



Q & A: INVESTING FOR RESULTS

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Q & A: INVESTING IN RESULTS

Background: The Agenda for Community Solutions

1. Why is United Way changing the way it funds agencies?

- United Way's donors expect and deserve the greatest possible return on their investment of charitable dollars and that is what United Way has designed through Investing in Results, our new funding process.
- Investing in Results is an important and disciplined step in putting our plans for making a difference in the community into action. This investment strategy is driven by an open and competitive funding model that places a strong emphasis on outcomes and accountability, regional collaboration and problem-solving at the root cause.
- Last year, United Way's volunteer Board of Directors approved this plan -- the UWSEPA Agenda for Community Solutions -- which set out three critical community-level goals that United Way is focused on reaching in the coming years:
 - o Education – Preparing Children to Succeed in School and in Life
 - o Income – Building Financial Stability and Independence for Families
 - o Health – Keeping Seniors Healthy and Safe at Home
- The Agenda also includes strategies for reaching these goals. A key strategy is to identify and invest in those community agencies that are achieving the most significant results in our areas of focus – measurable outcomes, measurable results that will move us towards these goals in each area. United Way opened up our funding process to get this strategy in place and in position to succeed.

2. Why did UWSEPA choose these particular goals?

- These goals were selected after a thorough process, incorporating research, statistical analysis, and meetings with hundreds of experts and practitioners that resulted in the development of the Agenda.
- The goals were selected because of their importance to our region and because they present the opportunity to put all of United Way's organizational capabilities to work and leverage our donors' dollars in ways that will bring measurable improvement to the community.
- United Way will continue as community fund-raiser in order to advance the Community Impact Agenda, offer Donor Choice opportunities, mobilize thousands of volunteers, build relationships in the business, nonprofit, labor and public sectors and bring diverse players together to advance the common good.

3. What about services for people who are in crisis or unable to meet their basic needs?

- United Way is shifting its focus towards prevention – giving people the tools to build stable lives for themselves and their families, so they don't fall into the safety net in the first place. However, we also recognize the importance of investing in a robust safety net of services to catch those who've already fallen. Therefore, we will continue to support basic and emergency services which are approximately 10% of United Way's general operating and directed/restricted investments.

4. Why hasn't UWSEPA chosen to prioritize health care issues? Health care is so important, and this region has a big focus on health care.

- UWSEPA chose its priorities based upon where we believed we could make a measurable difference with our resources and relationships and, with respect to health, one of those areas is "Keeping Seniors Safe and Healthy at Home." Accordingly, we are dramatically increasing funding to community agencies that promote healthy outcomes for older adults living in their own homes, such as visiting nurse organizations.
- Health is also an important issue in "Preparing Children to Succeed in School and Life". Accordingly, we are directing funding to community agencies that promote healthy outcomes for young children such as maternal and child health agencies.

- Health-related services are also among those being funded as support for the safety-net.
- In addition, UWSEPA's other priorities target the underlying causes of poverty, including lack of sufficient education, training, and other supports. Given the well-established links between poverty, education and poor health, we know that success in reaching our goals will have beneficial health effects as well.

The Investing for Results Process

5. What is the good news of *Investing in Results*?

- We are most excited that our investments which include funding for 137 agencies are strategically targeted towards achieving a set of focused goals, through specific evidence-based strategies for reaching them. The cornerstone of our plan to make a real difference in this region is now in place.
- In addition, we are:
 - Assisting more agencies with general operating support, the type of funding they prize most highly.
 - UWSEPA is investing general operating support in 93 agencies that have never before received general operating support from us. We had previously funded fewer than 80 agencies.
 - Reaching more of the region. Our investments are less "Philadelphia-centric" than in past years.
 - Addressing the root cause of our region's problems. Our investments are now focused on education, income, and health, equipping individuals, families and communities with the tools they need to improve their lives. Although a safety net of basic services is essential, this approach is designed to catch more people before they fall.
 - Positioned to deliver results. We are negotiating with each funded agency to set a target for results that we will hold them accountable for meeting – that is, we will measure and report on the social return of our investments. Because we will be tracking meaningful results – how many clients obtained a good job, not how many attended your job training – the aggregate results will chart progress towards our goals for the community.

