

Philanthropy Journal

OF NORTH CAROLINA

New mission

Corporate restructuring alters giving

Nonprofits seeking help from corporations face greater scrutiny. Corporations want to help - and to be helped.

By SEAN BAILEY

In the corporate sector, doing good for the sake of doing good is no longer good enough.

Now, corporate charity must serve many masters: It should boost the corporate image and customer ties. It should buoy employee morale. And it should help expand market share and improve profitability.

A recent Conference Board study suggests that these are the guiding principles of the new era of corporate

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giving. Companies are becoming less generous with their dollars and more demanding. Like the sector they represent, the leaders of corporate giving in North Carolina and throughout the U.S. are reflecting a leaner, sterner attitude about who gets their money, how it is used and what results it produces.

Gone are the days of wide-open checkbooks and support for every needy and deserving cause in the community. Now, contributions must be strategic, helping a nonprofit organization while also helping the corporation.

Strategic or not, however, contributions from the private sector have been anemic for nearly a decade. When adjusted for inflation, corporate donations dropped by more than \$1.3 billion annually from 1987 to 1994, according to *Giving USA*.

It's not a picture that is traditionally associated with the word "philanthropy." Indeed, one senior researcher at the Conference Board, Myra Alpers, suggests that corporate giving may better be described as "financially sound goodwill" or "corporate social investment."

Whatever the term, it describes an increasingly tense and complicated relationship. On one side is the corporate world, just beginning to

show the positive effects from having been downsized, restructured and repositioned. On the other side is the nonprofit sector, increasingly bedraggled as it tackles society's most intractable problems and is asked to do so with better results, less money and greater efficiency.

The two sectors would hardly seem a perfect match. Their organizing principles are completely different: one to deliver profits to its owners, the other to promote the well-being of society and its members.

Yet, the two sectors find themselves bound together, along with private foundations, by a confluence of

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Pulling together

Nonprofits brace for changes

This article is the first in a series that will examine the response by nonprofits to the governmental revolution being led by policymakers in Washington and Raleigh. The topic is also the focus of Philanthropy '96, the annual conference for the state's nonprofit sector that is sponsored by the Philanthropy Journal.

By BARBARA SOLOW

Greg Kirkpatrick, executive director of the Food Bank of North Carolina in Raleigh, got a fax recently from a national food bank network.

The message was an alert about a proposed bill known as the Istook amendment that would limit advocacy and lobbying activities of U.S. nonprofits.

The Second Harvest network was urging its members to contact their legislative representatives and voice opposition to the amendment, which,

THE NEXT REVOLUTION

when the *Philanthropy Journal* went to press, was contained in a continuing resolution before Congress.

"My response was classic," Kirkpatrick says. "I got the fax in among the 700 other things I had to do. And I chose to get another truckload of food in and not make the phone call - even though that phone call is probably more important right now."

Other Tar Heel nonprofit leaders tell similar tales of feeling overwhelmed by the scope of legislative change under discussion in Washington and Raleigh.

In addition to major cutbacks in funds for social service programs, Republican legislators have proposed

reforms in welfare, Medicare and tax laws that nonprofit leaders say could fundamentally alter the way the sec-

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Making hard choices

Kids program holds nonprofit lessons

A recent decision by leaders of the Caring Program for Children to allow BlueCross BlueShield of North Carolina to appoint more members to the charity's board of directors has raised questions and concerns.

By BARBARA SOLOW

Leaders of the Caring Program for Children are working hard to bounce back from what some board members describe as a "public relations nightmare."

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A decision by the nonprofit - which buys health insurance for poor children - to allow a major donor to nearly double its contribution in exchange for more control of the charity's board has sparked unexpected controversy.

The board's decision in September to grant BlueCross BlueShield of North Carolina an expanded role in the Caring Program has been met with critical press coverage, concerned calls from donors and other fallout.

Karen Mortimer, the program's executive director, was fired in October after she spoke out publicly against the board's decision, claiming it had been made under a cloud of secrecy and under pressure from Blue Cross.

And Democratic state Sen. "Wib" Gulley of Durham says he will ask the legislature to review the Caring Program's state funding in light of

the fact that the charity's board now is dominated by a single insurer.

The situation has raised questions about the role that major donors play in shaping nonprofit policies and has highlighted tensions that can arise between nonprofit board members and staff.

Caring Program board members insist that while the decision to accept the Blue Cross offer was difficult, it was the right one for the 8-year-old nonprofit.

"The goal here was to make the program the strongest it could be so that we could continue our job of providing insurance for these kids," says board chairman Trip Adams, a Greensboro lawyer. "The board ended up feeling that what we needed to do was to go with the Blue Cross proposal in order to have the opportunity to use their resources to help us achieve that goal."

Others are worried about what the changes will mean for the Caring Program's mission.

"It remains to be seen how much better the program will be now that it's under the complete control of BlueCross BlueShield," says Republican State Rep. Walter Dickson of Gastonia - a longtime supporter and board member of the Caring Program. "I hope it works out. If it doesn't, I think the state's children will be the losers."

A SINGULAR HISTORY

The model for the Caring Program was created in the mid-1980s by Blue Cross and Blue Shield of Western Pennsylvania in response to the economic crisis that followed the collapse of that region's steel industry.



Karen Mortimer was fired in October as head of the Caring Program for Children after speaking out against a board vote.

Photo by Jim Bounds

The national BlueCross BlueShield Association, which represents independent Blue Cross and Blue Shield plans, now operates 25 Caring Programs in 23 states that have enrolled more than 160,000 needy children.

The programs offer primary health-care coverage to children whose families cannot afford health insurance. Contributions from businesses, foundations, civic groups and individuals pay for the insurance policies. Blue Cross donates administrative costs and, in some communities, matches dollars raised from private sources.

Unlike programs initiated by Blue Cross in other states, North Carolina's Caring Program was launched as an independent nonprofit administered by the North Carolina Council of Churches and

funded by a grant from the Kate B. Reynolds Charitable Trust in Winston-Salem.

In addition to Blue Cross representatives, its board historically has included leaders of community groups and other insurers - most notably, HealthSource of North Carolina, which began making cash contributions to the Caring Program in 1993.

After years of struggling financially, North Carolina's Caring Program got a major boost when state lawmakers began supporting the program. Last spring, the legislature agreed to donate \$2.1 million to the charity.

Around the same time, Blue Cross - which had been providing discounted insurance packages to

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Focus on Corporate Citizenship

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