

## HOUSING

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that federal housing funds be distributed in block grants to states to cut down on what lawmakers see as waste and inefficiency at HUD.

But some North Carolina housing advocates worry that the block grant system will bypass needed programs.

Bill Powell, a volunteer for Triangle-area nonprofits that provide housing for people with HIV and AIDS, says that federal funds have been the main source of support for housing for "underserved groups."

"The history of North Carolina's service to HIV housing is extremely poor," says Powell, who works as an engineer for Gail Freeman Associates in Durham. "If [federal] monies are turned over as block grants, we may very well see a further setback."

Federal AIDS housing grants to North Carolina have risen to \$1.21 million in 1994 from \$395,000 in 1992.

"But it may stop there," says Joan Plotnick, the state's AIDS housing program administrator. "We could get as much as \$1.15 million in 1995 but that is money the federal government is thinking of rescinding."

As for state housing money, Gov. Jim Hunt's proposed budget contains no mention of the North Carolina Housing Trust Fund - a pool of money that is allocated each year for low-income housing assistance.

Shaw of the Affordable Housing Coalition says the fund began with about \$20 million in the early 1980s. Since then, housing groups have had to lobby each year for renewed funding.

"Our most successful year was in 1994, when we got about \$4 million," she says. "So that gives you an idea of the level we are at in terms of state support."

The coalition hopes to persuade state lawmakers to provide \$7.5 million for the Housing Trust Fund and about \$2.5 million in technical assistance grants to nonprofit housing groups this year.

With federal and state housing funds in question, could support from the private sector fill the gap?

Not likely, housing advocates say. "The private sector has not seen this [low-income housing] as a profitable undertaking; they see it as a risky undertaking," says Abdul Rasheed, president of N.C. Community Development Initiative Inc., a nonprofit that is trying to raise \$30 million for community development efforts across the state.

"The government generally provides the high-risk dollars necessary to bring the private dollars in. We don't really get the full investment by the private sector unless public dollars do the early pre-development work."

Shrinking government support for a wide array of social services means corporations and foundations will likely have less money to give to housing, nonprofit leaders say.

Others cite widespread distrust of HUD, the failure of previous federal housing initiatives and waning public sympathy for anti-poverty programs as reasons why housing is often a hard sell with funders and donors.

Still, the picture is not all bleak.

Peter Skillern, executive director of the Durham Affordable Housing Coalition, is among those who believe

Congressional budget debates may provide new openings for nonprofits.

"Housing groups need to look at this as an opportunity," he says. "If they are going to roll these [HUD funds] up into block grants and give them to municipalities, there is a new opportunity to restructure how we deliver services. I would hope that we can take advantage of that."

The Durham coalition was co-sponsor of a "Fair Housing Summit" held April 27-29 that brought together bankers, state officials and nonprofits to discuss affordable housing strategies.

Beth Mazcka, director of the Affordable Housing Coalition of Asheville/Buncombe County, says this is a time for action.

"Nonprofits are going to have to prove that they have the track record and can provide these services more cheaply," she says. "That will increase public confidence in investing in nonprofits."

"We're encouraging the United Way to take a leadership role in bringing together the private sector and nonprofits. We've just got to be creative in dealing with this [housing] issue as a community."

The message that housing groups are trying to convey is that support for affordable housing goes further than bricks and mortar.

"We all need to realize that housing is an investment in our future," says Cathy Cooper-Ruska, executive director of the Greensboro Housing Coalition. "It is economic development, crime reduction and prevention - community-building. Part of our role is to say that what we're doing is all of those things, not just building houses."

The Greensboro coalition is working on establishing a "lenders alliance" of bankers, nonprofits, builders and others who will work to find ways to increase the number of affordable homes in the Triad.

Skillern of the Durham housing coalition says the situation mirrors what happened in the early 1980s, when the Reagan Administration slashed federal housing funds, and

nonprofits - including many church groups - stepped in to fill the gap.

"Now, not only are we going to have fewer dollars to deliver services, there will be more demand for services," he says. "I agree, and think everyone does, that we need a reform of how housing services are delivered...The big challenge is going to be coordination and collaboration among agencies."

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## TRIAL

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### charge of licensing nonprofit fundraisers:

Generally speaking, United Ways return 88 percent of the funds they raise to user agencies. That's a pretty staunch, solid record...As soon as I can get some more staff [the office will look at disclosure of information by nonprofits]. We will look at those kinds of issues. The whole idea of charitable registration and licensing is to ensure full disclosure. How we can disseminate that information is something we will constantly look at.

