

# Opinion



## Philanthropic politics

# Putting the brakes on fundraising frenzy

Fundraising is spinning out of control. Funders have an opportunity to restore civility and fairness to the process.

Nonprofits are more aggressive than ever in raising dollars. The fundraising profession is more sophisticated and using more advanced techniques and technology. Funders fuel the competition by making grants that help nonprofits do a better job of raising dollars. And nonprofits that can afford to do so hire professional fundraising consultants that know how to work the system.

All these developments have served to strengthen the nonprofit sector. A free marketplace demands healthy competition, and nonprofits must learn to survive.

Still, as in the commercial world, competition in the nonprofit world can breed excess. Fundraising can become a racket, with many

nonprofits dreaming up new programs simply to play to the priorities of funders. Many nonprofits also promise more than they expect those new initiatives to deliver.

Funders, in turn, can reinforce this process. Some funders enjoy setting the agenda for the nonprofit sector, encouraging new initiatives through their funding priorities.

The process of evaluating projects also has fallen prey to the funding game. To justify future funding, nonprofits underscore their successes, however marginal they might be. And funders are only too happy to claim success for initiatives they helped to hatch.

Much of this fundraising culture involves a relatively small circle of foundations and nonprofits that have learned to play the game and

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engage in a kind of funding courtship. These organizations are savvy about the rules of the game, and grant-seeking groups can be coldly combative when it comes to outsmarting and even harming potential competitors for dollars. Horror stories about savage competitive tactics are not uncommon in the seemingly genteel circles of Tar Heel philanthropy. Not surprisingly, nonprofit leaders who are among the loudest to profess their allegiance to collaboration within the sector are only too willing to engage in whispering campaigns and to sideswipe their less combative and less sophisticated competition in their rush to the funding trough.

Meanwhile, thousands of hard-working, forthright organizations struggle to do their jobs and raise dollars the old-fashioned way by

submitting grant applications according to funders' guidelines.

It's time to stop the madness. Nonprofits need foundation dollars to survive and are not likely to soft-pedal their search for dollars. Any change will have to come from funders, which should discourage overstatement and hard-ball competition and encourage an open marketplace that is fair and that rewards hard work and worthy programs designed to help make our communities better places to live and work.

Funders also should do all they can to rethink their preference for funding programs rather than operations. Often, a nonprofit will devote countless hours to designing a new program intended to appeal to funders when all the nonprofit really needs is support for its basic operations. Such waste can be the first step in a vicious cycle.

## Part of the process

# United Ways play public policy role



PAM SEAMANS

Though few may realize it, the United Way is more than just a fundraising organization.

Yes, local United Ways in North Carolina generate approximately \$100 million every year for human service needs identified by the local community itself.

Making informed decisions about how to allocate these precious resources requires an understanding of the issues faced by the community, as well as an understanding of the public sector funding and policymaking processes. It requires involvement in public policy decision-making processes at the federal, state and local government levels.

For United Ways, public policy is about developing relationships and sharing information to ensure that basic human needs are met through the human services network in the local community. As a credible and knowledgeable resource on the needs of the disadvantaged and the nonprofit resources available to meet those needs, United Ways have a responsibility to share their knowledge with policy makers as

they consider how to develop the policies that influence the delivery of services and the allocation of public dollars.

Whether we like it or not, there is no escaping the fact that state and federal government actions affect the local community's ability to meet its needs. For this reason, it is just as important for United Ways and other local nonprofits to follow developments in Raleigh and Washington, D.C., as it is in their home community.

There are several reasons why the United Way is engaged in the policy process:

- The magnitude of potential program changes resulting from "devolution" of responsibility for human services programs from the federal and state level to the local level presents a unique opportunity for United Ways to take a leadership role in planning and implementing reforms in our communities.

Local United Ways are situated to act as community leaders, convenors, and problem-solvers. United Ways' specialized knowledge of the needs within our communities and our contacts with business, government and nonprofit leaders make United Ways uniquely qualified to bring the varied interests within a community together to develop solutions to problems plaguing our citizens.