- More accountable to our donors for how we spend their dollars. To succeed in the new process, applicants for funding had to demonstrate that they are achieving concrete, measurable results that are actually improving lives in specific, defined ways. The new process was comprehensive, rigorous, and reliant upon expert determinations, empirical data, research and analysis.
- Better serving the rapidly growing population of older adults. The percentage of our investment of general operating support in agencies serving older adults now accounts for a full 25% of the total.

6. How did United Way make its funding decisions?

- The decision-making process has been designed and implemented by United Way staff, management, community leaders, and volunteers.
- Process Phase 1: Open Request for Qualifications (RFQ)
 - On January 15, 2008, United Way launched its new process for awarding general operating support by issuing an open Request for Qualifications, or RFQ, available at www.uwsepa.org/RFQ. The RFQ was designed to elicit information about the results agencies are accomplishing and how these results will bring United Way closer to reaching our community goals.
 - In addition to responding to the RFQ, agencies were required to join the Regional Registry of Social Services, or R2S2, by completing an online questionnaire available at www.uwsepa.org/R2S2. R2S2 is a tool for data collection and analysis sponsored by United Way in partnership with other leading funders in the region.
 - United Way reached out across the region through mail, e-mail, e-newsletters, newspaper advertising and community meetings to let agencies know about this opportunity and to offer assistance with the process, including through one-on-one consultations via phone or email.
 - The deadline for completion of the RFQ and R2S2 was February 15, 2008.

- Process Phase 2: Request for Additional Information (RAI), by Invitation Only
 - In late March 2008, those agencies whose Phase 1 submissions were the most promising were invited to participate in the final phase of the funding process, the Request for Additional Information (RAI). Additional information, data, or documentation, over and above the minimum requirements in the RAI was requested on a case-by-case basis,
- During each phase, experienced United Way staff, joined by experts in the relevant priority areas, reviewed and evaluated the agencies' submissions. The more than 70 experts, drawn from academia, the public sector, consultancies, practitioners, and the ranks of individuals retired from the field, were required to sign confidentiality agreements and disclose potential conflicts of interest. No expert was assigned to review submissions that posed an actual or potential conflict of interest. Each submission underwent multiple reviews.
- The process culminated in a set of recommendations to United Way volunteers and the Board of Directors, regarding agencies in which to invest and investment amounts. The final investment decisions were vetted by the volunteer Community Impact Strategy Committee, the Executive Committee and were ultimately unanimously approved by the Board of Directors on June 17, 2008.

7. What was the role of United Way volunteers in the funding process?

- The Community Impact Strategy Committee, which is the standing volunteer committee of the Board charged with recommending the Community Investment Plan, and several of its subcommittees were intensively involved throughout. The Committee was kept informed, in exhaustive detail, at each step of the process and provided extensive guidance and close oversight. Monthly meetings of the full Committee expanded from 2 hours in 2007 to 4 hours in 2008. The sixty-member volunteer Board and the Executive Committee received regular updates, provided oversight, and approved the direction taken by the Strategy Committee. Other volunteers also assisted as needed.
- Hundreds of community volunteers were involved in the development of the Agenda for Community Solutions.
- During each stage of the funding process over 70 volunteers from academia, the public sector, practitioners and individuals retired from the field reviewed and evaluated agencies' submissions.

8. How exactly did United Way communicate the new funding process to the community?

- Outreach across the region was an integral part of United Way's launch of the new funding process. In addition to numerous communications with the currently funded agencies, United Way shared this information through:
 - Multiple editions of What Matters, circulation 6,300+, UWSEPA's weekly e-newsletter for the nonprofit community.
 - A 16,000 piece mailing to agencies, donors, board members and volunteers, and elected officials and other community leaders.
 - Prominent placement on the home page of the UWSEPA web site.
 - Community meetings in Philadelphia, Montgomery, and Delaware Counties, to which more than 3300 agencies received invitations through regular and e-mail.
 - Advertisements in the Philadelphia Inquirer, Philadelphia Daily News and the Philadelphia Tribune.
 - Media appearances on radio and television by senior staff, press releases, newspaper editorial board meetings and more.

