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# REPORT ON UNITED WAY OF THE COLUMBIA-WILLAMETTE

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*"To inform its members and the community in public matters and to arouse in them a realization of the obligation of citizenship."*

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Report On
UNITED WAY OF THE COLUMBIA-WILLAMETTE

To the Board of Governors,
The City Club of Portland:

## I. INTRODUCTION

> "One of the most successful monopolies in American enterprise today hasn't turned a profit since its inception; but less successful competitors charge it with a ruthless domination of the market, with antiquated policies and with racism. Lawsuits charging exclusionary business practices have cropped up in San Francisco and Los Angeles. The beleagured giant, meanwhile, prospers as before and doesn't lack powerful allies. Any why not? Who wouldn't stand up for United Way?"[1]

The harsh glare of such reportage may prompt the average citizen to exclaim, "United Way?" Even many of United Way's regular volunteers are unaware of this controversy - or its implications for Portland, Oregon.

### A. A National Controversy

"Charitable giving" in the past sprang from family loyalty, religious affiliations, or community members' personal sense of social responsibility. However, in recent times, a complex combination of social, economic and political factors has resulted in increasing institutionalization of this once-personal activity. The institutionalization of charitable giving has made it a high-stakes enterprise, enabling its participants to wield considerable power through the dollars they control. United Way has such power. It also has critics of the way that power is used.

The article quoted above went on to develop the issues in what has become a national controversy[2]:

> "Fund-raisers for causes less traditional than the Boy Scouts or the YMCA feel frustrated and short-changed by the United Way's supposed favoritism for the homespun and the unobjectionable. United Way's critics feel that the traditional mission of charity - to aid the needy - has been replaced by a preoccupation with middle class recreation and welfare. Blacks detect racism, not only in the group's choice of beneficiaries, but in its hierarchy. And a wide panoply of charitable groups claim that the United Way's privileged use of payroll deductions in many American corporations empties reservoirs of largesse before the competition can reach them. The stakes in the controversy are huge: in the last few years the United Way has mushroomed into a billion dollar charity business...

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1. Ron Chernow, "Cornering the Goodness Market: Uncharitable Doings at United Way." Saturday Review. October 28, 1978.
2. Ibid.

> "Today the Boy Scouts, the Girl Scouts, the Salvation Army, the Red Cross, the YMCA, the YWCA and seven other national agencies walk off with 40% of United Way monies nationwide, a remarkable cluster considering that funds are voted by 2,200 separate campaigns."

Saturday Review's treatment of the United Way controversy prompted this letter to the editor from John W. Hanley, Chairman of the Board of Governors, United Way of America[3]:

> "...the October 28 cover article on the United Way movement does a disservice to the entire voluntary sector and the concept of free association to help others which, for 200 years has characterized the best spirit of America...the article only reinforces the tremendous challenge we face in overcoming the problems of a vast impersonal society characterized by special interests with little or no concern for existing institutions and their potential for improving the quality of life for all.
>
> "...the article is filled with inaccuracies and half-truths...
>
> "Allegations of 'middle-class bias' are unfounded and unfair...
>
> "Charges in the article of racial discrimination come from two executives of the National Black United Fund, an organization seeking to serve the needs of Blacks but which, unfortunately, has chosen to do so through conflict rather than cooperation...
>
> "We will continue to be guided by the public interest and trust readers will distinguish us from a small number of vocal critics representing special interests, and lacking accountability to the community."

This clearly outlines two diverse positions on United Way. But who is right and why is it relevant to us in the Portland Metropolitan Area?

B. Portland Metropolitan Area

As early as 1977 the same controversy surfaced locally:[4]

> "United Way is, first and foremost, the middle class giving to the middle class, not the middle class giving to the needy.
>
> "Organizations like the Boy Scouts, Campfire Girls and the Young Men's Christian Association

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3. Letter from John W. Hanley, Chairman, Board of Governors, United Way of America to Carll Tucker, Editor, Saturday Review. October 25, 1978.
4. "Subsidizing the Middle Class - the United Way," Willamette Week. October 31, 1977. Editorial "United Way", October 31, 1977.

> largely serve the middle class. Certainly, the YMCA in Portland hasn't always been that way. But it is today. These agencies and others - like the Red Cross, which takes much of its money out of Oregon to tasks that United Way doesn't review - do not redistribute income to the needy. But they take a huge hunk of the United Way dollar...."

This controversy might have simmered for years, with no one prepared to act, had the economy not spotlighted its significance. Resources from private donors have become more dear; especially in the vulnerable Oregon economy during a national recession and attendant reduction of public aid. Special sessions of the Oregon legislature were called in August 1980 and again in January 1982 to deal with fiscal crises in state government. Despite a substantial recession-driven increase in needs, the funding and service levels of the Department of Human Resources' Children's Services and Adult and Family Services Divisions were slashed by 25 percent. In Multnomah County, welfare support payments in May 1981 amounted to $3 million per month whereas the same payments totaled slightly over $4 million monthly in June 1980.[5]

United Way-Columbia Willamette's contributions to agencies' income declined from 34.3 percent in 1974 to 23.2 percent in 1980. Government contributions to agencies' incomes increased from 28.7 percent in 1974 to 43.8 percent in 1980. However it is likely that member agencies will once again become more dependent upon United Way-Columbia Willamette funding in view of government cutbacks in human services budgets.

In the fall of 1980, after our study began, another group, the Tri-County Coalition for Human Services, was formed in the Portland metropolitan area. The Coalition came into existence in response to the Oregon legislature's cutback in human services funds during the 1980 special session. Founders of the Coalition believed there was no mechanism in the area to collectively set priorities, plan political action, develop programs, generate resources, educate the public, and allocate resources to human services. The purpose of this group is to insure that unmet human needs are identified and systematically considered by those charged with allocating and managing public and private funds.

## II. SCOPE OF STUDY

The charge to your Research Committee has gone through an extensive evolution. The City Club Board of Governors approved a study of United Good Neighbors allocation procedures in January 1973. In December 1974 the Club's Board of Governors dismissed the study, after a session with the Committee Chairman, Norman Sepenuk, and Tri-County Community Council (TCCC) Director Stan Fishler. In cancelling the study, a majority of the Board ruled that "nothing new had been gleaned and other funded studies were being done."[6] Several Board members objected strongly to the majority decision, saying they felt it was essential that the study be made.

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5. Adult and Family Services Division, Department of Human Resources, State of Oregon.
6. Minutes, Board of Governors, City Club of Portland. December 23, 1974.

In May 1979 the City Club Standing Committee on Health, Welfare and Social Services, in its charge to this Committee, noted that United Way and TCCC's self-evaluation and Priority Needs Survey had been completed, yet confusion still existed about the role and the purpose of United Way. The Standing Committee felt there was a need "...to pick up the study adopted by the Board of Governors in 1973 and seek clarification in regard to the respective roles of both the United Way and the Tri-County Community Council, as well as to clarify the role of the United Way (Columbia Willamette chapter) in meeting basic human needs within local communities."[7]

This Committee began its research in October 1979, having been charged to:

> "...analyze and report the significance of the policies and procedures followed by the governing body of the United Way of the Columbia-Willamette in determining priorities for fund allocations to agency members. In this connection, the study committee is also to examine the related functions that are and could be performed by both the United Way and the Tri-County Community Council in the setting of priorities by which human needs, met by non-tax supported community agencies, are determined. The committee should also analyze the implications of the two views of the United Way function: (a) a donor's organization whose purpose is to limit the scope and number of fund drives, e.g., through the development of payroll deductions in selected industries and corporations, or (b) a conduit by which the community's charitable dollar is delivered to the highest priority of human need. Some questions need to be addressed as to how need-priority is determined. The Committee should recommend what the appropriate function should be for United Way of the Columbia-Willamette in the future."[8]

## III. HISTORY OF FEDERATED GIVING NATIONALLY

United Way is based on the concept of "federated giving." This concept is approximately 90 years old, arising from a resistance in various communities, particularly by employers, to the numerous and sporadic solicitation efforts at the workplace by a variety of tax exempt, charitable organizations. In response to that resistance, charitable organizations, community leaders, and employers generated the "single agency" or "federated giving" concept.

By 1978, according to Educational Broadcasting Corporation's MacNeil/Lehrer Report, United Ways nationwide were gathering $1.3 billion through the federated giving approach. The majority of this funding came from corporations and their employees, generally giving through payroll deduction. This fundraising method was cited as "the most effective means of collecting money ever devised. It costs only four to ten cents

7. Charge to the Committee. May 1979. Functions of United Way-Columbia Willamette Chapter (hereafter referred to as "United Way-CW") are described in full in Section IV of this report.
8. Ibid.

per dollar raised, compared to twenty-five cents or more per dollar for other collecting methods such as direct mail."[9]

Over the years federated giving has gone by various names such as Community Chest, War Chest, and United Good Neighbors, and several changes have occured in the structure of federated giving. From the mid-1920's through the mid-1950's, the federated fund-raising effort was controlled entirely by local recipient agencies through their representation on local boards of directors. Following World War II, United Ways made an effort to broaden representation on local boards by involving more members of the community than just representatives of recipient agencies.

