

2009 Questions and Answers



United Way of the
Greater Dayton Area

Q. *Is our United Way going to be merged into the Cincinnati United Way?*

A. No. Especially given the challenging economy, the United Way Board felt that the merger warranted exploration. However, the volunteers were not convinced that it was the best path to meet Dayton's needs and to resolve our local challenges. The proposed plan did not demonstrate significant cost reductions and lacked assurance that Dayton would benefit in the long-term from anticipated revenue growth.

Q. *How much does United Way spend on overhead?*

A. Only 16% of the annual campaign pledges is used for administration and fundraising. On the most recent IRS Form 990 (for fiscal year 2007-2008) United Way's overhead was just under 19%. This figure is slightly higher than the campaign overhead cap, as it includes other revenue and expenses United Way incurs for administrative activities such as running the Combined Federal Campaign and managing the pension for United Way Partner Agencies. The United Way volunteer and staff leadership is committed to maximizing dollars for services and minimizing internal expenses. United Way's administrative costs are among the lowest in the community – well below the Better Business Bureau guidelines of not more than 35% for fundraising and 50% for total overhead.

Q. *What were the extent of cuts to the agencies and United Way this year?*

A. The 2008 campaign was down 19.5% and designations (contributions directed to specific agencies) made up a greater percentage of the total campaign. The combined result was that the dollars available for the Community Solutions fund were down by 24%. Determining how to spread this reduction was an arduous task for the volunteers because all of the programs have demonstrated they meet a priority need and deliver a high quality service. Some one-year programs were not renewed. Prescription assistance programs were consolidated into one agency. In making other cuts, the volunteers looked at: priority needs in the current economy; United Way funding as a percent of total agency or program budget; and agency percentage of the total allocable pool. United Way cut its operating budget 26% including painful staff reductions and putting the building up for sale.

Q. *Why are dollars for the Community Solutions Fund (or undesignated gifts) so important?*

A. The Community Solutions Fund is where the power of the United Way really goes to work. Knowledgeable volunteers direct those dollars to proven programs that achieve results in the priority areas of Education, Income, and Health. United Way is *not* a middleman. You can't have an orchestra without a conductor. United Way conducts a coordinated network of services provided by 77 Partner Agencies to meet needs and solve problems before they happen. United Way studies the needs and fills gaps. No one else is doing this. No one else looks at the big picture the way United Way does.

Q. *What is United Way of the Greater Dayton Area's designations policy?*

A. Donors may direct up to 100% of their contribution within the United Way of the Greater Dayton Area's network of services, including to the 77 Partner Agencies and neighboring United Ways. If they wish to support a 501(c)(3) health or human service organization that is not a Partner Agency, they may direct up to half of their total pledge to outside the network. The balance of the gift can then be directed anyway they wish within our local United Way network. This win-win policy is based on an "and" not "or" approach – to maximize funds available for the community allocation process to support programs addressing priority needs, while also allowing donors to direct how their contributions will support local health and human services.

Q. *Do designations to Partner agencies make a difference?*

A. Yes, since 1990, designations to Partner Agencies have been a separate stream of funding from the Community Solutions Fund. Many people still mistakenly believe that designations are the "first dollars in" towards a Partner Agency's allocation from the volunteer process, but in actuality the two funding streams are intentionally kept completely separate.

Q. *What is pledge loss?*

A. Not all the money pledged in the campaign is collected due to people moving, changing jobs, or other reasons. Obviously, this money cannot be spent. United Way works to drive that number down to increase the dollars available for local services. With the economy in turmoil, however, in recent years that figure has averaged 9%.

Q. *What accountability standards does United Way have in place?*

A. All United Way financial records are handled in accordance with American Institute of Certified Public Accountants guidelines and Financial Accounting Standards Board standards for all nonprofit organizations. A volunteer Finance Committee, chaired by the Board Treasurer, oversees the financial operations. Each year United Way is audited by an independent accounting firm (currently Brady Ware) and consistently receives a "clean" audit. United Way practices full voluntary disclosure of its financial records.

Q. *What happened to the former president of United Way of America?*

A. United Way of America is the national membership organization where, in 1992, allegations were raised regarding the president's expense practices. He served a seven-year sentence in prison. Our local United Way stopped paying dues until we were convinced that United Way of America had controls in place to be fiscally accountable, and NCR made a special donation to replace any local money that might have been misused. Since then United Way of America has been well managed and accountable to local United Ways.

Q. *Someone I know gave to United Way for years but did not get help when he or she needed it, so why should I give now?*

A. United Way's HelpLink 2-1-1 works diligently to connect every caller with services that can help and the Partner Agencies try very hard to serve everyone who contacts them. Unfortunately, there may be obstacles such as waiting lists for appointments and limited or strained resources. Sometimes the service offered is not what the person expects. If he or she is hoping to receive direct financial assistance, those resources are extremely scarce because they address the symptom but not the long-term solution to a problem.