9. Can an agency appeal if they do not like the result of the funding process?

- The decision of the Board is final. However, we welcome any agency that participated in the process to meet with us to give us their feedback, express their views and ask questions. We will also be prepared to discuss how and whether that agency may be able to compete more effectively in the future for United Way funding, as well as other opportunities to collaborate.

Types of Investments

10. What types of investments will United Way be making?

- The total amount of investment will be approximately \$27 m.
- Eleven million dollars will be in the form of general operating support. Although there will be clear expectations of the outcomes these organizations are expected to achieve, there will be no restrictions on how the agencies can use the funds. Agencies funded through Investing in Results have demonstrated that they are high quality organizations, already delivering results.

- o Most government and foundation grants to agencies are restricted to use for specified programs. General operating support is the type of funding most prized by nonprofit agencies but it is the most difficult and expensive to raise. United Way's longstanding commitment to awarding general operating support is an important part of our "value-add" in the nonprofit community.
- o United Way grants of operating support are even more valuable under the new funding process because United Way anticipates being able to continue these investments for three year terms, rather than the previous one year term.
- In addition, a number of strategies set forth in the Agenda must be carried out through directing our investments, such as by purchasing specific services from organizations or by funding specific agency programs. Approximately \$12 million (\$5 million designated by United Way's board of directors and \$7million restricted by foundation, corporate and government donors) will be invested as follows:
 - o Fee-for-service contracts under which UWSEPA pays certain organizations to work with a number of community agencies to improve their programs in key areas. An example would be our current contract with organizations that are helping child care programs to meet state and national standards for quality.
 - o Funding a community agency to provide or grow a particular program to serve a population or geographic area that is otherwise underserved. An example would be providing funding to an agency to develop and implement new and innovative strategies to recruit men of color to serve as mentors for young men.
 - o Funding an agency to facilitate and coordinate collaborative efforts among community agencies, such as advocating for a public policy result or more effectively responding to the multiple needs of the population being served.
- Finally, \$3.8m supports United Way's Campaign Partners: The Catholic Archdiocese, the Jewish Federation, the American Heart Association and the American Cancer Society.

11. Are there other ways in which United Way supports community agencies?

- Yes. The annual fundraising campaigns United Way runs in more than 1,000 workplaces include our Donor Choice option. Donor Choice, which allows donors to direct their gift to a specific agency, generates

more than \$20 million for the nonprofit community each year and will continue to be an important part of our work.

- In addition, agencies may benefit from the services UWSEPA provides to the nonprofit community such as advocacy for human services in the public policy arena, training, computer system “check-ups” by corporate IT volunteers, numerous volunteer opportunities with donors and corporations and membership in the “Gifts-in-Kind” program, which distributes close to \$2 million in surplus equipment and merchandise to agencies.

12. Is an agency that receives general operating support eligible for a directed investment? Is there a maximum grant?

- Yes, agencies awarded general operating support are also eligible to receive directed investments.
- An agency can receive a maximum grant of general operating support in the amount of \$300,000 or 5% of its total budget, whichever is lower. The purpose of this limit is to maximize our limited resources to reach across the region and the populations we serve and to implement as much of the Agenda as possible.
- There is no limit, however, on the total dollars – in general operating support plus directed investments – that an agency can receive from United Way. Even an agency receiving the maximum general operating support grant can receive a directed investment towards a particular program or activity.

13. United Way’s campaign raised \$54 million this year – why are you only granting general operating funds of about \$11 million?

A brief explanation of the breakdown of the \$54 million raised in the campaign (\$54.2 million including \$200k coming in from campaigns at other United Ways):

- Approximately \$21.8 million (excluding some funding carried over from the prior year is available to invest in the community. (Approximately \$5m more is secured from other grants that are not counted as part of the \$54m raised in the campaign).
- Of the \$21.8m available for community investment, \$11m goes to general operating grants, \$3.8m goes to the Campaign Partners and the balance is invested in directed/restricted investments.