It was also during this post-war period that national agencies such as the American Red Cross, the American Heart Association, and the American Cancer Society became affiliated with United Way. Local fundraising and fund distribution, however, remained under local control. United Way fundraising and allocation are still locally controlled.

## IV. UNITED WAY OF THE COLUMBIA-WILLAMETTE

### A. Purpose and Mission Statement

In Portland, a single campaign for the benefit of several agencies was first held in the early 1920s. By 1980, United Way-CW served some 90 agencies in Multnomah, Clark, Washington and Clackamas Counties, and employed 38 full-time staff.

The present purposes of United Way-CW are set forth in its Restated Articles of Incorporation:[10]

ARTICLE II

"1. a) To organize and conduct one campaign each year to raise operating funds for participating health and welfare agencies;

b) To solicit, accept and receive gifts, contributions, bequests and devises; to hold, rent, mortgage, sell or otherwise dispose of real and personal property acquired by gift, contribution, bequest or devise; and to allocate and distribute funds to such health and welfare agencies as shall be directed by the board of directors of the corporation.

(c) To relieve the communities of the burden of independent campaigns, and to enable the participating health and welfare agencies to devote themselves to the work for which they organized, without any necessity for conducting separate appeals.

(d) To engage in studies and investigations for the purpose of eliminating unnecessary duplications of health and welfare services and to provide for an adequate distribution of such services

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9. The MacNeil/Lehrer Report: Transcript of "The Charities War". Air date: January 17, 1979.
10. Article II, Restated Articles of Incorporation of the United Way of the Columbia-Willamette. October 1978.

throughout Clackamas, Multnomah and Washington Counties, Oregon, and Clark County, Washington, both geographically and in relation to needs;

(e) To contract with any agency or organization which can be of service to the corporation in the accomplishment of its objects and pursuits.

(f) To investigate health and welfare agencies now operating in Clackamas, Multnomah and Washington Counties, Oregon, and Clark County, Washington, and those which may hereafter operate or desire to operate therein; to approve or disapprove of any or all said agencies for participation in the programs and receipts of the corporation, and to encourage the approved agencies to become and remain participants..."

According to its Mission Statement, United Way-CW:

"...provides community members with an expanding cost-effective fund-raising and allocating system to achieve an array of community, social and health services which meet existing and emerging needs. United Way monitors the use of financial support to agencies to assure that they produce community benefits of appropriate quality and impact."[11]

United Way-CW participating agencies serve a broad spectrum of the population of the tri-county area. Participating agencies are listed in Appendix C of this report. Many agencies are affiliated with national organizations.

## B. Committee Structure

Table 1 contains United Way-CW's table of organization. The Program and Allocations Committee consists of twenty members responsible to the Executive Committee and to the Board. The Program and Allocations Committee makes recommendations on admissions and termination of agencies and on the allocation of certain funds. It also plays a central role in coordinating the work of the other two committees.

The Agency Relations Committee consists of not less than 15 members. The chairman is appointed by the President with the approval of the Executive Committee. As noted above, this committee is responsible to the Program and Allocations Committee. Agency Relations is concerned with, among other things, 1) priorities for use of United Way funds within a community-wide priority plan; 2) identification of services which need expansion, reduction, or alteration; and 3) agency performance standards.

The Allocations Commmittee consists of not less than 72 members. It is supported in its work by nine "conference panels", each of which is responsible for a related group of agencies. These conference panels, involving over 200 citizens, are a major avenue of citizen participation.

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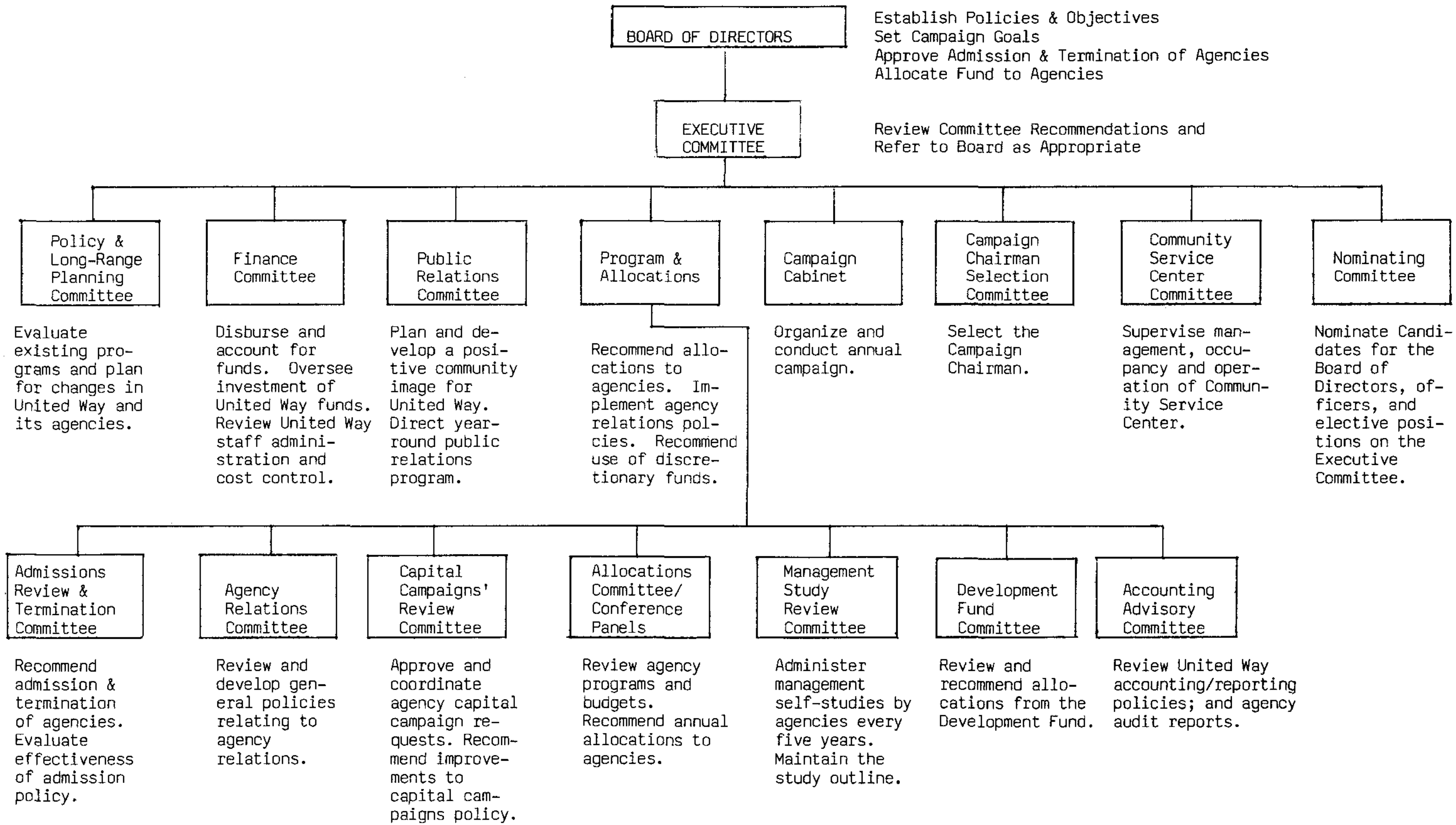
11. Mission of the United Way. A Blueprint for Success - Long Range Plan. United Way of the Columbia-Willamette, 1982.

Table 1


BOARD OF DIRECTORS
Establish Policies & Objectives
Set Campaign Goals
Approve Admission & Termination of Agencies
Allocate Fund to Agencies
EXECUTIVE COMMITTEE
Review Committee Recommendations and Refer to Board as Appropriate
Policy & Long-Range Planning Committee
Evaluate existing programs and plan for changes in United Way and its agencies.
Finance Committee
Disburse and account for funds. Oversee investment of United Way funds. Review United Way staff administration and cost control.
Public Relations Committee
Plan and develop a positive community image for United Way. Direct year-round public relations program.
Program & Allocations
Recommend allocations to agencies. Implement agency relations policies. Recommend use of discretionary funds.
Campaign Cabinet
Organize and conduct annual campaign.
Campaign Chairman Selection Committee
Select the Campaign Chairman.
Community Service Center Committee
Supervise management, occupancy and operation of Community Service Center.
Nominating Committee
Nominate Candidates for the Board of Directors, officers, and elective positions on the Executive Committee.
Admissions Review & Termination Committee
Recommend admission & termination of agencies. Evaluate effectiveness of admission policy.
Agency Relations Committee
Review and develop general policies relating to agency relations.
Capital Campaigns' Review Committee
Approve and coordinate agency capital campaign requests. Recommend improvements to capital campaigns policy.
Allocations Committee/ Conference Panels
Review agency programs and budgets. Recommend annual allocations to agencies.
Management Study Review Committee
Administer management self-studies by agencies every five years. Maintain the study outline.
Development Fund Committee
Review and recommend allocations from the Development Fund.
Accounting Advisory Committee
Review United Way accounting/reporting policies; and agency audit reports.

