

# United Way looks in new direction

Nonprofit changes funding model

**Austin Business Journal - May 4, 2007**

by [Sandra Zaragoza](#)

**ABJ Staff**

After decades of business as usual, United Way Capital Area is embracing a new way of doing things, with the hope of increasing community involvement and contributions.

The United Way, founded here in 1953, is adopting a new business model that will radically change the way it works, pitches itself to contributors and volunteers, and distributes its millions in funds.

"Austin is unique, so we are adapting and molding our services to meet the needs of the local market and changing community conditions," says David Balch, UWCA's president.

Last year, the United Way reported raising about \$19.1 million, up from \$16.7 million in 2005. It doled out more than \$13.6 million to others in 2006, including dozens of local nonprofits.

United Way will officially launch its new "community impact" model on May 18 at the Austin Convention Center.

United Way's community approach takes into account the Community Agenda Project, an extensive community-needs assessment recently completed by The Ray Marshall Center at the University of Texas' Lyndon B. Johnson School of Public Affairs.

"We've done a lot of work with stakeholders -- businesses and partner nonprofits-- to figure out if these are the right issues and where we can make the greatest difference," according to Balch.

What the UT report found was a growing "equity gap" in the income of Central Texans. In the area of health care, the report highlights that 21.2 percent of the region's total population did not have health insurance in 2000.

Beyond that, the report asserts that affordable housing was a big issue for eight of the 10 Central Texas counties surveyed. Another issue affecting area counties is the lack of a regional transportation system, which older and indigent people need to reach services and jobs.

In the coming months, the United Way will determine how to reallocate funds to address those issues under three focus areas: education, financial stability and health.

Central Texas' United Way isn't the only chapter redirecting its funds to meet focused community needs and measure results.

The local United Way was one of 26 chapters selected by United Way headquarters in Washington, D.C. to pilot the community-impact business model.

"We were chosen because we are one of the larger United Ways in the country. We have the resources and population to [pilot] this model," says Andy Buck, United Way's local spokesman.

United Way chapters in Madison, Wis., and St. Paul, Minn., which are further along in the transition, are showing an increase in community giving and community improvements that are supported by hard data, Buck says.

Dick Moeller, United Way's chairman and president/CEO of St. David's Community Health Foundation, believes the new model will help ensure the viability of the United Way for years to come.

"I think the change will better align the United Way with the needs of community," he says. "Secondly, it'll give us greater

connection with donors and volunteers in the specific areas. The hope and desire is that it will increase philanthropy dollars as well as volunteers," Moeller adds.

The United Way's business shift is also a response to giving trends as more people are choosing to give directly to an organization and are opting for one-time gifts versus payroll deductions.

"This organization has realized that it needs to change in order to become more relevant," says John Turner, United Way's director of marketing.

Balch's hope is that folks in the community will find the revamped United Way more engaging.

"The old model was based on transactions and assumed people didn't want any interaction," Balch says. "If people know more about the issues and are connected to the issues they care about, they'll give more time and money."

Balch admits that the new approach may not appeal to as many people, but, he adds, those they do reach will help to "change conditions."

As more businesses look for transparency and accountability from nonprofits, the United Way believes its new approach will also help it stay relevant with corporate donors.

"Donors are wanting to know where their dollars are going and are wanting more clarity," Moeller says. "They want to see the sustainable impact that [their money] is having in the community."

When the United Way asks for contributions this year, it will be able to bolster its pitches with statistical data, Balch says.

"We are going out to companies and saying: 'This is what we found,'" Balch says.

This year, the United Way will also make funding decisions based on whether or not nonprofits and others align with the new agenda.

Etta Moore, CEO of Girl Scouts-Lone Star Council, says United Way's business change is prompting some fears in the nonprofit community.

"It is scary for some. They want to know, 'How will we fit into the new model?'" Moore says. "But we [the agencies] have been involved in giving input. We are part of those committees that are driving the change."

Susan McDowell, executive director of the nonprofit Lifeworks, says it's too early to tell how or what United Way is going to fund. Lifeworks received about \$500,000, or 7 percent of its budget, from United Way last year.

"What they are embarking on is ambitious, but there are a lot of nonprofits eager to help it be as success as possible," McDowell says.

United Way is expected to make funding decisions at the end of the year. For its part, Balch says United Way will no longer merely be a "funder."

Instead, the nonprofit plans to work more closely with local agencies and launch more programs and initiatives on its own.

"I look at the disparity in the community, and I believe that we as a community have the passion to close that gap, going forward," Balch says.

*szaragoza@bizjournals.com | (512) 494-2522*