

Workplace philanthropy programs grow, change

John Henry. *The Arkansas Business*
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AMERICANS GAVE A record \$248.5 billion to charitable causes in 2004, up 5 percent over the previous year, according to the Giving USA Foundation.

Of that amount, individual giving reached \$187.9 billion, the foundation report said, adding that living individuals make up three-quarters of total charitable giving. Corporate giving, on the other hand, amounts to about 5-6 percent of total giving. About 70-80 percent of Americans give to at least one charity.

And Arkansans rank second in the Catalogue of Philanthropy's Generosity Index, outgiving everyone but our neighbors in Mississippi.

But the nature of that giving is changing, said John Nazzaro, president of the United Way of Pulaski County. The United Way has been the leader in workplace giving programs and for years has been the main agency for supporting community organizations.

While Nazzaro agrees that overall giving has increased, more people are now designating their gifts to specific enterprises.

"It's a more open system now and although it helps us abstractly, it makes United Way sort of repository, more like a foundation," he said.

Last year, for instance, the Pulaski County chapter raised \$5.2 million. However, United Way

only had \$3.4 million to distribute, at its discretion, to the 36 agencies it helps support. An additional \$800,000 was designated for national or international enterprises and another \$400,000 was designated for various entities within the state.

In recent years, companies have begun to offer more giving choices because their employee base is more diverse. There are all sorts of diverse organizations that seek support, and more than 30 percent of the Fortune 500 companies include charity options in addition to United Way as part of their workplace giving program.

"People now want to know how their dollars are used," said Fran Carter, development director at Youth Home Inc. of Little Rock and president of the Arkansas chapter of the Association of Fundraising Professionals. "They want accountability.

"They are more aware of nonprofits that don't live up to their mission and that makes them more cautious about who they give to," she said.

Each year the United Way visits some 360 companies in the area, said Brad Robertson, campaign director, to tell the story of United Way giving.

Employee giving makes up 78 percent of gifts to United Way, he said, while corporate gifts make up 20 percent. The remaining 2 percent comes from generous individuals and retirees.

The National Committee for **Responsive Philanthropy** reports that 25 percent of Americans work in companies with workplace giving campaigns and, of those workers, 35 percent of them give to the campaign. That's down dramatically from 47 percent a decade ago; younger employees aren't as likely to give through a traditional workplace campaign.

When United Way kicks off its fall campaign on Sept. 14, the goal, of course, will be to raise more than it did last year. It continues to concentrate on employee giving, Nazzaro said, because the local chapter can't really have much influence on the large national corporations that make most of their philanthropic decisions elsewhere.

Nazzaro said the local chapter is beginning to change some focus. For instance, it has responded to the need for affordable health care by helping fund a dental clinic at Wakefield Elementary School in the Little Rock School District.

Another idea Nazzaro is working on is economic education to make people more self-sufficient and boost economic development in the state. For instance, if those eligible to take the Earned Income Tax Credit on their tax forms each did so, it would create an additional \$35-\$40 million economic impact in the state. But because many don't realize they are eligible for the credit, the state and those people are missing out.

He's still working on the details of an education program but hopes to present a plan soon to the United Way board.

Although giving was up for the first time since the stock market fell in 2000 and the recession that began in 2001, most of that giving was to organizations that the givers are directly connected with, such as churches or religious groups. Those types of donations makes up some 35 percent - about \$88 billion - of all giving.

Donors gave 1.9 percent of their income - about \$188 - to charitable causes last year, which is down from 2000, when they gave 2.1 percent or about \$191.

After religious organizations, education causes make up the next biggest sector that receives contributions - about \$34 billion last year. Gifts to environmental and animal rights organizations were up 4.2 percent and donations to arts and humanities groups rose 3.9 percent.

Gifts to human services organizations such as food banks and homeless shelters, however, were down 1.1 percent last year, the third consecutive year they've declined.