Tables 2 and 3 contain an occupational and ethnic breakdown of members of the Board of Directors and the Agency Service Committees.[12]

Table 2

| Affiliation | United Way Board (Percentage of Total) | Program and Allocations Committees (Percentage of Total) |
|---|---|---|
| Business | 53.2%* | 31.1% |
| Labor | 7.6 | |
| Professional | 6.3 | 11.5 |
| Education | 5.1 | 4.9 |
| Student | 3.8 | |
| Housewife | 10.1 | |
| Government | 7.6 | 9.0 |
| Retired | 6.3 | 6.6 |
| Not Employed | - | 9.8 |
| Health Industry | - | 3.3 |
| Unknown | - | 23.8 |
| Total | 100.0% | 100.0% |

*11 presidents, 6 managers, 5 vice presidents, 4 chairmen.

Table 3

| | United Way Board (Percentage of Total) | Program and Allocations Committees (Percentage of Total) |
|---|---|---|
| Female | 20.3% | 42.0% |
| Black | 2.5 | 5.3 |
| Chicano | 1.3 | 1.3 |
| Asian | - | .7 |

## V. TRI-COUNTY COMMUNITY COUNCIL - ANOTHER MAJOR PLAYER

In 1925 the Portland Council of Social Agencies was formed "...to make increasingly effective the work of individual agencies by coordinating the work of all agencies, and by planning a program of social work for the community." In the 1930s, this Council became the planning department of the Community Chest.

In 1955 the Council became the Community Council because its focus shifted from particular needs addressed by particular agencies to overall community problems. In 1967, the Community Councils in Clackamas, Washington and Multnomah Counties merged to become the Tri-County Community Council (TCCC).

12. Letter of Howard R. Studd, Executive Director, United Way-CW to Arno Reifenberg, City Club Committee, February 5, 1980.

According to its Articles of Incorporation, the primary purposes of TCCC are to:

1) identify and evaluate human service needs, and the extent to which they are being met in the tri-county area;
2) evaluate the provision of health and welfare services by any organization when so requested;
3) assist agencies in obtaining funds;
4) provide, for governmental units, foundations, and similar groups, planning or research services aimed at improving their participation in the health and welfare program of the community; and
5) establish new services required in the community.

From 1978 to 1982, TCCC's annual income has been approximately $500,000. About half of that has been funded by United Way-CW. TCCC was comprised of 117 member agencies in 1979 and 126 in 1982. Approximately one-half of these agencies are also United Way-CW members. Agencies pay membership dues and join TCCC "to support and participate in a community planning coalition."[13] TCCC employs 20 persons.

TCCC's Board of Directors is composed of 25 members. Representation on the 1979 Board according to occupation was: Business, 27.6 percent; Professional, 20.7 percent; Education, 10.3 percent; Government, 13.8 percent; Housewife, 17.2 percent; Retirees, 10.3 percent; and Labor, 3.4 percent. Minorities represented on TCCC's board in 1979 were women, 44.8 percent, and blacks, 6.9 percent.

## VI. UNITED WAY-CW FUNDRAISING

### A. The Campaign

United Way-CW presents itself as being in the mainstream of United Ways nationwide - sharing many successes and shortcomings.[14] In 1980, United Way-CW raised $11.2 million for 90 agencies.[15]

All campaign goals, measured in terms of pledges received, were met in the 1974 through 1980 campaigns. United Way-CW's 1981 campaign goal was boosted to $16 million from the $12.2 million 1980 campaign goal. This represented an increase of 30 percent over the previous year's goal. Ordinarily the goal would be set 14 to 15 percent above the previous year's goal, but United Way leaders expressed an intent to raise more money in order to help reduce the impact of state and federal budget cuts on local social services.

The maximum campaign costs allowed under the City of Portland's Charitable Solicitations ordinance is 20 percent of total contributions.[16] The ordinance does not require agencies to report the value of their volunteer services. In 1980, United Way-CW campaign expenses were $451,277,

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13. Letter from Donald J. Ballinger, Executive Director, TCCC, November 7, 1980.
14. Eleanor McKinnon, President's Message: 1979. Speech delivered February 14, 1979, 27th Annual Meeting.
15. 1980 Annual Report, United Way-CW.
16. Chapter 7.16, Charitable Solicitations.

or 3.7 percent of $12,226,352, the total amount pledged in the 1980 campaign. Since 1975, campaign costs have ranged from 3.7 to 4.1 percent of the amount raised.

By comparison, other national fundraising organizations' overhead rates average 20 percent.[17]

B. Employee Giving/Payroll Deductions

Most of the funds raised by United Way-CW come from individuals employed by businesses and by government agencies. Of the total funds raised in 1979, 58 percent was the result of employee giving. The average employee gift was $48.70 in 1979 and $53.60 in 1980.

Employee participation in the campaign amounted to 45.3 percent of area employees in 1979 and 44.7 percent in 1980. This extends a downward trend in participation since 1972 when 61.9 percent of employees gave to United Way.[18] United Way officials attribute this downward trend to two factors: 1) employers are reluctant to pursue a forceful campaign when employees are already suffering from inflation; and 2) in a situation where both the husband and the wife are working, often only one will contribute.

Executives of major corporate donors in the Portland area were interviewed by your Committee about their relationship with United Way-CW. All of the organizations permit employee solicitations by United Way. Asked if they would support other employee solicitations during their work time, most of the executives said no, adding that the purpose of United Way is to prevent intrusion in the work place. The only other major employee solicitation allowed was for United States savings bonds. Corporate management encourages employee contributions although none of those contacted indicated that such contributions are required of employees as a condition of employment.

Your Committee also surveyed the employees of two companies, one an industrial plant and the other, a savings institution. Most employees said they feel that the United Way payroll deduction system was a painless and easy way to give. A smaller percentage said they think it was the most effective method of raising private money. The great majority reported that the method of collecting in their company is well-organized and perceived to be worthwhile. Most said they are not pressured by their employer to give.

Some organizations allow non-United Way agencies to solicit employees. For example, local federal government employees are solicited during the Combined Federal Campaign, which is conducted at the same time as the United Way-CW drive. In addition to collecting for United Way, this campaign solicits funds for three other organizations: International Service Agencies, National Health Agencies and National Service Agencies.

In 1980, under new federal rules, other non-United Way agencies were allowed to solicit federal employees. The new rules required a public

17. Carl Bakal, Charity U.S.A. Times Books. 1979.
18. UW-CW Campaign Trends - Corporate and Employee Gifts 1972-1979. May 1, 1980.

audit, IRS non-profit status, the existence of an affirmative action plan, overhead of less than 25 percent, the existence of a board of directors, and an orientation to health and welfare services. The only Portland organization which qualified under these rules was the Urban Indian Council.

In 1981, four more organizations were added to the federal campaign but they received only those funds specifically pledged to them by employees. The 1981 federal campaign exceeded its 1980 goal by 6.8 percent with 63 percent employee participation. United Way-CW obtained 79.8 percent of the funds from the federal drive. Those interviewed differed on whether the increase was due to the new rules or to a better managed campaign.

Employee giving to non-United Way charities also was permitted in the 1980 United Way of Philadelphia campaign. Total giving increased more than 16 percent.[19] (As an indirect comparison, United Way campaigns nationally experienced a 7.4 percent increase.)

Several states have enacted legislation to open access to workplace solicitation. In California in 1977 the State Admistrative Code was changed to increase the opportunity for state employees to designate contributions to any charitable organization qualified as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The General Assembly in Iowa in 1978 enacted legislation which permited state employees to contribute to any "charitable organization...providing that solicitation for the organization has been requested by 100 or more State employees, or in two state universities by as few as 50 employees, or in two other state schools, by as few as 25 employees.[20]

Private organizations outside of Portland are also opening access to non-United Way solicitation. Crocker National Bank of San Francisco, after relinquishing its exclusive United Way policy, reported that employee giving almost doubled between 1975 and 1979.

### C. Corporate Giving

Corporate sources provided 30.2 percent of United Way-CW's total funds raised in 1979. Corporate contributions for health and welfare agencies' operating funds are given almost exclusively to United Way.

United Way received 35-50 percent of the total dollars donated by those corporations. Other recipients of corporate dollars were colleges, the arts, civic projects, and local building funds.

Many corporations have special committees which determine corporate contributions. These committees consult with one another regarding new groups requesting donations. Some firms said they check with United Way for references on non-member agencies and requests because they assume that United Way screens and channels funds to the most worthy causes in the community. Most companies rely on United Way to evaluate the effectiveness of the agencies that receive their dollars.

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19. Responsive Philanthropy. National Committee for Responsive Philanthropy. Spring 1981.
20. Workplace Fund-Raising Alternatives Fact Sheet. National Committee for Responsive Philanthropy.

## D. Use of Volunteers

Many of Portland's largest firms support United Way's campaign with personnel as well as with contributions. Almost all major firms have executives serving on the United Way Advisory Board as well as on the boards of recipient agencies.

