

# The Washington Post

## 21 Regional Nonprofits Withdraw From United Way

Mistrust, Decline in Area Giving Cited

By Megan Greenwell  
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Twenty-one area nonprofit groups have suspended their memberships in the United Way and joined a fledgling competitor, citing years of frustration with a steady decline in workplace giving in the Washington region and lingering distrust of the local United Way since it was nearly destroyed by scandal earlier this decade.

The new group, called Community1st, includes some of the region's most prominent nonprofits, including the Make-a-Wish Foundation of the Mid-Atlantic, WETA public television and the Whitman-Walker Clinic. The nonprofits' leaders are scheduled to announce the move at a news conference this morning, where they will be joined by officials from America's Charities, the Chantilly-based federation that will oversee their alliance.

"I and a lot of others were stuck in the way things have always been, thinking that the United Way was the only way to do things," said Community1st board member Carolyn Stevens, director of development at House of Ruth, a network of shelters and services for women and children.

The move represents the biggest challenge -- and one of only a handful in the country -- to United Way's primacy in workplace fundraising. It is a blow to the United Way of the National Capital Area's efforts to move beyond its recent history, which included an investigation of fraudulent accounting that sent the group's former chief executive to prison in 2004.

The United Way has replaced its entire board and hired a new chief executive since Norman O. Taylor resigned amid charges of financial mismanagement in 2002 and his predecessor, Oral Suer, was sentenced in 2004. But it has struggled to recover from a severe downturn in fundraising. Last year's campaign brought in \$35.3 million, a slight decline from the previous year and much less than the \$90 million raised before the scandals.

United Way's interim chief executive, Angela R. Woods, said she is disappointed by the groups' departure but believes that improvements to the United Way's reputation and relationship-building will ultimately bring them back to the organization. United Way announced this month that William A. Hanbury, CEO of Washington's tourism agency, Destination D.C., who is known for his fundraising prowess, will take over July 1.

"A large part of our mission right now is rebuilding trust," Woods said. "We've got to get people re-engaged in the United Way, and the fundraising piece will come."

Despite the development, the United Way of America's singular role in U.S. workplace fundraising

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campaigns remains little changed. The national group, based in Alexandria, is the largest nonprofit agency in the country, raising more than \$4 billion a year for tens of thousands of nonprofits.

In Washington, America's Charities has raised a fraction of the United Way's totals, just \$8 million last year. But it and a few other groups are beginning to compete in communities across the nation.

About 35 percent of Washington area corporations' employee giving campaigns are run through America's Charities, some at large workplaces such as ExxonMobil, Lockheed Martin and SAIC. One expert estimates that about 60 percent of companies now offer employees an alternative to donating through their United Way campaigns.

The Washington Post's annual employee campaign is administered by United Way.

"Employees, especially younger ones, want the maximum choice in how they give and who they give to," said Stephen K. Greenhalgh, a consultant who wrote a 2006 report on workplace campaigns. The report was funded by America's Charities, which adopted some of his suggestions.

Nonprofit group leaders involved in Community1st said America's Charities lured them from the United Way by promising lower overhead costs, easily customized fundraising campaigns and fewer restrictions on where donors' money is directed.

In the cities of Austin and Orlando, where the government employees' giving campaigns are through America's Charities, the average gift is \$70 a person, according Don Sodo, CEO of America's Charities. In the Washington region, he said, so many government employees have declined to donate that the average is \$7.

"That means we need to do better," he said.

ExxonMobil community relations adviser Patrick Dexter said employees have been very pleased with the flexibility of the America's Charities campaign, which the company joined in 2002 after the United Way's problems. ExxonMobil workers can donate to any registered nonprofit organization in the United States, and because the company pays a fee to America's Charities, 100 percent of the donations go to the nonprofit groups.

Catherine C. Martens, Community1st's board chairman and CEO of the Bethesda-based Make-a-Wish Foundation of the Mid-Atlantic, said the key point of Sodo's pitch to her was that America's Charities passes on 98 percent of each donation to its nonprofit groups.

United Way keeps 10 percent of most donations to its member nonprofit groups, and smaller donations go to a community fund, not the designated group. Woods said the United Way cannot efficiently distribute small donations because of processing costs.

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