George Pfeiffer, Asheville, president of United Way of Asheville and Buncombe County; former employee and colleague of William Aramony at the United Way of America in Alexandria, Va.:

We're certainly seeing an increasing demand for accountability and integrity around issues like overhead costs, accountability, CEO salaries and just, 'What's happening with my dollar bill?'...I think the public scrutiny is forcing boards more and more to exercise more power and give less power to the CEO to the point where the Aramony thing can never happen again...Locally, I'm hearing much more interest in creating standardized ways of reporting financial data...I think it [Aramony's conviction] was good for United Way because it shows the wheels of justice are working and they got him. I think people were feeling that he could probably get some of those big leader-types to kind of protect him, but it's saying the system is working...It was a human tragedy - he was bright and capable and had boundless energy - and he had a weakness that went unchecked. He really did create a much stronger system for the United Way than prior to his appointment. But somewhere along the line he started believing the press about how good he was and that he was bigger than common sense.

Steve Smith, Durham, director of Undergraduate Studies and assistant professor of public policy, Duke University Center for the

### Study of Philanthropy and Voluntarism:

The Aramony trial and the publicity surrounding the initial indictment provided impetus for changes already under way in the United Way. Those changes are going to continue. I don't think this verdict will have that much additional effect...I do think that the other implication of the Aramony case is: What are the roles and responsibilities of boards of directors?...It underscores the need to think through what those roles are, particularly in large nonprofit organizations...Many [nonprofits] are facing challenges to their tax-exempt status and a downturn in federal support. So there are lots of pressures being placed on them. I think that's going to continue to lead to greater scrutiny which will inevitably put a focus on the role of the board.

Sherry Worth, Raleigh, board member and 1995 campaign chair of United Way of Wake County; trustee of Rex Hospital, Peace College and Children's Museum About the World:

I'm delighted that he was found guilty. What it did for our board is make us more aware of accountability. We were already doing it, but we're now doing a better job...Our board is a hands-on board. We really have a handle on the situation of what's going on with the executive staff and funding...Other nonprofit boards found themselves looking at what their bottom line is because, really, when you go out and talk to people about giving to your organization you have to be able to account for where the money goes. At the United Way, we've kept [the amount of money that goes into administrative costs] at 12-and-a-half percent. You have to be able to keep those expenses down to be credible. I think other nonprofits I've been involved with are trying to do a better job of that now... Until Aramony, I don't think people really questioned what the nonprofits were doing with their money.

Frank Byrne, Charlotte, executive director of American Red Cross Greater Carolinas chapter, a United Way agency:

I think it's unfortunate that such a wonderful career had to end this way. Mr. Aramony did shape the United Way in great growth for years before the scandal. I think it's equally important that the acts of an individual are separated from the work of an organization...I think [the trial and conviction] pointed out to everybody that people will be held accountable for their individual actions. I don't know that it [specifically] impacted the United Way. I think they made the changes in reporting and accountability long before there was a conviction.

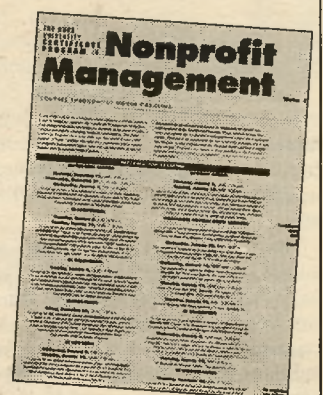
Whitney Jones, Winston-Salem, president of Whitney Jones Inc. fundraising consulting firm, and president of Triad chapter of National Society of Fund Raising Executives:

It certainly is indicative of an increasing need for disclosure on the part of nonprofit organizations in terms of how their funds are used. And it's also indicative of the need for better management on the part of nonprofit boards...I know people within the United Way who say on balance, Aramony's contributions to the United Way and the whole nonprofit world have been very high. It's like anything else that happens in the world today - a rare, highly-publicized event. In any community, there is probably something like that going on at any time. It's not indicative of most of the nonprofit world.

Maria Mauriello, Raleigh, director of public relations, Methodist Home for Children:

Anytime something like [the Aramony trial and conviction] occurs, there may be a feeling in the general public about where the money goes when they make a donation to a nonprofit organization. Certainly, I think that the United Way case brings that question into everyone's mind about where the money goes...They should make financial records public - the breakdown of where the money comes from and where it goes.

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