Employees of these firms are encouraged to participate in agency activities. United Way-CW officials estimate that the 120 volunteers involved in the allocation process alone spend a total of approximately 6,000 hours.

Eighty employees served as loaned executives during the 1981 United Way campaign. Their salaries were paid by their companies. Employers also support the campaign by allowing employees, on company time, to attend meetings at which they are solicited for contributions, and to otherwise participate in the campaign. All costs of the "in-house campaign" are absorbed by the corporations. Only one firm in the Portland area identifies its internal costs of solicitation and collection.

# VII. NEEDS ASSESSMENT

## A. United Way's Definition of Need

There is no clear definition of "need" in United Way-CW documents. If "needs" were interpreted as the population's requirements for assistance in improving economic and social conditions, it is probable that requirements would shift as times change. However, for 65 of the 67 United Way-CW agencies, allocations have not varied by even one percent from 1974 to 1980 (see VII. B. Allocation of Funds, following).

United Way-CW therefore effectively defines need as the needs of its agencies. Although United Way-CW states its responsibility to: "engage in studies and investigations for the purpose of eliminating unnecessary duplications of health and welfare services and to provide for an adequate distribution of such services...,"[21] United Way representatives could provide no such studies. In addition, United Way-CW recognizes it has at the present time, "...no comprehensive knowledge of community need; and no established United Way priorities in relationship to documented community needs."[22]

## B. Tri County Community Council's Role in Needs Assessment

One of TCCC's main purposes is "to identify human service needs in the area." In 1975 TCCC published a Priority Needs Survey, a compilation of profiles for selected services, designed to assist United Way-CW with its allocation decisions. TCCC said the survey was criticized because it made priority determinations "on a relative value among services within goal areas, rather than taking a comprehensive view of the total community need and all services being provided.[23]

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21. Correspondence from Howard R. Studd, Executive Director, United Way-CW to Arno Reifenberg, City Club Committee, November 10, 1980.
22. Agency Service Committee draft memo to Executive Committee. August 22, 1979.
23. Donald J. Ballinger, Executive Director, TCCC, letter to Arno Reifenberg, City Club Committee, November 7, 1980.

In 1979 TCCC issued its Community Needs Assessment, "a compilation of problems as perceived by citizens....The attempt was to identify commonly accepted problems which needed to be addressed by all funding sources and service providers." Community needs were categorized in seven "goal areas": basic material needs, employment and income security, education, social functioning, crime and justice, health, and systemwide problems. The Needs Assessment found one of the most critical issues to be the lack of a common information data base, which would "provide an effective means of knowing who is being served and the distribution of resources."[24]

The Community Needs Assessment has been criticized by Committee witnesses for failing to determine which identified needs are appropriate to voluntary agencies, or for failing to rank those needs in a priority order. Such a determination, it was argued, would allow United Way-CW to make allocations according to need.

TCCC believes the Needs Assessment is a "document to assist funding sources in identifying appropriate responsibilities relative to a community problem....The Needs Assessment may be helpful if United Way decides to follow a more rational allocation process and take the first step in determining which problems are appropriate for United Way."

Although a needs survey is now overshadowed by financial crises in all human services at federal, state and local levels, TCCC hopes to receive support for an effort to establish a uniform accounting system which would provide "the basis for an effective evaluation to assure that there was not a duplication of effort or double funding of services."[25].

C. United Way-CW's Response to New Needs

United Way began to grapple with emerging or shifting community needs in 1969 when it established a special fund known as the Demonstration and Development Fund (hereafter referred to as "D&D Fund") to be used specifically for these needs. This fund has varied between 1.8 and 1.22 percent of funds raised in each campaign. The purpose of the fund was "To encourage ways to meet pressing unmet community needs with new programs, delivery mechanisms, or service to different population groups or geographic service areas within the four-county area covered by the United Way of the Columbia-Willamette."[26] United Way Board members and paid staff told your Committee that United Way usually does not solicit or encourage applications for funding by newer voluntary groups which provide services to meet socially or legislatively evolved needs, although applications received will be reviewed and considered (see VIII. E. D&D Fund Allocations).

The participating agencies themselves claim to have made changes in their programs and services, without using D&D money, to adapt to changing needs. However, at a meeting of 24 agency heads, not one could identify an instance of change in an existing agency's program to include a newly perceived need.

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24. Ibid.
25. Ibid.
26. "Policy and Procedures, Demonstration Fund." United Way of the Columbia-Willamette. Adopted by United Way Executive Committee: 10/19/77.

# VIII. EVALUATION/ALLOCATION PROCESS

## A. Evaluation of Services

United Way-CW's Program and Allocation Division is charged to evaluate member agency performance and to allocate each year's funds. The division is made up of over 200 volunteers organized into eight subcommittees. The largest subcommittee is composed of eight conference panels, each of which has responsibility for a related group of agencies. About 12 persons serve on each panel for a term of three years. Each panel meets at least monthly (more often during April and May when budgets are reviewed). United Way attempts to include members with a wide variety of backgrounds.

United Way-CW's purpose in evaluating programs is to ensure "vital and competently managed social agencies." United Way-CW's efforts consist of:

- Annual visits by the Agency Services Committee;
- Budgetary reviews by the Agency Services Committee during the allocation process;
- Agency management reviews (self-studies).

The panels review each agency's budget utilizing standard forms provided by United Way. One form attempts to measure the service provided by asking for a unit measure of service, the number of units provided during the past year, and the number proposed to be provided. Other forms ask for detailed statements of income and expenses and a list of all employees with their title and salary.

The self-study, which is required every five years, is regarded by United Way as a potentially powerful tool. It requires an agency to:

1) Define the administration of a member agency, describe the governing board's composition, activity, attendance, selection, function, weaknesses, and strengths;
2) Define and clarify management practices, demographics of employees, job descriptions, evaluations, and training;
3) Evaluate facilities and equipment;
4) Identify agency service goals and evaluation process;
5) Evaluate clients served by agency programs;
6) Articulate relationships with the communiy and other agencies;
7) Identify funding patterns; and
8) State explicit future plans and goals for the agency.

United Way-CW committees make a substantial effort reviewing agencies' finances and procedures, and examining service statistics. Their measurements appear to be subject to interpretation however. For example, it is unclear to your Committee whether a record of 100 client contacts would represent 100 different individuals receiving assistance, or merely 10 individuals receiving assistance 10 times each. If the latter, were the kinds of assistance provided in instances 8, 9, and 10 moving the recipient to independence or so similar to instances 2, 3, and 4 as to suggest a dependency had been established? This is a difficult area according to all experts on planning with whom the Committee talked. Notwithstanding, the effectiveness of agencies' services is not known to United Way, or perhaps to the agencies themselves, nor has much work been done to eliminate duplications among agencies.

Even when quantitative evaluations are completed, they can be overturned or ignored at almost any level. For example, a past member of the Executive Committee told your Committee that in one year the evaluative arm of United Way-CW, working from quantitative information, recommended a cut for two agencies which were not performing their functions sufficiently. It was indicated that the records of these two agencies clearly showed that they were in trouble. In spite of these recommendations, the agencies were refunded. Your Committee heard from other witnesses that similar problems are evident in United Ways nationally.

Most of your Committee's witnesses who worked or volunteered for United Way said that United Way should retain reponsibility both for evaluations of member agencies and for evaluations of United Way effectiveness in meeting community needs. Witnesses who were not affiliated with United Way thought that evaluation should be a function independent of United Way. They contended that it may be asking too much to hold the parent agency responsible both for initial funding of a member agency and also for evaluation that may result in a reduction of funding. Such an action would risk leaving the parent agency with the appearance of having made an unwise decision when the funds were initially approved.

Other witnesses perceived that should an agency become too politically "hot" (as Planned Parenthood has become in some areas), that agency might be "sacrificed" so that fundraising functions would not be threatened. Most witnesses affiliated with United Way agreed, and United Way executive staff confirmed, that the primary concern of United Way is fundraising. Should that process be threatened by allocation or evaluation, fundraising functions would be protected.

## B. Allocation of Funds

Only member agencies are funded. To remain a member-agency, a recipient of United Way funds must be financially and administratively responsible.[28] In practice, as each year's campaign goal is increased, additional monies are allocated proportionately to the various agencies.

The Program and Allocation Division determines agencies' funding for the coming year: "Each year the United Way distributes all of the campaign proceeds. Each conference panel is assigned an amount of money equal to the percentage of the campaign increase. Within that amount the conference panel determines its recommended allocations."[29]

To cushion the impact of inflation, each panel recommends an allocation higher than the campaign goal of the previous year. Panels become advocates for agencies and matters are resolved at a bargaining session among panels.

