,241	$137,585	$211,079	$288,395	$120,686	12.54%
Black United Fund of Michigan	$528,235	$775,066	$784,735	$769,124	$823,052	55.81%
Black United Fund of Oregon	$254,815	$372,448	$387,776	$362,169	$368,256	44.52%
Georgia Black United Fund	$229,446	$269,900	$305,700	$254,772	$241,623	5.31%

APPENDIX B Environmental Funds

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Earth Share of California	$2,200,000	$2,049,639	$1,816,539	$2,080,000	$1,988,000	-9.64%
Earth Share of Georgia	$133,280	$231,119	$247,051	$276,105	$318,354	138.86%
Earth Share of Illinois	$124,676	$131,572	$139,751	$145,000	$333,000	167.09%
Earth Share of Michigan	$127,754	$151,977	$187,789	$200,663	$273,203	113.85%
Earth Share of Missouri	$44,630	$61,325	$94,093	$126,932	$155,000	247.30%
Earth Share of New England	$205,132	$308,113	$312,414	$311,250	$496,000	141.80%
Earth Share of New Jersey	$152,657	$155,719	$157,173	$154,723	$224,900	47.32%
Earth Share of New York	$185,000	$359,000	$420,000	$331,000	$545,218	194.71%
Earth Share of North Carolina	$318,758	$438,153	$439,442	$440,613	$480,000	50.58%
Earth Share of Ohio	$86,979	$126,822	$141,291	$200,487	$240,200	176.16%
Earth Share of Oregon	$471,216	$529,882	$618,598	$696,768	$673,356	42.90%
Earth Share of Texas	$260,708	$614,356	$746,819	$807,168	$715,000	174.25%
Earth Share of Washington	$410,000	$507,000	$552,762	$616,300	$663,000	61.71%
Environmental Fund for Arizona	$12,438	$14,685	$21,210	$5,000	$23,000	84.92%
Environmental Fund for Florida	$100,000	$93,891	$113,144	$109,000	$315,684	215.68%
Environmental Fund for Maryland	$128,000	$108,934	$137,942	$127,562	$108,000	-15.63%
Environmental Fund of Pennsylvania	$99,884	$163,859	$108,131	$173,382	$200,000	100.23%
Minnesota Environmental Fund	$346,000	$493,521	$535,190	$655,998	$564,000	63.01%

APPENDIX C Social Action Federations

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Access to Community Services (Madison, WI)	$61,608	$81,040	$72,499	$74,947	$81,470	32.24%
AIDS Fund (Philadelphia, PA)	$61,381	$69,391	$100,314	$96,868	$104,877	70.86%
Alaska Community Shares (Anchorage)	$105,493	$183,900	$170,000	$191,229	$210,000	99.07%
Another Way Texas Shares (Austin)	$188,743	$162,318	$196,548	$192,139	$160,000	-15.23%
Asian Pacific Community Fund (Los Angeles, CA)	$93,934	$90,555	$114,735	$104,109	$114,475	21.87%
Caring Connection (Denver, CO)	$328,600	$306,661	$391,798	$427,533	$377,245	14.80%
Choices in Giving (Boise, ID)	$66,985	$75,986	$104,405	$96,340	$49,263	-26.46%
Community Services Fund (Lincoln, NE)	$183,000	$198,306	$208,010	$186,872	$196,648	7.46%
Community Shares of Colorado (Denver)	$594,934	$829,029	$827,466	$935,074	$931,110	56.51%
Community Shares of Greater Milwaukee (WI)	$396,236	$315,353	$455,862	$550,000	$560,000	41.33%
Community Shares of Idaho (Boise)	$16,029	$23,400	$41,427	$42,798	$28,045	74.96%
Community Shares of Michigan (Detroit)	$2,500	$10,050	$11,093	$12,114	$11,284	351.36%
Community Shares of Mid-Ohio (Columbus)	$82,065	$165,919	$179,449	$193,963	$222,000	170.52%
Community Shares of Tennessee (Knoxville)	$310,579	$332,576	$321,351	$366,043	$371,130	19.50%
Community Shares of Utah (Salt Lake City)	$176,606	$190,069	$200,765	$194,000	$195,000	10.42%
Community Shares of Wisconsin (Madison)	$493,511	$563,955	$481,132	$551,967	$546,386	10.71%
Community Solutions Fund (St. Paul, MN)	$844,162	$904,722	$865,471	$819,412	$748,392	-11.34%
Community Works (Boston, MA)	$338,475	$359,113	$360,119	$374,881	$335,268	-0.95%
Community Works of Connecticut (Hartford)	$28,500	$48,268	$52,854	$49,079	$68,075	138.86%
Community Works of New York (Albany)	$21,150	$26,300	$29,250	$24,948	$49,538	134.22%
Food Resource Network (Seattle, WA)	$49,689	$75,227	$73,416	$81,827	$79,729	60.46%
Fund for Community Progress (Providence, RI)	$228,971	$261,898	$241,305	$200,625	$204,489	-10.69%
Georgia Shares (Atlanta)	$112,629	$148,076	$157,310	$193,400	$225,000	99.77%
Greater Cincinnati Community Shares (OH)	$21,489	$146,000	$195,026	$232,000	$225,000	947.05%
Greater Cleveland Community Shares (OH)	$557,268	$525,783	$785,433	$714,606	$746,289	33.92%
Iowa Shares (Des Moines)	$69,273	$79,245	$87,411	$97,555	$105,800	52.73%
MaineShare (Augusta)	$108,261	$160,000	$200,000	$208,000	$241,000	122.61%
Montana Shares (Helena)	$143,261	$139,200	$151,195	$155,000	$164,000	14.48%
North Carolina Community Shares (Durham)	$125,165	$160,617	$206,116	$366,000	$292,000	133.29%
Public Interest Fund of Illinois (Champaign)	$106,178	$167,539	$179,530	$210,327	$231,723	118.24%
The Pride Foundation (Seattle, WA)	$73,635	$87,626	$85,238	$127,362	$131,886	79.11%
United Latino Fund (Los Angeles, CA)	$104,000	$96,118	$114,178	$110,000	$140,518	35.11%

