

United Way sets new course

Hurricanes, donation patterns force nonprofit group to change focus, goals

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Shantrell Adams could be Exhibit A in this year's United Way campaign.

She's in her cubicle at Ripley House, a community center in the heart of Houston's east side, listening to stories that hit uncomfortably close to home.

Adams offers what comfort she can, mostly in the form of information: where to apply for unemployment benefits or a Metro bus pass. Job leads, and the latest news from FEMA.

"Most times, everyone has it wrong," she says of the rumor mill that engulfs those who moved here in the wake of Hurricane Katrina.

Adams should know. She is part of a multiagency task force spearheaded by the United Way of the Texas Gulf Coast to help people unable to return home after the hurricane. The caseworkers are Katrina evacuees, as well, something Adams, who previously worked at a New Orleans nonprofit, kept a secret at first.

"Initially, I thought I needed to distance myself," she said. "But when you can say, 'I know what you're talking about,' it breaks the ice."

Many evacuees will need job training, subsidized child care, mental-health services and other services traditionally provided by agencies that depend, in part, on the United Way. But even before the hurricanes hit, the United Way had reached a turning point.

Since its founding in 1922, the local United Way — which helps fund about 70 social-service agencies in Fort Bend, Harris, Montgomery and Waller counties — has been the granddaddy of workplace charitable campaigns in Southeast Texas. The current campaign ends March 31.

But times have changed, and this is not your father's United Way.

"The United Way has to change dramatically" to avoid becoming irrelevant in today's philanthropic world, said Eugene Tempel, executive director of the Center on Philanthropy at Indiana University.

Relying upon a few huge corporations prodding employees to donate no longer works in a city increasingly filled with entrepreneurs and small companies, which often don't run United Way campaigns. In fact, the United Way estimates that only one out of seven Houston-area households contribute to its campaigns.

So Katrina was a mixed blessing. It gave the United Way a heightened local profile but also stretched its resources at a time when several well-publicized hurricane-relief funds were competing for donations.

The 'new normal'

This year's \$67 million goal was set before Hurricane Katrina sent an estimated 150,000 people to Houston; about 80,000 have signed up for a housing program run by the city of Houston.

So even if the United Way reaches its goal — and every campaign since 2001 has fallen short — there won't be enough money to meet the increased need.

Services for new residents could cost as much as \$50 million a year, according to the United Way.

The hurricanes "created a new normal," said Anna Babin, president of the United Way. "We're never going to meet all the needs, but we have to look at how we can help the new residents become self-sufficient."

Babin was poised to step into the job Sept. 1, when it appeared her biggest challenge would be continuing efforts to expand into smaller companies and to reach more high-stakes individual donors.

Then Katrina hit.

The United Way launched its own hurricane-relief fund — separate from but competing with the Bush-Clinton Katrina Fund and a Red Cross fund — and raised about \$7 million for agencies dealing with evacuees in Houston, mostly through corporate contributions.

The money helped pay for the case management program at Neighborhood Centers Inc., which hired Adams, and similar programs at other agencies.

That, of course, is only the beginning of what people will need.

At the same time, competition for charitable donations has grown, both through single-event campaigns — raising money to help survivors of the 2004 Asian tsunami, for example, or last year's earthquake in Pakistan — and through the expanded choices offered in workplace campaigns.

More than that, Tempel said, nonprofits are competing with consumerism.

Philanthropy generally garners about 2 percent of gross national product, he said. "People see philanthropy as a zero-sum game. But a lot of things go into the gross national product. Hiring somebody to do your lawn, going out to eat in a restaurant. Taking vacations," he said. "If you didn't go to the spa, you might give more to philanthropy."

In a way, Tempel said, nonprofits don't compete with one another but with the sorts of luxuries that people didn't indulge in times past.

So while Babin concedes that single-event campaigns draw money from established charities like the United Way, she said they also draw donations from people who wouldn't give to a more general charitable drive. And she knows that local agencies will benefit from the various Katrina funds.

"It was really amazing," said Bob Fleming, vice president for program services at Catholic Charities of Houston. "Our donors immediately started sending us money."

The agency provided about \$2 million in emergency and short-term assistance before moving to case management and other longer-term services, Fleming said. But it also has to maintain its traditional programs, including care for people with HIV or AIDS, family counseling, and adoption and foster care services.

So far, Fleming said, money from the United Way, as well as direct hurricane-spurred donations, has covered the increased costs.

"Our experience has been, if you begin to respond and people see that you're effective, the donors tend to come to you," Fleming said.

Battle for bucks

That philosophy is behind United Way plans to combat increased competition.

"We have to give people a compelling reason why the United Way deserves their support," said Jim Postl, former CEO of Pennzoil-Quaker State Co. and chairman of this year's United Way campaign.

About one-third of United Way donations come from workplace giving, while the rest is evenly divided between corporate contributions and individual donations of \$1,000 or more, he said. But corporate and workplace giving are dropping, so the current emphasis is on high-dollar donors.

That's happening all across the country, Babin said. "All United Ways are looking at, 'How do you go beyond the workplace?' How do you get \$10,000-and-above donors?"

In addition, the United Way is working to supplement workplace campaigns through public service announcements, billboards and direct mail. The direct-to-donor approach should pay off in the future, Postl said.

Competition — from other nonprofits, as well as from Americans' taste for self-indulgence — is a fact of life.

The public sector pioneered the movement to offer more choice during workplace campaigns.

The city of Houston's Combined Municipal Campaign includes the United Way, the Thurgood

Marshall Scholarship Fund, Community Health Charities and environmental organizations. "Everything you do in the public sector you want to be more inclusive," said Lonnie Vara, director of human resources.

Private employers have followed suit.

As evidence, a 2003 survey by the National Committee for Responsive Philanthropy and the National Alliance for Choice in Giving looked at 191 alternative umbrella organizations and found that the groups received pledges of over \$222 million in workplace giving campaigns in 2001, up 35.7 percent from 1996. Giving to local United Ways through workplace giving increased 0.46 percent during the same period, according to the survey.

People are demanding more control over their donations at all levels, Tempel said, and that's particularly ominous for an umbrella group like the United Way.

But United Way agencies can remain relevant by promoting themselves as community problem-solvers rather than merely fundraisers, he said.

"Their key assets have to be an understanding of community problems, understanding the quality of community agencies," Tempel said.

That, Babin and Postl say, is something Hurricane Katrina allowed the local United Way to do.

Joining the city's response to the influx of evacuees "allowed us to talk about the United Way in a very different way," Postl said.

"On balance, it may have hurt some in the short term, but it probably helped us in the long term."

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