In spite of the hours spent by volunteers in the evaluation/allocation process, your Committee found that funding levels have not changed during the last six years. Your Committite reviewed United Way-CW Annual Reports, 1974-1980, and computed the percentage of the total allocation

28. Article VII, Participating Agencies. United Way-CW Articles of Incorporation and Bylaws.
29. Correspondence from Howard R. Studd, Executive Director, United Way-CW to Arno Reifenberg, City Club Committee, November 10, 1979.

received by each agency. Appendix C shows that 65 of the 67 United Way-CW agencies have not experienced a change of even one percent in their allocations from one year to another.[30]

Despite such evidence that United Way allocations vary little from year to year, United Way officials told your Committee: "Those allocations vary greatly within each panel each year. Some allocations are reduced, some 'held" at the prior year's level, and some increased substantially."[31]

The panel structure, established only this past year, was made possible by hiring additional staff. United Way-CW thinks it now has the capability to carry out the planning and evaluation necessary for proper accountability. United Way-CW's plan is to develop a logical set of criteria for the allocation process to insure that it is clear, explainable, and defensible to the community.

Traditionally allocations were made to close the gap between an agency's income and funds necessary to achieve a balanced budget. United Way-CW is exploring different ways to allocate funds, including contracting for services from certain agencies such as mental health agencies, making grants for specific projects, and soliciting agencies in or out of United Way-CW for proposals to carry out those projects. Health Co-Op is a new approach to working with small, not-for-profit health organizations which exist primarily to provide information and to become advocates for persons with specific disabilities. United Way-CW hopes also to survey the status of services for women and daycare services.

## C. Special Agreements

In response to the Committee's question regarding special agreements, United Way officials stated:[32]

> "The United Way has operating agreements with all participating agencies. The agreements with all agencies are identical with the exception of Oregon Heart Association, Oregon Trail Chapter - American Red Cross, and Clark County Chapter - American Red Cross. In each of the latter cases, after review of the budget of the agency, a projected allocation is included for that agency in the upcoming United Way campaign goal. If the campaign reaches 100 percent of its goal, the full amount included in that goal for that agency is allocated. If, however, the campaign reaches less than 100 percent, the allocation to those agencies is reduced by the percentage amount reflected in the campaign short-fall. The basis for this arrangement is that each of those agencies came into the United Way as a campaign partner in the United Way fund raising effort, simply because those agencies were, at the time of their joining the United Way, giving up substantial fundraising efforts on their own."

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30. Of the 67 agencies, 41 were allocated funds differing by under 2 tenths of 1 percent, 18 agencies differed by from 2 tenths to under 5 tenths of 1 percent, and 6 agencies differed by from 5 tenths of 1 percent to 1 percent. Only two agencies' 1981 allocations varied from 1974 allocations by more than 1 percent of total allocations.
31. Correspondence from Howard R. Studd, November 10, 1979.
32. Ibid.

The American Cancer Society joined United Way with a special agreement prior to the 1981 appeal. Prior to joining, Cancer appeals raised $50,000 per year, and the agency was limited in making educational presentations because they were not a United Way participating agency. After joining, Cancer was allotted $350,000 by United Way and gained greater access to businesses for educational purposes.

American Cancer Society officials say they have both given and received in this process. Cancer officials made 300 appeals as United Way representatives in this year's campaign. In businesses where Cancer made an appeal, giving increased over the previous year's United Way campaign.

D. UW/TCCC Relationship in Planning and Evaluations

During the early 1970's, there was a movement by United Ways nationally to incorporate planning and evaluation into their operations rather than to contract planning to independent planning agencies. It appears, however, that this trend is slowing. The local experience mirrors the national trend.

Evaluation policy and practices of United Way-CW are in a state of flux because of the "struggle" between United Way-CW and TCCC. United Way-CW representatives asserted to the Committee that TCCC's evaluations of the success of agency programs have been inadequate. In response to this assertion, TCCC representatives claimed that United Way-CW did not use the evaluation capability that TCCC offered.

No formal agreement between United Way and TCCC has existed since 1979 concerning evaluations. Prior to that time, one-third of one TCCC's employee's time had been spent on needs assessment and evaluations. All evaluations performed for United Way for TCCC have been requested and supplied informally since that time. On July 1, 1980, United Way-CW withdrew all TCCC funding for planning services and added three additional United Way staff for this purpose. Much of this action was attributed to a personality conflict between the two agencies' directors. It was reported to the Committee that the personal working relationship of the past directors of both United Way and TCCC had been rancorous at times.

E. Demonstration and Development Fund Allocations

In 1969, the year the D&D fund was established, D&D fund allocations totalled $100,000 or 1.8 percent of funds raised. In 1980, $149,824, or 1.22 percent of funds raised, was allocated. In fiscal 1981, $175,000, or 1.57 percent, will be allocated.

Non-member agencies receiving D&D funding for three consecutive years are eligible for member agency status and thus "permanent" funding. The number of agencies which eventually reach member status is believed to be relatively low.[33] Since 1977, six non-member agencies have become member agencies.

The D&D fund has been allocated to both participating and non-participating agencies. Between 1974 and 1979, $454,849 was allocated to 44 non-participating agencies (of which seven have now become members), and

33. Until 1980, no known records were kept of the number of applications, who the applicants were or the reasons for acceptance or rejection.

$247,269 to 18 participating agencies. During the first five months of 1980, however, three non-participating agencies received $22,000 while four participating agencies recived $48,335.

According to United Way-CW, the declining percentage of allocations for emerging needs is due to a demand greater than the amount of funds available: "Each year the United Way receives applications for membership far in excess of the amount of funds which can reasonably be expended for new programs and agencies in relation to those already members and supported by the United Way."[34] In response to the Committee's question regarding United Way-CW's attempts to find worthwhile new agencies, the reply was: "The United Way has not been in a position, either from the point of view of time availability or the point of view of detailed knowledge of the community, to seek out particular kinds of services, programs or agencies."[35] Instead, existing member agencies wishing to expand their services to address new social issues are preferred over non-member agencies. This policy is defended by United Way representatives not only for reasons of simplicity but also because United Way maintains that the facilities and management capabilities of existing member agencies are known to them.

Because the D&D Fund comprises such a small percentage of total dollars and allocations, United Way has given a correspondingly small amount of attention to the application process. United Way contends that this is due to the limited funds available. Access to D&D funds by non-member agencies is on a first-come, first-serve basis. An organization may request an application form be mailed or they may come in and have the format explained.

From questionnaires sent to volunteer agencies who had applied for D&D funds between 1976 and 1980, your Committee learned that most of the applicant agencies were totally staffed by unpaid volunteers not versed in grant writing. All applicants had been able to arrange a personal consultation regarding the application, but none could obtain information about the requirements for qualification. Many perceived that the United Way process was "mysterious," saying it was "not an open procedure".

Applications initially are screened by a staff member and the Chairman of the D&D committee. Those applications surviving the screening process are reviewed by the full D&D Committee. One applicant was told at the start that his chances of being awarded funds were remote, but several complained of being "...led down the garden path". Although they were led to believe their agency had the type of innovative service for which D&D funds were intended, they were rejected for standard reasons which could have been made known to them at the beginning of the process. Alternatively, specific reasons for rejection were not made known to applicants.

In evaluating applicants, United Way makes no physical visit to the applicant's facilities and conducts no interviews with representatives of the agency other than what may take place in answering an applicant's questions regarding the application form. Decisions are made solely on the basis of the application. Notice of rejection is usually by letter with a brief statement of the reason for rejection.

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34. Letter from Howard Studd. February 5, 1980.
35. Ibid.

Some agencies receiving D&D monies formerly had been rejected. In these cases the reasons for subsequent funding were an increased awareness of the application "system" or a longer history of operation which allowed them to develop a more acceptable organizational structure.

Often D&D allocations are made for "operating expenses," rather than for specific projects. One recipient of the 1979 D&D funds was Burnside Projects which generally serves the homeless, transient and disadvantaged and provides a night shelter, a clean-up center, and pre-trial release counseling. The specific project funded in 1979 was the establishment of "client loan accounts" to provide money management skills to Burnside residents.

Two years ago, Burnside Projects' application for membership was rejected because United Way preferred that they obtain funding through the Burnside Consortium. At that time United Way preferred to fund federations of agencies. Burnside Projects felt this was reasonable. Unfortunately, before Burnside Projects could benefit from the flow-through of United Way monies allocated to Burnside Consortium, United Way reversed its earlier decision and declared it no longer supported a federated approach.

Although typically D&D monies are allocated for general operational needs of an annual nature, occasionally they may be granted for a special, one-time only situation. Such was the case when $1,750 was granted by the D&D Committee to help transport handicapped people to the downtown "Artquake" event in Tri-Met lift busses. At a later Executive Committee meeting, this decision caused considerable discussion as to whether it had been appropriate. The consensus at the Executive Committee meeting was that the funds should not have been allocated, but since the funds were already made known to those who had requested them, it was determined the D&D Committee, in the future, should grant such monies for "helping people in distress for therapy and rehabilitation rather than for entertainment".[36]

36. United Way Executive Committee. Minutes, July 18, 1979 meeting.

## IX. DISCUSSION

The charge to your Committee asked that an analysis be made of "the significance of the policies and procedures...of United Way in determining priorities for fund allocations to agency members." Additionally, the Committee was to "...analyze the implications of the two views of the United Way function: (a) a donor's organization whose purpose is to limit the scope and number of fund drives..., or (b) a conduit by which the community's charitable dollar is delivered to the highest priority of human need." We were to recommend what the appropriate function should be for United Way-CW in the future.