APPENDIX D Women's Federations

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Illinois Women's Funding Federation	$187,482	$212,730	$258,339	$250,000	$230,000	22.68%
Los Angeles Women's Foundation	$168,200	$140,800	$144,821	$150,000	$140,000	-16.77%
Women's Fund of New Jersey	$17,390	$104,805	$83,762	$127,950	$100,000	475.04%
Women's Funding Alliance (Seattle, WA)	$179,279	$223,955	$237,213	$242,000	$266,000	48.37%
WOMENS WAY (Philadelphia, PA)	$407,000	$315,737	$280,826	$310,767	$305,508	-24.94%

APPENDIX E Arts Funds

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Allied Arts (Oklahoma City, OK)	$120,000	$127,488	$140,530	$187,655	$187,440	56%
Allied Arts of Chattanooga (TN)	$103,845	$41,224	$62,345	$78,696	$85,967	-17%
Arts & Science Council (Charlotte, NC)	$2,582,800	$4,044,600	$5,724,794	$6,163,254	$6,764,973	162%
Arts United of Greater Fort Wayne (IN)	$251,842	$262,720	$242,573	$235,136	$233,748	-7%
Canton Cultural Center for the Arts (OH)	$20,078	$27,685	$19,831	$15,531	$37,981	89%
Cincinnati Institute of Fine Arts (OH)	$2,822,108	$3,342,206	$3,839,956	$3,976,733	$4,214,994	49%
Corporate Council for the Arts (Seattle, WA)	$41,143	$51,974	$54,722	$105,524	$112,916	174%
Culture Works (Dayton, OH)	$416,000	$419,577	$419,867	$483,554	$506,526	22%
Fund for the Arts (Louisville, KY)	$2,223,219	$2,232,355	$2,171,343	$2,348,118	$2,899,610	30%
Greater Hartford Arts Council (CT)	$100,000	$260,000	$312,000	$347,500	$430,000	330%
High Point Area Arts Council (NC)	$3,035	$1,713	$2,104	$1,749	$1,229	-60%
Lexington Arts and Cultural Council (KY)	$69,852	$65,830	$53,240	$56,252	$72,891	4%
Memphis Arts Council (TN)	$86,515	$140,680	$112,405	$109,000	$100,000	16%
The Arts Council of Winston-Salem & Forsyth County (NC)	$487,881	$518,403	$580,607	$585,917	$576,707	18%
United Arts Council of Greensboro (NC)	$60,000	$100,094	$134,413	$112,036	$90,000	50%
United Arts Council of Raleigh & Wake County (NC)	$195,000	$263,225	$308,677	$312,111	$296,790	52%
United Arts Fund (St. Paul, MN)	$254,150	$231,300	$304,000	$345,000	$325,000	28%
United Performing Arts Fund (Milwaukee, WI)	$1,222,093	$1,471,397	$1,627,585	$1,730,408	$1,764,755	44%