- Next is the approximate \$20.4 million we distribute through our Donor Choice program, which allows donors to direct their dollars to over 3,000 nonprofits providing critical health and human services in this region. These funds go to the donor-selected agencies as general operating support, regardless whether the agencies will receive funding from the Community Impact Fund in 2008.
- Approximately \$6.0 million funds United Way's operations – raising and distributing all of these contributions, along with the fiscal and other infrastructure support necessary to facilitate these operations. United Way runs campaigns in over 1,200 workplaces reaching nearly 500,000 individuals and receiving support from over to 110,000 donors.
- \$3.1 million is invested internally at United Way to support our in-house community impact work. This includes operating our First Call for Help hotline, volunteer mobilization, mentoring and dislocated worker programs, Gifts-in-Kind and other staff work needed to advance our community goals.
- And, despite our best efforts to collect every dollar pledged to United Way, due to employee turnover and changes in people's financial circumstances, approximately 5% of pledges are not fulfilled annually (approximately \$2.9 million).

Previously Funded Agencies

14. These changes seem sudden – what about a transition for previously funded agencies?

- It is with deepest respect and admiration for these organizations that the Board has elected to establish an additional transitional funding pool of \$2.5 million that will ensure that all previously funded organizations receive at least five months of general operating support in the upcoming fiscal year, either through the new funding stream, transitional funding, or a combination of both. This is in addition to the previously communicated final year of transitional funding for these agencies that is currently coming to a close.
- Let me be clear, however, that United Way has been diligent about outreach and sharing of information with currently funded agencies to allow them time to prepare for the coming changes:
 - For 2007-2008 allocations, agencies were not required to complete the full application process, but, rather, were “rolled over” with clear instruction to agencies that it would be their final

year of predictable funding under the existing model and that our new Agenda-focused investment strategy would take effect on July 1, 2008.

- o In May 2007 a letter was sent to each funded agency formally informing them that the allocation they would be receiving for the 2007-2008 fiscal year would be the final one they would receive under the existing funding model.
- o Over the course of the past fiscal year, this message has been communicated and reinforced on numerous occasions in correspondence, emails, site visits and information shared at the quarterly Professional Advisory Committee meetings.
- o At the beginning of January 2008, an email was sent to all currently-funded agencies alerting them to the January 15th start of the Request for Qualifications process, this information was shared once again and agencies were specifically informed that they should not assume UWSEPA funding as they prepared their budgets for FY 2009.
- o Agencies invited in March 2008 to participate in the next step of the funding process, the Request for Additional Qualifications (RAI), were reminded in their invitation letter that participation in the RAI did not guarantee an award of funding.
- o Agencies not invited in March 2008 to participate in the Request for Additional information were aware, at that point, that they would not be receiving any funding effective July 1, 2008.

15 . Are the agencies that will be getting funding in the future of higher quality than the currently funded agencies?

- United Way has and will always strive to fund agencies of the highest quality. The new process, however, was about finding those specific agencies, out of the thousands of human service organizations in the region, that are working in United Way's priority areas, using strategies that are the most likely to help United Way progress towards focused community-level goals in these very specific areas.
- It is also about recognizing that with our relatively limited resources, we cannot fund all of the agencies we would like to fund and still make an impact.