### A. Combining Fundraising and Allocation

#### 1. Federated Fundraising at the Workplace

It appears that United Way's federated fundraising system has a strong monopoly on corporate and employee donations in the tri-county area. Because non-United Way agencies have limited access to donations made by payroll deductions, these agencies are excluded from a major source of contributions.

United Way's federated fundraising system also appears to have the advantage of low overhead. In comparison to an average cost of 20 percent of funds raised by independent agencies, United Way-CW's costs average 4 percent of funds raised. However, United Way cannot estimate the value of the time donated by Portland's firms for management, solicitation and collection by loaned executives.

United Way has been criticized for being over-represented by business throughout its volunteer hierarchy. It is not coincidental that the local business community provides almost 90 percent of United Way funds through both outright donations and access to their places of business to solicit funds. Moreover, most of the large volunteer staff required to conduct the annual campaign and to serve on the various committees is supplied in one form or another by Portland's major employers. These employers donate the wages of employees who spend substantial time on United Way business. Virtually all of the annual campaign operates on loaned labor.

It is the opinion of your Committee that the high level of business involvement in United Way demonstrates the equally high level of business commitment to the concept of federated giving as currently practiced by United Way. While your Committee commends the large and varied contributions to United Way by business, we believe that the interests of the community at large would be better served if business would share influence with thoughtful individuals representing a broader spectrum of non-business interests on its board and committees, especially on United Way allocations panels.

Your Committee's research shows that total giving could be increased by allowing other organizations to participate in workplace solicitation and payroll deductions. However, United Way is reluctant to yield its exclusive access to the workplace, correctly arguing that businesses prefer a single disruption. United Way appears to fear that added competition for the charitable dollar at the workplace would not only diminish gifts to United Way, but would also diminish total giving.

Businesses rely upon United Way-CW to evaluate how well recipient agencies manage their affairs. Some businesses are reluctant to open the workplace to non-United Way agencies because a business cannot perform this evaluation on its own. Your Committee believes it would not be difficult for large corporations to develop screening mechanisms to determine which non-United Way agencies could be allowed access to the workplace during the campaign.

It is argued by United Way and businesses that worthy agencies would benefit by joining United Way rather than operate independent campaigns. However some responsible agencies do not wish to be included under the United Way umbrella. Because magnet agencies, such as the American Red Cross, receive a substantial part of the total funds raised, some non-United Way agencies believe they have a better chance of raising more dollars by remaining independent. Independent agencies argue that they should not be put in a position of having to join United Way in order to mount a credible campaign.

2. The System, Generally

Your Committee heard very few arguments against a federated fund-raising system. Earlier City Club reports favored a single fundraising drive rather than separate drives.[37] Even the Portland Committee for Responsive Philanthropy, a group critical of United Way, favors a federated system.

One drawback of a federated drive is that individual agencies are submerged into the single campaign and the community is not made aware of the charitable goals of the various member agencies. Some agencies have stayed out of United Way or withdrawn because they believe the education of the community is as important as the collection of money. However, most agencies believe that the amount of funds to be collected by United Way outweigh the educational benefits of an independent campaign.

The United Way system, which combines federated fundraising and allocation, is regarded by many to be advantageous because allocation of funds under this system is based on a consideration of community needs rather than on the comparative appeals of various fundraising campaigns. A contributor to a federated drive, it is argued, assumes that in a federated system both needs and values are determined and that all organizations which receive funds are carefully audited.

Supporters of combined fundraising and allocation also point out that the people who raise the funds have a vested interest in determining the allocation of these funds. They argue that separating these functions may diminish the enthusiasm and interest of those who raise the money each year.

Opponents argue that the vested interests of the fundraiser-allocator perpetuates the status quo. United Way, acting as both fundraiser and allocator, does not weigh broader community needs but continues to fund the same agencies year after year at the same level. They argue further that an organization solely dedicated to needs assessment and allocation would more likely have the focus that United Way is said to lack.

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37. "Report on Voluntary Health Agencies," City Club of Portland Bulletin. Vol. 41, July 22, 1960. "Report on Health and Welfare Compaigns in the Portland Area," City Club of Portland Bulletin. Vol 30, July 29, 1949.

B. Needs Assessment

United Way-CW and Tri County Community Council (TCCC) are the two agencies which profess the capability to develop an adequate assessment of this community's needs. However, these agencies' basic perspectives are so different that a complementary and cooperative relationship has not been achieved and neither agency has produced a meaningful assessment of community needs.

The functions of United Way-CW and TCCC in assessment of need are different, as formally stated in both organizations' Articles of Incorporation, and as revealed by the two organizations' past performance. TCCC addresses the entire spectrum of community needs, such as employment, education and justice services, whereas United Way-CW emphasizes health and welfare needs. TCCC's assessment compiled commonly accepted problems to be addressed by all funding sources and service providers. United Way, with its agency focus, had little use for such an assessment.

United Way has attempted to carry out needs assessment in two ways: by devoting 1 to 2 percent of its funds to the Demonstration and Development (D&D) Fund, and by urging agencies to review their services through the self-evaluation studies. Your Committee was provided no documentation on how many existing agencies have adapted their programs to include emerging needs. It appears that a majority have not.

A negative consequence of the lack of a needs assessment is a failure to address newly arising needs. Perceptions of need change over the years. For instance, much is heard now about the increasing needs of Southeast Asian refugees. United Way appears ill-equipped to deal with this or other newly perceived needs.

It appears to your Committee that United Way-CW addresses shifting and emerging needs on a reactive rather than an active basis, and that it is a captive of the perceptions of emerging needs its member agencies hold. Because of the very small percentage of budget dollars allocated to the D&D Fund, your Committee believes emerging needs have held a low priority with United Way-CW. The low level of D&D Fund allocations, the almost absolute consistency of the annual agency allocations, and the failure of member agencies to change their programs all demonstrate a lack of flexibility in the allocations process of United Way.

The 1979 report of President Eleanor McKinnon praised the organization's "flexibility and imagination," and noted the intent to "explore new opportunities" and keep United Way an "open institution." It appears to your Committee that progress toward these goals has been minimal. In fact, practices reveal a lack of both flexibility and imagination and an unwillingness to make United Way a more open institution.[38]

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38. Your Committee recognizes United Way's Long Range Plan, adopted in January 1982, which outlines three main objectives: (1) To provide community members with an expanded cost-effective fund-raising system; (2) To provide community members with an allocating system to achieve an array of community, social and health services which meet existing and emerging needs; and (3) to monitor the use of financial support to agencies and to assure that they produce community benefits of appropriate quality and impact.

Your Committee believes that neither our community nor United Way has an accurate perception of present needs. Because of their scarcity, our community must take a hard look at how it will allocate future contributions from the voluntary sector. United Way must care enough to examine the priorities underlying its allocation process.

C. Evaluation/Allocation Process

From the information the Committee has been able to gather, United Way-CW appears to do an adequate job of auditing member agencies' accounts and reviewing the number of clients served and services provided by these programs. However, these efforts focus on agency procedures rather than program quality.

The need to conduct qualitative evaluations is imperative not only to determine how effectively services are being provided to clients, but also to identify duplications among agencies. Even some of those associated with United Way-CW believe that United Way should annually evaluate, or at least question, existing services...and perhaps it should discontinue or reduce some allocations.

The self-study, which is required of member agencies each five years, appears to be a potentially useful tool. However, your Committee seriously questions the objectivity any agency could bring to a study knowing that a critical self-study might result in a reduction of funds. By the same token, your Committee believes that the funding agency may have difficulty conducting an objective evaluation in view of its vested interest in the outcome of that evaluation. The present formal procedure appears to be nothing more than a hollow exercise after which member agencies continue to be funded at virtually the same level year after year after year.

The Committee sees merit in the thrust of TCCC's proposal, "A Rational Allocation Process." This proposal recommends that an independent organization determine community needs which would then be met by competing service providers bidding for United Way funds.

The strength of United Way lies in its fundraising capability, not in its assessment and evaluation procedures. Historically, when recommendations against funding a particular agency have not been adopted it has been because evaluation within or under the control of United Way has been subjugated to the fundraising side of the organization. Your Committee believes United Way cannot be objective and free from pressure. This suggests the need for an independent evaluation function based on a comprehensive assessment of community needs, either funded by United Way with no threats of fund withdrawal possible, or funded from some other source.

## X. CONCLUSIONS

1. United Way-CW has been successful in fulfilling its traditional role as a fundraiser. However, the scope, organization, and focus of United Way have not kept pace with the community's changing social, economic, and political circumstances. As a rule, United Way is overly cautious and protective of the status quo; reactive rather than assertive.