APPENDIX F State Combined Health Charities

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
Alabama	$202,000	$326,653	$355,180	$357,848	$321,134	58.98%
Arizona	$71,027	$135,217	$171,242	$179,444	$157,644	121.95%
California	$3,660,580	$3,920,607	$3,812,045	$3,674,111	$3,463,275	-5.39%
Colorado	$460,000	$587,692	$695,995	$499,833	$693,557	50.77%
Connecticut	$5,002,698	$5,726,255	$5,950,829	$5,601,941	$6,101,751	21.97%
National Capitol Area (Washington, DC)	$1,472,126	$1,602,226	$1,334,061	$350,778	$446,093	-69.70%
Florida	$393,910	$353,585	$384,972	$428,559	$574,511	45.85%
Georgia	$637,081	$506,876	$716,228	$622,700	$504,656	-20.79%
Illinois	$860,000	$977,656	$1,032,516	$1,296,248	$1,372,216	59.56%
Iowa	$62,168	$288,525	$254,580	$285,998	$260,278	318.67%
Kansas	$460,119	$685,651	$731,198	$837,694	$721,775	56.87%
Maine	$70,519	$141,360	$165,865	$190,982	$186,673	164.71%
Maryland	$2,157,000	$1,775,552	$2,306,021	$2,236,612	$2,246,846	4.17%
Massachusetts	$650,000	$995,001	$917,433	$1,210,379	$1,003,309	54.36%
Michigan	$483,392	$408,157	$501,081	$486,216	$530,142	9.67%
Minnesota	$607,020	$868,681	$963,939	$1,121,314	$867,425	42.90%
Missouri	$960,050	$33,743	$90,187	$165,538	$183,383	-80.90%
Nebraska	$1,105,999	$1,426,025	$1,469,686	$1,581,902	$1,615,184	46.04%
Nevada	$45,000	$39,447	$42,678	$58,100	$78,595	74.66%
New Jersey	$547,000	$475,674	$661,453	$653,922	$649,199	18.68%
New Mexico	$9,500	$65,065	$84,152	$66,630	$88,226	828.69%
New York	$854,192	$1,170,711	$1,181,616	$1,082,379	$1,273,078	49.04%
North Carolina	$540,745	$858,683	$1,608,861	$1,201,660	$1,728,592	219.67%
Ohio	$234,446	$616,584	$741,907	$763,814	$745,112	217.82%
Oklahoma	$22,250	$147,064	$208,028	$291,224	$205,047	821.56%
Oregon	$146,449	$1,020,844	$738,631	$738,631	$530,263	262.08%
Pennsylvania	$759,222	$674,630	$793,523	$950,992	$904,490	19.13%
South Carolina	$279,606	$403,657	$480,023	$479,011	$445,061	59.17%
Tennessee	$279,606	$543,222	$551,290	$747,522	$738,822	164.24%
Texas	$233,000	$1,187,103	$1,758,445	$1,723,884	$1,884,952	708.99%
Utah	$76,000	$167,504	$199,302	$297,062	$300,444	295.32%
Virginia	$618,090	$1,181,286	$1,353,566	$1,383,570	$1,523,220	146.44%
Wisconsin	$1,889,300	$1,746,916	$1,798,421	$1,952,259	$1,981,671	4.89%
National CHC Totals	$23,500,000	$24,843,766	$23,253,575	$28,489,199	$25,245,328	7.43%

APPENDIX G National Federations

Pledge Totals	1996	1998	1999	2000	2001	Percentage Growth 1996–2001
America's Charities	12,600,000	19,394,669	20,300,000	19,900,000	20,000,000	58.73%
Animal Fund of America	3,700,000	4,118,408	4,123,113	4,531,772	5,395,727	45.83%
Children's Charities of America	9,500,000	9,223,124	10,177,311	8,735,281	8,734,972	-8.05%
Christian Service Charities	6,400,000	9,124,117	9,698,267	9,579,090	12,625,628	97.28%
Community Health Charities (National)	23,500,000	24,843,766	23,253,575	28,489,199	25,245,328	7.43%
Conservation and Preservation Charities of America	1,400,000	2,098,825	1,768,231	2,151,549	2,291,618	63.69%
Do Unto Others	1,100,000	1,408,393	1,271,622	1,851,855	1,643,184	49.38%
EarthShare	8,021,326	8,263,604	8,891,018	8,982,462	6,865,163	-14.41%
Educate America National CFC	1,300,000	907,405	1,089,595	1,026,941	1,309,974	0.77%
Health and Medical Research Charities of America	2,500,000	7,507,368	8,425,638	11,240,645	13,625,458	445.02%
Human and Civil Rights Organization of America	1,000,000	783,044	1,117,236	1,287,940	1,059,678	5.97%
Human Service Charities of America	1,672,000	2,185,293	2,331,325	2,487,800	2,686,591	60.68%
Independent Charities of America	5,200,000	4,838,421	5,928,064	5,962,100	7,135,481	37.22%
International Service Agencies	10,200,000	12,089,076	13,456,403	15,928,340	16,200,000	58.82%
Local Independent Charities	6,700,000	6,483,003	7,255,903	6,333,718	6,230,200	-7.01%
Medical Research Charities of America	6,600,000	4,482,443	5,029,706	4,094,175	3,970,554	-39.84%
Military, Veterans and Patriotic Service Charities	2,400,000	3,288,036	3,755,029	3,839,399	4,264,267	77.68%
National Black United Federation of Charities	2,200,000	1,584,655	1,259,714	1,420,847	1,090,220	-50.44%
United Co-op Appeal	79,605	93,521	103,511	100,757	105,285	32.26%
Women, Children, Family Service Charities	700,000	696,272	1,275,041	1,804,236	1,126,478	60.93%

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