

In-house United Way Programs Got Big Funding Boost

4 programs, through which the United Way paid some salaries, had funding increased 33 percent last year.

By Kerry Hall
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Four little-known programs at the heart of a debate over the United Way's reported overhead received \$4 million last year – a 33 percent increase, the Observer has learned.

Board chairman Carlos Evans has asked for a review of the United Way-run programs, and has said the community needs to decide whether they are worth the money.

He also has said he wants to provide a clearer look into agency spending. He said the 15 percent overhead figure long touted by the agency doesn't truly reflect how donors' money is used. Instead of 85 cents out of every dollar raised going to charities, the figure is closer to 75 cents, he said. The rest stays with United Way.

"The reality is those internal programs are competing with the agencies for dollars," he said, referring to the 91 charities United Way supports.

UNC Charlotte Chancellor Phil Dubois, a United Way board member, said the agency must decide which benefits the community most: the programs or sending their money directly to charities.

Dubois serves on a board committee charged with figuring out the agency's exact overhead. He said it's likely higher than what United Way has reported in the past, but lower than the 24 percent Evans announced this week.

While he applauded Evans' effort to give a clearer view of agency spending, he said he doesn't believe all the dollars spent on in-house programs can be classified as overhead.

"It's a separate question on whether those programs are effective and efficient," he said.

Evans' plans to scrutinize the programs earned him praise from charity watchdogs and donors.

["I think it's a great step, because it will give the public a very true and honest portrayal of how their dollars are being spent," said Aaron Dorfman, executive director with the National Committee for Responsive Philanthropy.](#)

"He has to rebuild public trust," said donor Nancy Klein of Charlotte. "There were some deceptive practices, as far as I can figure. It gives the whole organization a really bad public image."

United Way of America guidelines let agencies exclude some CEO pay from overhead. Charlotte's United Way trimmed 71 percent of the \$1.2million former agency CEO Gloria Pace King received in 2007. That comes to more than \$850,000, an amount some experts question.

Despite frequent conversations, United Way of Central Carolina's staff haven't fully explained why the programs' budgets have steadily increased, other than to say much of the growth was due to higher "management costs."

It's unclear what the programs have achieved. They have not undergone the same vetting as other charities that receive United Way money.

Evans' focus on in-house programs drew mixed reviews from parent group United Way of America, which heavily promotes internal programming.

Spokeswoman Sally Fabens said it would be wrong for Evans to distinguish between money spent on programs from that given to charities because her agency views them as equally important. United Way of America wants its local agencies to go beyond fundraising and adopt a leadership role in community planning.

"I believe it misrepresents the (United Way) brand," Fabens said. "The programs that United Way runs are programs like any other agency."

Evans said he doesn't think United Way-run programs are necessarily bad, but "I think they ought to be run through the same rigor as every other charity. And I think we ought to reserve the right as a community to decide how much we want our United Way to be a fundraising agency versus a programming agency."

Nonprofit accounting expert Ken Wing with the Urban Institute's Center on Nonprofits and Philanthropy, has long argued that communities need to focus less on overhead and more on what they want their United Ways to achieve. He said there's "a crying need" for some of the services in-house programs provide, such as coordinating local charities.

But, he said, "I'm not convinced United Ways were smart to take it on themselves.

"It can look suspicious, expensive and wasteful. And it's very hard to explain."

That's what United Way of Central Indiana chose to avoid.

It classifies 100 percent of its top executive salary and marketing expenses as overhead, although, according to United Way of America guidelines, some of it could be excluded, said CEO Ellen Annala.

"We have opted to err on the side of being more conservative," she said. "It has to do with public perception and avoiding the types of questions (Charlotte's United Way) is dealing with."

Staff Writers Mark Price and Michael Gordon contributed.

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