2. United Way has been allocating its funds without benefit of either clearly documented needs or an explicitly defined system for setting priorities, evaluating existing recipients, or qualifying membership applicants. In this situation, evaluators and allocators have tended to become advocates of their favorite agencies.

3. United Way has rarely sought out new agencies or encouraged the formation of new programs. Emerging needs have been given little meaningful attention. With less than 2 percent of total allocations, the Demonstration and Development Fund, although worthy in purpose, has had only minor impact.

4. Because its tools have focused on quantitative rather than qualitative evaluations of recipient agencies' performances, our community has been ill-served by United Way-CW's evaluation efforts. Conflicts of interest and the pressures they generate are inherent in the present system of evaluation and allocation. Reducing or eliminating funding for a member agency or a special agreement agency on the basis of an evaluation has not taken place. Partnership agreements with Heart, Cancer and Red Cross agencies preclude any modification of funding as a function of evaluation. Member agencies are equally invulnerable to funding modifications because they are protected by advocates within the organization.

5. While fundraising and allocation should be closely coordinated, they should not be combined as they are in the current organizational structure of United Way-CW.

6. United Way-CW and TCCC could benefit one another by overcoming their past differences. TCCC is a potential choice among organizations that might be contracted to carry out community needs assessments and agency evaluations.

7. Your Committee believes that the United Way-CW fundraising framework, monopolistic by nature, prevents the community from realizing its full potential for giving. United Way-CW may be instinctively reluctant to let other fundraisers compete for charitable dollars in the workplace, but maintaining its monopoly should not be as important to United Way as total giving. In other cities and in Portland, total giving increased when other responsible fundraisers were permitted access to the workplace.

8. As a major force in the fundraising arena, the business community should have a major role in the United Way-CW organization. However, your Committee believes that business interests are <u>too</u> predominant in the United Way organization, particularly in the person of white male executives. United Way has not made sufficient room for broad community representation in its policy-making and decision-making process.

9. A disproportionate effort is devoted to the mechanics of the allocation process. It makes little sense to have over 200 participants working for months, only to make a series of allocations recommendations that are virtually ignored.

In summary, your Committee concludes that United Way-CW, despite a generally commendable record of funding private health and social service agencies, has increasingly become a prisoner of these very agencies and their limited perceptions of shifting social conditions. United Way-CW has been remiss in not recognizing a broader responsibility: That its virtual monopoly in local charitable giving requires a more vigorous and open, even visionary, course of future action if it is to fulfill its stated mission.

## XI. RECOMMENDATIONS

1. United Way-CW should cease to define the community's needs as just the needs of its member agencies. United Way-CW should aggressively seek to discover the needs of the community, and it should base its allocations on such needs rather than merely funding each agency at nearly the same level year after year. Specifically:
   a) Prior to the 1982 campaign, if time allows, United Way should budget adequate funds for a substantive community needs study, contracted from a private agency.

   b) United Way should set aside a small percentage (e.g., 1 percent) of each year's funds for subsequent annual community needs assessments.

   c) Needs assessments should reflect <u>services required</u> by the community rather than <u>services offered</u> by agencies.

   d) United Way-CW should contract for objective and independent annual evaluations of agencies' performance on a five-year cycle, to be contracted to an external source.

2. United Way should use information from the needs assessment for setting allocation priorities. This may well eliminate the need for the Demonstration and Development Fund altogether. Therefore those funds should be absorbed into the general fund. As an alternative, these funds could be earmarked as a reserve to meet short-term, ad hoc needs.

3. All agencies should be invited to bid every two to three years for contracts to meet the needs identified in the community needs assessment.

4. United Way-CW should re-evalute - and consider terminating - special agreements with Heart, Cancer and Red Cross. From now on such agreements should be avoided. Future allocations should reflect a true needs assessment.

5. The allocation process should be improved by:
   a) Reducing the number of members in the allocation committee and the supporting conference panels.
   b) Organizing the panels around <u>needs</u> rather than related agencies.

c) Changing the composition of these committees so that each more accurately reflects the various constituent groups in the Portland area community.

6. The organization of United Way-CW should be changed so that the functions of a) fundraising, b) allocation, and c) needs assessment and evaluation are seen as equally important, each with an executive committee responsible to the Board.

7. With an eye to increasing total commmunity giving, employers should experiment with methods of opening workplace solicitation to non-United Way agencies during the United Way campaign.

8. In order to increase minority participation, employers should create more opportunities for their minority employees to assume leadership positions in their company's United Way activities.

9. In spite of their special relationship with United Way-CW, TCCC, along with other service providers, should be invited to compete for United Way-CW contracts, including the contract to carry out a community needs assessment.

Respectfully submitted,

Patrick Borunda
J. Duncan Campbell, Jr.
Becky Gardner
B. John Hale
Judith Morgan
Joanne M. Repass
Arno Reifenberg
Daniel R. Rogers

Approved by the Research Board on February 18, 1982 for transmittal to the Board of Governors. Received by the Board of Governors on March 8, 1982 and ordered published and distributed to the membership for consideration and action on April 9, 1982.

## Appendix A
## PERSONS INTERVIEWED

Bailey, Scott, Portland Committee for Responsive Philanthropy
Bertelson, Holt, Department of Financial Statistics, State of Oregon
Bird, Jack, U. S. Bank Corporation
Blumel, Joseph, President, Portland State University and former President United Way-CW
Bogue, Philip R., formerly Managing Partner, Arthur Andersen & Company and former President, United Way-CW
Bower, Mitchell, Jr., Chairman, Long Range Planning Committee, United Way-CW
Ballinger, Don, Executive Director, Tri County Community Council
Dingler, Lynn, former planner, Clackamas County
DuShane, Margie, Director, Public Relations, United Way-CW
Fishler, Stan, formerly Executive Director, Tri County Community Council
Frost, Tina, Burnside Projects
Fry, Jerry, Professor, School of Social Work, Portland State University
Gillen, Jim, Burnside Projects
Glenn, Myrna, American Cancer Society
Goddard, Jewel, State Director, Boys and Girls Aid Society of Oregon
Goetze, Jack, Oregon Mutual Savings and Loan and former Campaign Chairman, United Way-CW
Hadocek, Jim, Director, American Red Cross of Oregon
Hutchison, Fred, Albertina Kerr Centers for Children
Johnson, Leeland, First Interstate Bank
Korloff, Nancy, Assistant Professor, School of Social Work, Portland State University
Lemley, Duane, Department of Human Services, Multnomah County
Look, Edward H., Executive Director, Oregon Community Foundation
Long, Joseph, Northwest Natural Gas Company
Maffei, Gary, Louisiana Pacific Corporation
McCracken, Sally, Chair, Burnside Consortium; former member, Board of Directors, Tri-County Community Council; Member, Allocations Committee, United Way-CW.
McDaniel, Douglas, Assistant to Vice President, Union Pacific Railroad
McKinnon, Eleanor, formerly President, United Way-CW
Nunn, Warne, Pacific Power and Light Company
Olmstead, Vernon, Director of Programs and Allocations, United Way-CW
Paulson, The Rev. Peter H., Director, Northwest Pilot Project
Pinson, Donald J., Pinson and Associates fundraising consultants
Pisha, Sue, formerly Vice President, United Way-CW
Prows, Bill, Pacific Northwest Bell
Raubeson, Andy, Executive Director, Burnside Consortium
Rea, Sylvia, former staff member, United Way-CW
Rives, Claire, Chair, Programs and Allocations, United Way-CW
Roth, Robert, President, Jantzen Corporation
Rudman, Steven, Community Developer, Portland Community Resource Center
Shafer, R. W., Executive Vice President, American Cancer Society, Oregon Division
Smith, Sarah, Chair, Development and Demonstration Committee, United Way-CW
Studd, Howard, formerly Executive Director, United Way-CW
Turple, Elena, formerly Executive Director, National Foundation-March of Dimes, Tri County Chapter
Utter, Chris, Evans Products Corporation
Vizzini, Alston, former Director, Public Relations, United Way-CW
Webber, William, Tektronix Foundation
Weiden, Duke, Portland General Electric Company

Williams, John, American Cancer Society
Wyer, Norm, School of Social Work, Portland State University
Yoder, Ron, Metropolitan Family Services

In addition, 24 agency executives attended a committee meeting in November, 1980. Written statements were subsequently submitted by Jewel Goddard, Executive Director, Boy and Girls Aid Society of Oregon, July 15, 1980, Warren E. Johnson, Ph.D., Director, Portland Center for Hearing and Speech, July 16, 1980, and Anne Paula Merrick, S.N.J.M., Executive Director, Catholic Family Services, July 23, 1980.