16. What were the primary driving factors behind the results for previously funded agencies in the UWSEPA process?

- The high quality of UWSEPA's previously funded agencies is clear. Having lost substantial or all general operating funds through the new process is not a reflection of an agency's quality.
- Overarching factors which contributed to awards to many previously funded agencies being reduced or eliminated, included the following:
 - Imposition of a funding cap. To enable UWSEPA to stretch our limited resources across the region and across our priority areas, we imposed a cap such that no general operating grant can exceed the lesser of \$300,000 or 5 percent of an agency's operating budget. Accordingly, many agencies that competed exceedingly well – and received the maximum investment available given the gap – nevertheless received less funding than they had in past years.
 - Competitiveness of the process. The *Investing in Results* process was the first open and competitive process held in at least 30 years, and our currently funded agencies found themselves competing with nearly 500 new agencies.
 - More specifically targeted priorities. The *Agenda for Community Solutions*, United Way's plan to make a difference in the region, not only requires UWSEPA to focus on a far more tightly defined set of goals than in the past, but also to target its investments to specific strategies for achieving these goals. A number of our previously funded agencies were simply not aligned with the priorities of the *Agenda*.
 - Reduced support for non-priority strategies: The *Agenda* contemplates supporting agencies whose work, while not completely aligned with priority strategies, substantially and demonstrably propels us towards our goals. However, such funding was awarded at a decreased level.
 - Prioritization on prevention; decreased emphasis on the safety net. An outcome of the extensive process that developed the *Agenda*, and of the direction from the Board that we focus strategically on fewer priorities, is a shift in emphasis away from safety net services and towards addressing the root cause of our region's problems. Our sharper focus on promoting individual, family, and community success by providing assistance through critical transitions in their lives means that agencies providing other services had to receive less funding overall.

17. What about the Red Cross?

- As explained in the Agenda for Community Solutions, one of United Way's important roles in the region is as a bedrock supporter of community emergency preparedness and response efforts. The United Way of America Standards of Excellence also call upon individual United Ways to play this role. Given the uniquely significant nature of the services provided by the Red Cross in this regard, United Way will continue to partner with the organization. Our funding will take the form of directed investment in emergency preparedness and response activities.

Results

18. Why is UWSEPA trying to invest general operating support only in agencies that are already achieving results? What about agencies that have the *potential* to achieve results?

- o United Way is working with dollars entrusted to us by our donors for the purpose of investing them in ways that will generate important and measurable outcomes for their investment.
- o Given that our resources are limited when compared to the scope of need in the agency community, maximizing return means putting dollars for general operating support into those agencies whose operations are currently producing the greatest results pursuant to our Community Solutions Agenda.

19. How will United Way measure success?

Funded agencies

- The final step in the funding process will be for UWSEPA and each agency to sit down and work together to determine what quantifiable results the agency will commit to achieving.
 - o For example, if we fund an agency because of its success in getting drop outs to return to school, that agency will agree to reconnect a certain number of drop outs with high school educations.
 - o These targets will be ambitious but achievable.
 - o UWSEPA and the agency will also set forth how these results will be tracked and reported, what additional assistance UWSEPA can be expected to provide the agency, and how the agency will be held accountable for meeting its obligations.

UWSEPA

- Once UWSEPA has set measurable targets for the agencies that will receive general operating support, we will aggregate the targets in each community goal area. Reaching these aggregated targets will be the basic measure of UWSEPA's success.
 - Additional measures of success will be calculations of what UWSEPA can and should be expected to achieve through strategies other than awarding general operating support.
 - These involve United Way's public policy advocacy, mobilization of community volunteers, relationships in the business and nonprofit communities, and other capabilities and assets. and
- UWSEPA will continually monitor results and regularly and publicly report on its progress.

Diversity

20. How well are minority-led organizations represented in the list of agencies receiving general operating support?

- Although there was a slight increase in the number of minority-led agencies funded, and in the total amount of general operating support provided to such agencies, it is clear this is an area which requires additional focus. United Way will continue to pay close attention to this issue by tracking and analyzing the challenges faced by minority-led agencies, and is committed to playing a leadership role in helping them to compete more effectively for United Way and other investment sources in the future.
- As called for in the Agenda for Community Solutions, United Way is using a sizable portion of its directed investments (\$2.3 million) to support a variety of program improvement and capacity building efforts, some of which are specifically targeted to minority-led organizations. For example, in partnership with the Greater Philadelphia Urban Affairs Coalition, United Way will invest \$150,000 to provide targeted organizational capacity building and technical assistance to organizations receiving fiscal management services from GPUAC. United Way also will continue to contribute and participate in the Hispanics in Philanthropy funders collaborative, which last year provided approximately \$300,000 in capacity building and program development grants to Latino-led organizations. United Way also plans to convene and provide professional development opportunities to members of the Urban League Young Professionals and Asian American Nonprofit Professionals.

