

Wal-Mart's benevolence questioned by critics

BY MARK MINTON *The Arkansas Democrat Gazette*
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These days, Wal-Mart can't even give its money away without rousing critics.

The world's biggest retailer, already a hefty political target for labor unions and activists who blast it for underpaying workers and bleeding Main Street, is also drawing scrutiny for its charity.

The Wal-Mart Foundation donates more cash than any other corporate foundation in America, according to the Foundation Center, a nonprofit foundation tracker. But even as Wal-Mart Stores Inc.'s charity arm hands out \$120 million a year, critics are questioning its motives and impacts.

The donations, most of which are small checks to Girl Scout troops, Little League teams and other local causes in Wal-Mart towns, amount to a tax-deductible public-relations campaign to curry favor with potential customers, the National Committee for Responsive Philanthropy contends.

The organization, funded by "mainstream and liberal foundations" and often critical of conservative philanthropy, says Wal-Mart could accomplish more good by focusing its millions on the world's most pressing problems.

Betsy Reithemeyer, the Wal-Mart vice president who directs the Bentonville-based foundation, found it ironic that anyone would criticize the company for giving away money.

But Reithemeyer acknowledged that the Wal-Mart Foundation, on its own initiative, is planning to tighten the focus of its unusual giving program, which empowers individual managers at the 3,700 Wal-Mart stores across America to select nearly all the charities that get donations.

The result is a blizzard of checks. The foundation wrote them to more than 100,000 nonprofit community organizations in 2003. The entries filled 2,100 pages in the foundation's latest federal tax return.

In 2004, the company's largess provided \$4 million in direct support to the Children's Miracle Network. It contributed \$6 million to 5,000 literacy programs and more than \$4 million for awards recognizing teachers. The United Way got \$11.4 million. Local police and fire departments collected \$7.8 million.

But not all the beneficiaries are noncontroversial.

The Wal-Mart Foundation also has given money to crisis-pregnancy clinics that advise women about abortion, for instance, and to a Southern heritage group that promotes the flying of the Confederate flag, which offends some blacks.

The Bentonville headquarters reviews all the charities that Wal-Mart store workers select before it cuts the checks. But the sheer volume makes the task difficult, Reithemeyer said. She would not second-guess any individual donations. But with so many disparate organizations getting money, she said, the foundation realizes that the public could have difficulty discerning just what causes Wal-Mart supports.

"We've tried to be the 'supercenter of giving,'" Reithemeyer said. "We've tried to be everything to everyone.

"So we've been so fragmented in our giving that it's been difficult to understand just exactly what we stand for."

GOOD WILL HUNTING?

What the Wal-Mart Foundation stands for seems all too clear to the National Committee for Responsive Philanthropy.

"Unfortunately, their philanthropy is more about corporate advertising than it is about helping nonprofits or communities," said Jeffrey Krehely, deputy director of the committee, which recently published a report questioning the motives and effectiveness of Wal-Mart's giving.

The Wal-Mart Foundation also has attracted a parody Web site that mocks Wal-Mart's philanthropy much as anti-Wal-Mart Web sites have popped up to blast the retailer's labor practices and economic impacts.

Daniel Papasian, a 20-year-old political-science student at Carnegie Mellon University in Pittsburgh, said he created the site - <http://www.walmart-foundation.org/> , only a hyphen away from the real foundation site - as a class project this spring. His professor gave him an A.

Wal-Mart sent him a cease-and-desist letter, saying he infringed copyrights by using Wal-Mart logos. That irked Papasian, who removed the offending logos but left the site online. Wal-Mart has taken no further action.

Papasian said he has gotten encouragement from supporters, including labor unions that have blasted Wal-Mart's pay and benefits.

Amid mounting public attacks, the retailer began promoting its charitable giving more aggressively about two years ago. The "Wal-Mart good works" promotions are a reversal for a company that traditionally preferred to keep its giving to itself, Reithemeyer said.

"We never used to talk about it," she said.

But now Wal-Mart says its customers and employees need to know about its charity. "People want to know that, as a business, you are giving back," Reithemeyer said.

Hoping to draw national attention to its support for education, Wal-Mart agreed to sponsor The Scholar, an ABC reality show in which high-school seniors compete for college scholarships. The final episode will air Monday.

The Wal-Mart Foundation is funding \$300,000 worth of scholarships for show contestants. It also bought commercials touting the more than \$100 million in scholarships that Wal-Mart has given over the past three decades.

Wal-Mart and its foundation plan to reinforce the message by posting signs in the school-supply aisles of Wal-Mart stores, reminding shoppers that the company gives \$45 million a year for education.

DIRECTING THE FLOW

All told, the company's giving added up to more than \$170 million for charities last year. The total includes not only gifts made by the Wal-Mart Foundation but also donations from the company's own accounts. Gifts from shoppers, in-kind donations and employee fundraisers put the total at \$269 million, according to the foundation.

The company's gifts are separate from the charity that flows from the Walton Family Foundation and the Walton Family Charitable Support Foundation, established by members of the chain's founding family. Together, their gifts totaled \$410 million in 2003.

Reithemeyer said the Wal-Mart Foundation hopes to put its new giving strategy in place within a year. Even as the foundation looks for ways to narrow its focus to select causes, it intends to continue supporting local charities and giving its stores a say, Reithemeyer said.

"We want to support the communities where we are," she said.

She said it was too soon to say how Wal-Mart might narrow its focus, probably concentrating more on education.

Education already gets most of the money, through thousands of grants to schools and scholars. But the foundation's current eligibility guidelines make nearly any nonprofit organization in a Wal-Mart town a potential recipient.

NO COMMENT

In its recent giving, the foundation did not shrink from controversy about unwanted pregnancies and abortion. A computer search of its tax return turned up \$157,153 in donations to 261 crisis-pregnancy centers, which don't all see abortion issue the same way.

The Santa Clarita Valley Pregnancy Center in Newhall, Calif., says it presents abortion as an option and spells out other options such as the morning-after pill.

The Women's Choice Pregnancy Clinic in northeast Arizona calls itself "a Christian ministry dedicated to the sanctity of human life." The organization says its goal is "to influence a woman's choice of life for her unborn baby and to come alongside her in practical, tangible ways throughout her pregnancy, delivery and afterwards."

Director Dinah Monahan said, however, that women who choose an abortion are treated with "dignity and compassion."

The Wal-Mart Foundation declined to comment specifically on its gifts to pregnancy centers or what corporate views they reflect.

"Our giving does not take any political or emotional position," said spokesman Melissa O'Brien.

"With the volume of grants we provide daily, it's impossible to take one grant out of thousands as a snapshot example of any position," she said. "Our giving is directed at an organization's intent, which is to help those who are helping to improve the quality of life in our store communities."

The Wal-Mart Foundation also gave three checks totaling \$1,350 to the Sons of Confederate Veterans, according to the tax return. The foundation did not give any money to the Sons of Union Veterans, the Confederate group's smaller counterpart.

The Sons of Confederate Veterans, based in Columbia, Tenn., says it stands against racial

intolerance while preserving the history and legacy of the Confederate soldier and the Civil War period.

But the Southern heritage group also stands for displaying the Confederate Battle Flag, which some civil-rights groups, including the National Association for the Advancement of Colored People, have condemned. The Alabama Division of Sons of Confederate Veterans stirred controversy last month by raising a 32-foot Confederate flag along Interstate 65 north of Montgomery, Ala.

The Wal-Mart Foundation would not comment on the gifts.