

# Philanthropy Journal

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OF NORTH CAROLINA

## Hog lawsuit could toughen regulation, boost charities

*Land conservancies get an unexpected boost when lawsuits over municipal wastewater discharges are settled. Hog operations now are being examined.*

By MICHAEL R. HOBBS

A suit filed by a Virginia-based nonprofit could fundamentally change the way the hog industry is regulated in North Carolina.

The American Canoe Association in January filed suit against Murphy Farms Inc., the state's leading hog-

industry firm. It alleges violations that carry penalties of up to \$20 million, some of which could be earmarked for nonprofits working to maintain water quality in Eastern North Carolina if the suit is successful, says David Bookbinder, an attorney with the association.

"We're hoping to change the way North Carolina regulates the hog industry," he says. "If we're successful, it will completely change how the large hog operations are regulated."

Settlements in other suits filed by

the American Canoe Association have led to contributions of \$96,000 to three North Carolina nonprofits that work in land conservancy issues.

The suit against Murphy Farms says large-scale hog operations fit criteria described in federal law that require "concentrated animal feeding operations" to obtain U.S. Environmental Protection Agency water-quality permits. North Carolina hog operations now do not obtain EPA permits because state law forbids the operations from discharging into

creeks and rivers, Bookbinder says.

But, those operations often do discharge contaminated water, making them fall under the federal rules, the suit alleges. Hog operations operate under state rules that require hog operations to report any discharges into streams, says Ernie Seneca, a spokesman for the Division of Water Quality in the Department of Environment and Natural Resources.

But regulators sometimes discover unreported discharges, Seneca said. A report by the agency last month said

inspectors found 19 discharges by hog operations into waterways in 1997. Cattle operations had 56.

Officials with Murphy Farms Inc. could not be reached for comment as the Journal went to press.

If the federal rules are applied to hog operations, Bookbinder says, operators of hog-raising facilities will be responsible for monitoring their discharges. That information then could be used by groups such as the canoe

Look for LAWSUIT, page 7

Special events 101

## Nonprofits streamline special event planning

*Golf tournaments, fashion shows, auctions, galas and other special events are sure-fire fundraisers for many nonprofits, but they shouldn't be undertaken lightly, planners say.*

By LESLIE WAUGH

Putting on a special event takes careful planning — planning that includes asking some tough questions regarding whether a special event is right for your nonprofit group.

"Nonprofits are getting smarter about using events to raise money," says Trisha Lester, program director at the N.C. Center for Nonprofits.

In planning a fundraiser, Lester says, it's important to keep in mind the purpose of the event.

"Sometimes it's looked at as the answer to all financial pressures,"

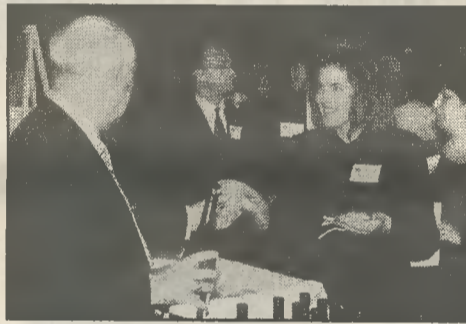
she says. "But pulling it off requires a lot of resources, money and time.

"(Nonprofits) realize they don't have to keep doing it if it's not meeting the original goals," she says.

A special event may not be the best way for an organization to raise a significant amount of money, Lester says. Direct mail and other forms of solicitation may be more effective, depending on the nature of the group.

After taking a long, hard look at the bottom line, Keith Bulla decided to give Art Angels Against AIDS a year off.

The event, one of Metrolina AIDS Project's most successful annual



Raleigh's Tammy Lynn Center relies on volunteers for its annual Toast to the Triangle fundraiser.

Photo courtesy of the Tammy Lynn Center

fundraisers, had been held at the Mint Museum of Art in Charlotte since 1994. Although it had raised between \$20,000 and \$35,000, Bulla says, the event needed to be re-eval-

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## 'Year of the Volunteer' begins Summit launches effort to reach kids

Greensboro

By RACHEL MUIR AND TODD COHEN

Developing an army of volunteers to meet the needs of 200,000 North Carolina youngsters was the focus of more than 1,200 people last month who attended the Governor's Summit on America's Promise and Volunteerism.

The two-day summit, which resembled a cross between a tent revival and political rally, was convened by Gov. Jim Hunt as a follow-up to the President's Summit on America's Future that was held last year in Philadelphia.

Volunteers and other civic, business and government leaders from all 100 North Carolina counties attended speeches by two potential presidential candidates in the 2000 election, as well as meetings of county delegations and workshops on volunteerism.

The highlight of the opening day was a passionate call-to-arms by former U.S. Sen. Bill Bradley, who urged delegates to mend their communities and help make America a "pluralistic democracy with a growing economy



that takes everybody to higher ground."

"Millions of Americans are yearning for something that's deeper than the material in their lives," he said.

Bradley said the nonprofit sector, which he characterized as the "third leg" of American society — along with government and business — needs to be stronger.

Bradley also called for moving politics and the media to higher ground. Politics, he said, is riddled with money and leaders who "fail to lead from their core convictions," but instead are driven to a vague "middle" by market research and focus groups. And the media, preoccupied with ratings and violence, "does not create a context for us to think about the future."

Look for VOLUNTEER, page 22

## Big issues at stake in Blue Cross conversion

*Editor's note: This is the first in a series of stories about the conversion of Blue Cross and Blue Shield organizations to for-profit organizations.*

By MICHAEL R. HOBBS

They're simple questions.

The not-so-simple answers will determine whether assets worth hundreds of millions of dollars — and perhaps as much as \$2 billion — are made

available for a new business or for charity.

The questions swirl around Blue Cross and Blue Shield of North Carolina. While the not-for-profit company says it has no immediate plans to convert to a for-profit enterprise, the prospect has raised questions about what would happen to its assets.

If all the assets of North Carolina's Blue Cross were placed into one philanthropic foundation, it could rival the Duke Endowment, the state's largest

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foundation with \$1.97 billion in assets at the end of 1997.

The struggle over the assets of Blue Cross and Blue Shield of North Carolina is a repeat of others throughout the country. More are yet to come, experts say.

"There's an enormous transformation occurring in the health-care sector and this is one small piece of that," says Mark Hall, a Wake Forest University professor of law, medicine and management who studies the health-care industry.

Health insurers are under tremendous pressures, Hall says, as the industry reels from cost-cutting efforts, mergers and increased competition. In response, Blue Cross plans have adopted more entrepreneurial business strategies, he says.

"If they are going to be successful in the marketplace, they have to behave like a for-profit enterprise," Hall says. "Then they say: 'As long as we have that operating philosophy, we

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