- United Way will continue to seek out and develop additional opportunities to support the success of minority-led agencies throughout the region.

21. Is Investing in Results increasing UWSEPA’s regional reach?

- UWSEPA has begun to improve its “regional footprint.” The proportion of general operating support invested in suburban counties will grow from 22% to 29% , with investments in Chester and Delaware Counties nearly doubling and investment in Montgomery County rising by 40%.
- The percentage of general operating support awarded is quite close to the number of suburban agencies applying (29% supported vs. 32% applied).
- Including directed investments specific to particular counties, in addition to all awards of general operating support, shows that the proportion of total investment in the suburban counties is actually even greater.
 - Philadelphia 63.8%
 - Montgomery 19.5%
 - Delaware 8.9%
 - Chester 4.2%
 - Other (located outside of service area but providing services to its residents): 3.5%

22. Agencies serving women who have experienced domestic violence have received significant funding reductions through the new funding process. Was there a bias against the domestic violence (DV) agencies? Against agencies serving women?

- The reduction in funding is a difficult consequence of UWSEPA’s shift in focus towards the prevention-oriented goals and strategies prioritized by the *Agenda* and away from safety net services. DV agencies and the other previously funded agencies exclusively focused on basic needs were all impacted by this shift. DV agencies were not disproportionately affected as compared to other types of agencies in this category.
- While funding for DV agencies has been reduced, UWSEPA is now investing in an increased total number of agencies providing preventive services focused on women and girls, including, in addition to DV, maternal/child health, early childhood care and education, and agencies exclusively serving women and/or girls.

Campaign Partners

23. What about the United Way Campaign Partner Agencies?

- Decades ago, UWSEPA entered into what are essentially fundraising contracts with the Catholic Archdiocese, the Jewish Federation, the Cancer Society, and the Heart Association in this region.
- Pursuant to our focus on results, we are working with these partner agencies to determine alignment and outcomes related to the funds they receive from UWSEPA and an increasing portion of their future funding will be dependent on these results.
- All four partners have been fully engaged in the dialogue to advance the Community Impact agenda and are highly optimistic that this new framework will serve to enhance the impact of our collective organizations.
- All four are receiving funding for 2008.

Western Montgomery County Merger

24. United Way of Western Montgomery County has merged with UWSEPA. What general operating support was awarded to agencies in the former service area of UWWMC?

- As agreed during the merger process, funds were set aside for agencies in what had been the UWWMC service area, and awarded through a separate process specific to those agencies. An extensive, volunteer-driven process, including site visits and meetings with the agency applicants, culminated in awards of general operating support to 27 agencies. \$470,000 will be invested in WMC-serving agencies pursuant to this process.
- The WMC agencies were fully eligible to apply for funding through the new UWSEPA process. Eleven of the agencies receiving funding through the WMC process were also selected for funding through the UWSEPA process. Among the agencies receiving UWSEPA funding are four agencies unique to Western Montgomery County that had no prior relationship with UWSEPA.
- In the coming years, as the merger process moves towards total integration of UWWMC with UWSEPA, United Way will undertake a concerted effort to build the capacity of Western Montgomery County agencies so that they are fully equipped to compete for funding in the future.

Donor Choice

25. I designate all or some of my gift to specific community agencies. How will the new funding process affect my ability to do so?

- UWSEPA will continue to maintain its Donor Choice program and your ability to designate gifts to the non-profit of your choice will not be affected.
- UWSEPA's requirements under the Donor Choice program are that the agency must be a 501(c) 3, health and human service organization located in or providing services to Pennsylvania, New Jersey or Delaware.

More Information

26. Where can I find more information?

- The best resource is our website. Please visit us at www.uwsepa.org.
– Thank you!