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On the Plus Side

Majority of United Ways achieved fund-raising gains in 2006, with donations totaling \$4.1-billion

By Sue Hoyer

Sixty percent of the nation's United Ways raised more money in 2006 than in the previous year, with donations totaling \$4.1-billion,

But the growth was too small to do much more than keep pace with inflation, which was 2.5 percent last year. Brian A. Gallagher, president of United Way of America, in Alexandria, Va., said that he was pleased with the numbers for his network's 1,294 United Ways, but that he believes the local units can achieve bigger growth, probably 4 to 6 percent each year.

For the seventh year, the United Way of King County, in Seattle, topped the list of the United Ways that raised the most: more than \$123.5-million, a 25.3-percent increase over the previous year. United Way of Metropolitan Atlanta was second, at \$104-million raised, followed by Greater Twin Cities United Way, in Minneapolis, with donations of \$88.8-million.

United Way of the Capital Region, in Enola, Pa., reported the largest percentage increase; donations rose 51 percent, for a total of \$14.6-million, largely because of a \$4-million charitable trust that it received. The United Way in Seattle was second, followed by Mile High United Way, in Denver, with \$34.7-million raised, for an increase of 23 percent.

'A Tipping Point'

Mr. Gallagher sees those increases as a sign that practices many United Ways adopted five years ago are starting to pay off.

"It takes about three to five years to make all of the changes necessary to get the forward motion till they get to a tipping point," he said. "We are seeing more United Ways that are raising more money. I think we are at that tipping point."

In 2002 United Way of America encouraged local United Ways to try a new approach, which the charity dubbed "community impact." It called on United Ways to focus on specific community-identified issues, and to work with nonprofit groups to reach measurable goals. That was different from the more traditional approach, in which United Ways acted as fund-raising conduits that passed money to a wide range of nonprofit groups.

Now almost all United Ways have adopted the new approach in some fashion, but when it was introduced, only half were doing so.

"If we take a look at the 50 percent of United Ways that are the furthest along in community impact, those United Ways are growing much more quickly than the field as a whole," Mr. Gallagher said. According to United Way of America, those United Ways raised 20 percent more than the organizations that did not take that approach.

Mr. Gallagher said other key indicators of success are the decrease in money that simply passes through United Way, and the increase in dollars that stay with United Way. As a group, the United Ways that changed practices five years ago keep 26 percent more of their donations for programs they run and finance than other organizations.

Seattle's United Way achieved a 54-percent increase in support for the organization itself and its programs last year. That translated to \$61-million — \$38.5-million designated to support the organization's grant making to charities that focus on early-childhood education and ending

homelessness, and \$22.5-million as part of a matching grant from the Bill & Melinda Gates Foundation. The "Gates Challenge" dollars are designated for an endowment to underwrite the operating costs of the United Way.

The organization, an early convert to the new approach, benefits from the support of large local businesses, which include Microsoft and Boeing, and well-known local residents, like the Gateses. United Way of King County has learned to make the most of prominent business leaders by inviting them to chair the annual fund-raising drive. Last year's campaign was chaired by Jeff Raikes, president of Microsoft's business division, and his wife, Tricia.

The approach has paid off for the group, but Christine Hynes, a spokeswoman for the United Way, says the support the organization receives isn't due to chance, but rather to the changes in the way the charity does business.

"If we hadn't changed, we wouldn't be able to attract the kind of leaders we are attracting right now," she said.

Big Donations

As part of their efforts to reduce their reliance on on-the-job giving drives, many United Ways are now emphasizing efforts to seek big gifts from individuals. The number of people who give \$10,000 or more each year has grown significantly over the past five years, reaching 26,780 in 2006, up from 19,578 in 2002, according to United Way of America.

United Way of Central New Mexico, in Albuquerque, had only 10 donors who gave \$10,000 or more a decade ago, but in 2006 it had at least 300 people who gave that much.

The organization makes a special effort to show its appreciation for all gifts of \$500 or more.

"We do everything we can to make our best donors happy," says Jack Holmes, chief executive of the Albuquerque United Way.

At many local United Ways, results can be skewed by one or two large gifts. Two sizable gifts that pushed the fund-raising total of the United Way of Tucson and Southern Arizona up 38 percent in 2005 are part of the reason the organization's fund raising last year dropped 19 percent, according to Dan Duncan, a senior vice president at the organization.

Mr. Duncan said Tucson's United Way has been very successful in recent years in attracting large donations and grants. In 2005 the organization received a bequest of \$2-million and a one-time gift of \$1-million. Such ups and downs are to be expected, he says. "We measure our success in terms of outcomes with our work," he says.

Tucson was not the only United Way where donations dipped. Among the other big United Ways that had significant declines were the Orange County United Way, in Irvine, Calif., where donations dropped 20.5 percent, and the United Way in Baton Rouge, La., which saw a decline of 16.3 percent.

Like many charities in the Gulf region, the Baton Rouge United Way received a big influx of gifts to help the area recover from Hurricanes Katrina and Rita; in 2005, it received \$3-million more than the \$11-million it typically raised. Howard Taylor, the United Way's president, says signs are encouraging that giving in 2007 will outpace last year's giving.