



IMPLEMENTING THE AGENDA FOR COMMUNITY SOLUTIONS: NEXT STEPS WITH THE COMMUNITY IMPACT FUND

“Some agencies will align with the community agenda and may even improve their position with regard to the funding they receive from the United Way campaign. A lot of agencies are already dealing with the kind of issues that would be on a community agenda and they’re doing it well. But the bottom line is that United Way’s relationship with agencies will be based on making progress on those issues, not on historical relationships”

– Brian Gallagher, President and Chief Executive Officer, United Way of America

Part and parcel of our evolution to the more specific community impact strategy presented in this *Solutions Agenda* is an evolution in how the Community Impact Fund will be used. To fulfill the *Agenda’s* promise of bettered lives and communities, our deployment of the Fund – a key implement in our “community impact toolbox” -- must of course advance us and the region towards our objectives.

While it is still premature to have formulated the process we will use to allocate dollars from the Fund in detail, we can set forth the basic principles that will inform how the fund is used and outline some of the basic contours of what we expect to be the allocation decision making process. In developing the process, we will consult with our Professional Advisory Committee, which is comprised of representatives of agencies currently working with United Way, our volunteer leadership, and others who can offer us helpful counsel. Changes from the existing process will be phased in over the next two years.

Basic Principles

United Way’s “Value Added”: This *Agenda* calls upon United Way to further elevate its own performance with respect to enhancing and strategically deploying its own capacities. To do this will require greater financial resources than we have kept “in-house” in the past, because, like any organization, United Way needs adequate support to fulfill its roles efficiently and effectively. This might mean using some of the funding we raise in the United Way Campaign to provide matching funds for our Assets for Family Success project, paying for trainers to teach early learning center staff innovative techniques for engaging parents, developing new software applications to make it easier for working poor families to file for tax credits that are due them,

and facilitating advocacy and peer learning opportunities. What United Way will *not* do is develop its own infrastructure to provide services that are better provided by community organizations; partnering with and investing in such organizations is what works and what we will continue to do to best get the job done.

The need to use additional Fund monies to support the work of United Way itself has the potential to leave a lower level of funding available for granting to community agencies. However, following to the same strategic planning process that was the impetus for the *Agenda for Community Solutions 2007*, intensive efforts directed at substantially growing the annual Campaign and the Community Impact Fund are taking place across our United Way. Indeed, we expect that the more visible, defined and meaningful impact that will result from United Way's putting this *Agenda* into action will contribute to the continuing growth of the Campaign and the Fund by enhancing our appeal to philanthropic and government funders and to donors at every level.

Priority Does Not Mean “Only”: It follows from our more focused agenda and adoption of certain specific approaches that a greater concentration of resources will be put towards a more limited number of objectives and activities than in the past. Importantly, however, the *Agenda* calls for us to continue to address other community needs and support additional approaches that promote the achievement of the objectives we have identified as priorities. Accordingly, while we intend to significantly shift resources to our identified priorities, we will continue to support other services and activities that move the community in a positive direction within our priority areas. Again, we expect that Campaign growth will enlarge the pool of funds available to us and to ameliorate potential funding losses for agencies whose critical work in the community may fall outside of our priority objectives or approaches.

An “Open” Process: In 2004, we formally moved away from the “member agency” approach and have instead sought to relate to the agencies we fund as “partners” or “affiliates,” a distinction largely determined by whether or not our financial support was for general operations or for specific programming. Although in the past we have made adjustments to funded agencies' allocations related to the agencies' degree of alignment with our stated priorities, those adjustments, while carefully considered, were ultimately somewhat marginal. Moreover, our decisions about which agencies to allocate funds to from the Community Impact Fund have been largely based on our historical support of those agencies. The likelihood that an agency not already receiving a Community Impact Fund allocation would ever receive one was virtually nil – regardless of the quality or degree of alignment of its work.

The 80 or so agencies that have been regularly supported by United Way for many years are among the highest quality, most effective and most efficient deliverers of health and social services in the region. That is without question, and we are proud of the pivotal role United Way has played in their success over, in some cases, many decades. We are eager for those relationships to continue and grow. Nonetheless, with over 21,000 nonprofit agencies in our region, we can no longer assume that these are the only agencies that will help us achieve our goals.