Entergy, Baptist Contrast

Last year, Entergy Arkansas, along with Baptist Health and UPS, were honored by United Way for their employee campaigns. Entergy Arkansas also was honored as one of the top corporate givers to United Way.

The key to Entergy Arkansas' success is that giving back to the community is "emphasized from the top down," said James Thompson, spokesman for the utility.

With Hugh McDonald, CEO of Entergy Arkansas, "giving back is not just talk; he's there leading the effort," Thompson said. That's the key to a successful giving program.

Research shows that active and visible leadership from senior officers of the company is essential for a successful workplace giving program.

Just recently, when the Arkansas chapter of the American Red Cross faced cutbacks, McDonald led the kickoff on radio station KARN to raise funds, and Entergy itself donated \$20,000.

Last year, the 1,900 Entergy Arkansas employees (excluding the Arkansas Nuclear One workers) gave \$236,000 to United Way. That amount was matched by the company, bringing the total to close to half a million. In addition, company employees raised \$17,500 for the HeartWalk, and another \$5,000 for the National Conference for Community and Justice.

Thompson said McDonald gets employees pumped up and makes an overall effort to get everyone involved and participating.

Oscar Washington, manager of the company's customer service center in Little Rock, was the project director for its United Way drive. It started with a 1950's theme party, Thompson said, which they made a big production of. The company makes a concerted effort to its internal newsletters and on its Web site about the opportunities to give.

"McDonald has made it clear that it's the right thing to do," Thompson said. "The people in 63 counties are our customers," he said, "and we have to give back to all the communities we serve."

At Baptist Health, which has the largest private nonprofit giving campaign in the United Way of Pulaski County, it's more of an employee-driven campaign, said Sandra Brown, director of community help.

"The employees lead it," she said. "They set the goal and do the promotion and soliciting and the evaluation of the program."

Leadership is involved and committed, Brown said, but "the employees have taken it and it has become theirs."

Last year's goal was \$345,000 and more than \$356,000 was raised from the more than 7,000 employees of Baptist Health.

Each Baptist facility around the state sets its own goal and Brown said her role is mainly to organize it all. Each facility can also decide what incentives it may offer to encourage giving.

Employee Awareness

Carter said that in many instances the individual giving of employees is driven by corporate giving - and vice versa. Sometimes corporate giving raises employees' awareness of the needs of organizations. In other cases, company officials respond to employees who are involved with specific organizations. A 1999 Cone/Roper Cause Trends Report showed that companies that promote giving by their employees create a stronger sense of loyalty to their employer for caring about the community in which they live and work. Employees like working for a company that actively supports their charitable interests in the community.

And a strong employee workplace giving program can be an important part of an employer's overall relationship with its employees.

"Corporate officials now see the value of investing in communities because it raises the quality of life for their employees," said Pat Lile, executive director of the Arkansas Community Foundation.

The foundation encourages companies to match whatever gifts are made by the employees or, if they cannot do that, at least try to match up to a certain amount per employee, Lile said.

Those corporate matches are a great resource for nonprofits, said Carter. Companies can take numerous steps to boost employee giving. One of the most effective and best liked by the employees is payroll deduction.

Among the successful ideas some companies have come up with are these:

- * Name the giving program for the company. It brands it and promotes employee loyalty, making the giving program a team effort.
- * Encourage volunteer activities. Volunteers tend to make larger financial contributions, than people who do not volunteer.
- * Company leadership from management is vital. A corporate culture of giving must be developed with the active and visible involvement of senior officers.
- * Create a team of diverse employees within the company to run the program.

* Offer a wide enough range of charitable organizations to support through the giving program to reflect the interests of employees as well as the company's community relation's goals.

* Get feedback from the employees and recognize and thank donors and volunteers.

In addition to the alternatives to United Way campaigns, other trends in employee giving, according to Carter, include incentives like time off for volunteering and in-kind giving.