APPENDIX B
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## APPENDIX C

### UNITED WAY AGENCY ALLOCATION PERCENTAGE COMPARISON - 1974 & 1981

1974 TOTAL ALLOCATIONS: $6,818,759.00(2) 1981 TOTAL ALLOCATIONS: $11,116,113(2)

| AGENCY(1) | 1974 ALLOCATION | 1974 % TOTAL | 1981 ALLOCATION | 1981 % TOTAL | DIFFERENCE % (+/-) |
|---|---|---|---|---|---|
| American Red Cross - Oregon Trail | 926,146 | 13.58 | 1,550,790 | 13.95 | + .37 |
| American Red Cross - Clark County | 49,616 | .73 | 102,075 | .92 | + .19 |
| Boys Club - Portland Metro Area | 92,000 | 1.35 | 210,000 | 1.89 | + .54 |
| Boy Scouts - Columbia Pacific Council | 319,105 | 4.68 | 482,432 | 4.34 | - .34 |
| Campfire Girls - Portland Council | 121,400 | 1.78 | 182,924 | 1.65 | - .13 |
| Campfire Girls - Mt. Hood Council | 38,000 | .56 | 67,782 | .61 | + .05 |
| Campfire Girls - Cascade Council | 31,000 | .45 | 62,957 | .57 | + .12 |
| Catholic Family Counsel/ Clark County | 16,720 | .25 | 41,000 | .37 | + .12 |
| Catholic Family Services | 70,189 | 1.03 | 99,000 | .89 | - .14 |
| Catholic Youth Organization | 42,360 | .62 | 68,100 | .61 | - .01 |
| Childrens Club, Inc. | 7,350 | .11 | 26,500 | .24 | + .13 |
| Childrens Home Society of Washington | 20,000 | .29 | 42,500 | .38 | + .09 |
| Clackamas County Day Care | 18,000 | .26 | 47,500 | .43 | + .17 |
| Clackamas County Mental Health Council | 19,900 | .29 | 36,898 | .33 | + .04 |
| Clark County Council on Alcoholism | 5,500 | .08 | 15,000 | .13 | + .05 |
| Damon Runyon/Walter Winchell Fund | 3,945 | .06 | 12,000 | .11 | + .05 |
| Delaunay Institute for Mental Health | 36,179 | .53 | 65,000 | .58 | + .03 |
| Designations to other United Ways | 2,638 | .04 | 7,000 | .06 | + .02 |

UNITED WAY AGENCY ALLOCATION PERCENTAGE COMPARISON - 1974 & 1981

1974 TOTAL ALLOCATIONS: $6,818,759.00(2) 1981 TOTAL ALLOCATIONS: $11,116,113(2)

| AGENCY(1) | 1974 ALLOCATION | 1974 % TOTAL | 1981 ALLOCATION | 1981 % TOTAL | DIFFERENCE % (+/-) |
|---|---|---|---|---|---|
| Development/Demonstration Fund | 104,080 | 1.53 | 175,000 | 1.57 | +. 04 |
| East Vancouver Child Care Center | 17,969 | .26 | 46,500 | .42 | + .16 |
| Epilepsy League/Association | 24,000 | .35 | 60,000 | .54 | + .19 |
| Family Law Center | 53,774 | .79 | 125,000 | 1.12 | + .33 |
| Fort Vancouver Seamens Center | 10,200 | .15 | 16,000 | .14 | - .01 |
| Foster Parents Association | 10,721 | .16 | 33,880 | .30 | + .14 |
| Friendly House | 117,500 | 1.72 | 217,000 | 1.95 | + .23 |
| Fruit & Flower Child Care | 52,000 | .76 | 82,000 | .74 | - .02 |
| Girl Scouts, Columbia River Council | 133,925 | 1.96 | 208,460 | 1.88 | - .08 |
| Health & Welfare Planning Clark County Council | 17,325 | .25 | 75,774 | .68 | + .43 |
| Highland Community Center | 20,000 | .29 | 60,000 | .54 | + .25 |
| Jewish Family & Child Service | 40,340 | .59 | 59,500 | .54 | - .05 |
| Jewish Federation | 19,075 | .28 | 27,320 | .25 | - .03 |
| L.I.F.E Center | 18,000 | .26 | 54,000 | .49 | + .23 |
| Lutheran Family Service | 81,800 | 1.20 | 85,000 | .76 | - .44 |
| Metropolitan Family Services | 320,000 | 4.69 | 490,000 | 4.41 | - .28 |
| Morrison Center | 68,400 | 1.00 | 132,000 | 1.19 | + .19 |
| Multiple Sclerosis Society | 39,000 | .57 | 49,500 | .45 | - .12 |
| Multnomah/Clackamas Association for Retarded Citizens | 45,500 | .66 | 103,000 | .93 | + .27 |
| Neighborhood House | 72,000 | 1.06 | 144,675 | 1.30 | + .24 |
| Oregon Heart Association | 176,774 | 2.59 | 252,137 | 2.27 | - .32 |
| Oregon Literacy | 12,000 | .18 | 29,538 | .27 | + .09 |

UNITED WAY AGENCY ALLOCATION PERCENTAGE COMPARISON - 1974 & 1981

1974 TOTAL ALLOCATIONS: $6,818,759.00(2) 1981 TOTAL ALLOCATIONS: $11,116,113(2)

| AGENCY(1) | 1974 ALLOCATION | 1974 % TOTAL | 1981 ALLOCATION | 1981 % TOTAL | DIFFERENCE % (+/-) |
|---|---|---|---|---|---|
| Parry Center for Children | 95,000 | 1.39 | 196,750 | 1.77 | + .38 |
| Planned Parenthood | 62,000 | .91 | 165,000 | 1.48 | + .57 |
| Portland Center for Hearing and Speech | 77,795 | 1.14 | 120,000 | 1.08 | - .06 |
| Salvation Army - Clark County | 34,855 | .51 | 64,000 | .58 | + .07 |
| Salvation Army - Portland (Tri-County) | 275,624 | 4.04 | 342,000 | 3.08 | - .96 |
| St. Johns Child Care | 30,386 | .45 | 69,200 | .62 | + .17 |
| St. Vincent De Paul Child Care | 75,000 | 1.10 | 116,200 | 1.05 | - .05 |
| Sho-Craft | 19,000 | .28 | 5,000 | .04 | - .24 |
| Suicide & Personal Crisis Service | 9,800 | .14 | 18,000 | .16 | + .02 |
| Tri-County Community Council | 161,393 | 2.37 | 218,594 | 1.97 | - .40 |
| Tualatin Valley Mental Health | 34,200 | .50 | 49,857 | .45 | - .05 |
| Tualatin Valley Workshop | 9,000 | .13 | 19,800 | .18 | + .05 |
| United Cerebral Palsy Association | 87,494 | 1.28 | 164,793 | 1.48 | + .20 |
| United Way of Oregon | 862,101 | 12.64 | 1,254,560 | 11.29 | -1.35 |
| United Way of America | 36,750 | .54 | 122,264 | 1.10 | + .56 |
| United Way Columbia/Willamette Administrative Expenses | 264,317 | 3.88 | 232,895 | 2.10 | -1.78 |
| United Way Columbia/Willamette Campaign Expenses | 328,655 | 4.82 | 480,655 | 4.32 | - .50 |
| Urban League of Portland | 112,000 | 1.64 | 210,415 | 1.89 | + .25 |
| Visiting Nurses Association | 97,000 | 1.42 | 210,000 | 1.89 | + .47 |
| Volunteer Bureau | 22,820 | .33 | 39,711 | .36 | + .03 |
| Volunteers of America | 197,000 | 2.89 | 332,000 | 2.99 | + .10 |

UNITED WAY AGENCY ALLOCATION PERCENTAGE COMPARISON - 1974 & 1981

1974 TOTAL ALLOCATIONS: $6,818,759.00(2) 1981 TOTAL ALLOCATIONS: $11,116,113(2)

| AGENCY(1) | 1974 ALLOCATION | 1974 % TOTAL | 1981 ALLOCATION | 1981 % TOTAL | DIFFERENCE % (+/-) |
|---|---|---|---|---|---|
| Washington County Association of Retarded Citizens | 23,200 | .34 | 63,000 | .57 | + .23 |
| West Tuality Child Care | 35,455 | .52 | 73,000 | .66 | + .14 |
| YMCA - Portland | 319,000 | 4.68 | 428,177 | 3.85 | - .83 |
| YWCA - Clark County | 30,000 | .44 | 64,500 | .58 | + .14 |
| YWCA - Portland | 222,483 | 3.26 | 375,000 | 3.37 | + .11 |
| Youth Progress Association | 22,000 | .32 | 35,000 | .31 | - .01 |
| TOTALS | 6,818,759 | | 11,116,113 | | |

(1) Only those agencies clearly defined as existing in both 1974 and 1981 are used for this comparison, and all of those agencies are represented. No attempt was made to selectively delete any agency for any reason.

(2) Total allocations used here are not United Way totals for all agencies for the respective years, but are totals for those agencies represented in this comparison.

(3) Summary of results: Of the 67 agencies represented herein, 41 (61%) were allocated funds differing by under 2 tenths of 1% comparing 1974 allocations to 1981. 18 (27%) agencies differed by from 2 tenths to under 5 tenths of 1%, with 6 (9%) of the agencies differing by from 5 tenths of 1% to one percent. There were only two agencies whose 1981 allocations varied from 1974 allocations by more than one percent of total allocations, both of which are an integral part of the United Way organization.