This means that in the future, our application process will be open to agencies who meet our high professional standards and who do work in the areas identified in this Agenda for Community Solutions, regardless whether the agency has had a prior relationship with our United Way. As described below, if an existing partner or affiliate agency loses funding through this process, we will undertake efforts to ease the transition away from our financial support. But if our commitment to make real change is to have integrity, we must be open to other partnerships that will help us get the job done.

Preventing Instability: For the reasons outlined above, we do not expect that implementation of the *Agenda* will jeopardize the stability of most of our historically funded agencies. However, should future allocation decisions produce reductions in funding such that an agency's stability is threatened, United Way will take action to ameliorate the threat. These can include phasing in funding reductions over time, helping agencies to attract additional funding through Donor Choice designations, providing valuable non-financial support, and any number of other strategies.

A Meaningful Investment: United Way will continue to emphasize providing general operating support to the agencies with which it partners, along with targeted funding. In an age when most other government and foundation funding is dedicated to specific programming, often without adequately taking into account the administrative and overhead costs associated with the programming, United Way intends to maintain its tradition of providing unrestricted funding. Providing general operating support fosters innovation, leverages other funding, fills funding gaps left by awards of restricted funds, and encourages stability in the financial and administrative operations of an agency. We see general operating support as an important component of United Way's "value added" to the nonprofit community.

To encourage participation by a wider group of agencies and a more regional aspect to United Way's investments, we will, however, require that an agency receive no more than 20 percent of its annual operating budget from United Way as general operating support, or \$350,000 in a single priority area, whichever is higher. The United Way Board of Directors will be able to make exceptions to these restrictions in extraordinary situations.

To further increase the usefulness of our support to agencies, United Way allocations will generally be made on a multi-year basis when appropriate, up to a maximum of three years. Shorter commitments may be made on occasion, if multi-year support is judged to be inappropriate or unwise.

High Standards: United Way will continue to insist that agencies receiving general operating support meet high quality standards. We will also continue to assist agencies, when necessary and appropriate, in meeting these standards.

A User-Friendly Process: Government, foundation, and other funders, including United Way, have imposed numerous and changing application, reporting, administrative, and even structural requirements upon agencies as a condition of eligibility for financial support. The burden on many agencies leanly staffed and resourced but bent on making Herculean efforts in the community they serve, should not be underestimated. In developing our allocations process to implement the *Solutions Agenda*, United Way will endeavor to minimize its administrative burdens and maximize its user-friendliness.

Determining Levels of Financial Support for Agencies

The details of our next steps in implementation await further input from our volunteers, donors, community members and agencies. We intend to phase in this new approach over the next two years, and we are committed to providing fair notice and sufficient information to all concerned about the process, its timelines, and the decisions that result.

To make funding decisions, a team of staff and volunteers will use a structured process to review applications submitted to United Way by community organizations in the region, using a rating system as our first level of review. This rating system will evaluate each proposal in terms of:

- The degree to which an agency meets the professional and operational standards needed to quality for United Way financial support;
- The history of accomplishment by the agency of outcomes related to United Way's goals and objectives;
- The degree to which the agency's work over the next one to three years is seen as directly related to United Way's statement of priorities in the *Agenda for Community Solutions 2007*;
- The stability of the organization in terms of board and staff leadership, finances, and other factors;
- The geographical reach of the organization; the ability of the organization to address a variety of needs, either directly or in collaboration with others;
- The ability of the organization to participate actively in United Way's civic engagement and public policy advocacy efforts;
- The ability and commitment of the agency to support and advance the annual United Way Campaign; and
- The degree to which United Way support will make a significant difference in the agency's capacity to achieve its mission and objectives.

As part of the application process, agencies will be asked to rate their activities against the same ranking tool that will be used by United Way's own reviewers and compared to the rankings of United Way's reviewers as part of the evaluation process.

While an application's rank in this review will not be the only consideration in determining whether funding will be awarded and at what level, it will serve as an initial step in the process to help us in assuring that our funding decisions are consistent with the priorities and outcomes outlined in our Agenda for Community Solutions. Other factors that will be considered include the amount of money available for allocation to agencies, the need to assure that United Way's financial resources are distributed fairly throughout the region, and the need to assure that a reasonable amount of funding is invested in of our priority areas.

This step will be followed by a more intensive review of each proposal that may include requests for additional information, site visits, and other methods for evaluating the appropriateness of the agency for United Way financial support.

Final recommendations on funding will be made through United Way's Community Impact Committee process, the results of which will be considered by the full United Way Executive Committee and Board of Directors.