- Devolution will likely lead to fewer dollars for human services programs. When government cuts back on funding for human services programs, these programs look to organizations like the United Way to cover funding gaps.

United Ways must pay attention to what happens to public sector funding so that United Way dollars are spent intelligently and effectively, and United Ways and their agencies are not asked to do more than they realistically can.

- The budgets of agencies and programs funded by United Ways are typically comprised of 40 percent to 60 percent public-sector dollars. Because many of the agencies funded by United Ways do not have the resources to involve themselves directly in public policy debates, providing information is a tremendous service to the community and the nonprofit sector.

These same agencies often serve clients who are typically under-represented in the political process. United Ways must be in the business of giving a voice to those who could not otherwise speak for themselves.

Another problem confronting some agencies is the appearance of self-interest if they debate funding or policy issues. United Ways can easily speak to the need for or effectiveness of a program, without looking self-interested, giving additional clout to an agency's argument.

Involvement in public policy and brokering community collaborations brings credibility to United Ways in the eyes of the donor and the elected policy-maker. To the individual donor, we demonstrate that United Ways' impact goes beyond just allocating dollars - that United Ways also provide a beneficial service to the community by bringing together business, government, nonprofits and other funders to

address local issues in a comprehensive way. United Ways must demonstrate that a dollar given to the United Way goes farther due to our understanding of the community's needs and our ability to bring the community together.

To the elected official we demonstrate that the United Way has a broader perspective than just our own self-interest of promoting and protecting the integrity and funding of human service programs supported by United Ways. We demonstrate that we have a broader vision for our community and our state and that we have the ability to marshal the necessary resources to act on that vision. We help to assure the nonprofit sector a seat at the decision-making table.

The United Way system has been somewhat slow to realize its role and value in the public policy arena. For too long, United Ways' principal focus has been the bottom line - campaign goals and dollars raised. As a primary goal of the United Way, dollars raised should be a focus, but not the sole focus.

Worthy of just as much attention is how to ensure United Way and all human service dollars are put to good use and make a difference in people's lives. To do that effectively, United Ways must be informed and active in the policy making process.

To aid local United Ways in this endeavor, the United Way of America and the United Way of North Carolina, as part of a vertically seamless United Way system in this country, work in

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## Light of day

# To publish or not to publish

### ABOUT CHANGE

We believe that the study was a public record because it was in the hands of a state agency. Coble disagreed but, in any event, provided us with a copy of the study and left it up to us to decide whether to report on it.

The Center for Public Policy Research was created to provide a source of information on public policy independent of government, and its studies over the years have made a valuable contribution to public debate on numerous issues. We expect the forthcoming study on arts funding will do the same. That's why we reported on it in the July issue. And when the center issues its final version of the study - possibly with changes from the conclusions it's made thus far - we'll report on that, too.

The *Journal's* debate with the public policy center over whether to publish the study is a good case study in how the interests of nonprofits and the media sometimes appear to be at odds.

Coble was concerned that reporting on a draft study would be inaccurate. But we disagreed. As a newspaper, we have a responsibility

to publish the best information available so that our readers can engage in informed discussion of issues - especially those important to the nonprofit sector.

Coble also felt that the *Journal* would hurt its credibility and the integrity of the policy center's review process by publishing the draft study. Again, we disagreed. We believe our credibility depends on reporting what we know, when we know it. That's our mission and it's what readers expect - especially readers in the nonprofit sector, which gets precious little coverage from the mainstream media.

As for the center's integrity and reputation, we believe it is precisely those qualities that made the draft study worth reporting.

As a nonprofit newspaper, the *Journal* plays a unique role in covering the state's independent sector - one that hasn't been replicated anywhere else. We expect that discussions about our mission and our reporting will continue, and we welcome further debate on the matter.

*Todd Cohen*