

**United Way of Anchorage  
Board Meeting  
April 18, 2018, 4 p.m.  
Wells Fargo Conference Room**

**Members Present (22):** Mike Abbott, Belinda Breaux, Laurie Butcher, Jay Butler, Dan Clark, Greg Deal, Mike Dunn, Kitty Farnham, Charles Fedullo, Rick Fox, Mike Huston, Geoff Lundfelt, Dick Mandsager, Jordan Marshall, Joe Marushack, Alexandra McKay, Teri Nienhaus, Susan Parkes, Frank Paskvan, Natasha Pope, Brad Spees, Beth Stuart

**RSVP Regrets (4):** Bill Falsey, Jack Sheppard, Janet Weiss, David Wight

**Call to Order:** Dan Clark called the meeting to order at 4:05 p.m.

**Guest:** Laurie Wolf, President and CEO, The Foraker Group

**CONSENT AGENDA**

Jordan Marshall moved to accept the consent agenda (March 21 meeting minutes and March financials) as presented, Mike Dunn seconded, and the motion passed unanimously.

**AGENDA ITEMS**

**Executive Committee Report:**

Dan Clark extended kudos to:

- Wells Fargo/Greg Deal for being the largest national corporate contributor to the United Way campaign for nine years
- Arctic Catering/Teri Nienhaus for supporting the UWA leadership picnic which will be June 20 at Alaska Zoo
- ConocoPhillips/Joe Marushack for connecting UWA to HR resources to help in filling some critical positions

The UWA partners, when notified about the 3% increase in the partner investments, thanked the staff for the good work in increasing the campaign and the Board for passing on the increase. The UWKP dissolution process is on track; it involves many details to ensure orderly transition and donor stewardship.

**Finance Committee Report:**

Beth Stuart reported that the budget presents a conservative scenario through:

1. Campaign revenue (private, public, gaming, and major gifts) is budgeted based on current year results with no growth projected.
2. Other revenues are based on current year's actuals or last year's budget, whichever is lowest, except when known factors call for an increase.
3. Expenses are the maximum planned and represent the spending authority to be granted by the Board. Spending of restricted funds is contingent on having or generating those funds; if the funds are not there, the expenses will not be incurred.

The budget presents a reasonable, low-estimate revenue scenario, resulting in a small deficit. Realistically, UWA constantly monitors the results of revenues and adjusts expenses accordingly. Past fiscal year budgets have presented deficits but actual results were always positive except when there was a concerted effort to utilize excess net assets.

General assumptions/factors in preparing the budget are:

1. Budgeted expense reductions will not restrict the infrastructure necessary to keep the fly-wheel moving.
2. The amount of community investment is kept at the current year level.
3. Revenue budget assumes the instability in the local economy will keep revenues low.
4. The revenue from the 2019 UWA campaign can be accurately predicted by mid-November, and expenses can be adjusted as needed.
5. Personnel budget is reduced by a 5% vacancy rate.

Board asked for further explanation of allocated expenses, in-kind revenue and expense, and the status of reserved funds to be addressed at the Finance Committee and then presented to the Board in May.

### **The Foraker Group Report on Alaska's Non-Profit Sector:**

Laurie Wolf, President and CEO of The Foraker Group, presented Foraker's report on Alaska's non-profit sector. Nonprofits provide 44,000 direct jobs and yield multiplier jobs, like private sector jobs do. Nonprofits here deliver essential services that in other places are provided by government. Nonprofits promote quality of life which, in turn, helps improve the economy.

22% of Alaskans itemized tax returns, so the change in the tax law will make it more difficult to garner philanthropic data. Alaska is the fourth in the U.S. on volunteerism. Volunteers are 2/3 more likely to be donors elsewhere, but not so here, likely due to nonprofits not being sophisticated on how they raise money. Major giving strategies are far more successful than event fundraising strategies. Alaska giving is below U.S. average, at every level. Laurie praised the Board for UWA being a leader in public-private partnerships.

### **UWA Business Model for Investment Products:**

Dan Clark reported that the Board reviewed UWA's strategic plan in the last two meetings when making partner investment decisions. In short,

- UWA vision is measurable community change on major drivers for individual and community well being
- UWA products are outcomes like: 90% graduation by 2020, reduced homelessness, family financial stability, access to health care
- UWA model is to help build the sustainable community systems to achieve those results and to mobilize the community to get engaged through deploying their voices, time, skills, and investments

Michele Brown reported that UWA resource development strategy to fuel this work was based upon two main premises:

- UWA could integrate its new vision into workplace campaign.
- UWA could raise more resources outside workplace campaign through "investment products," offering new donors an opportunity to give in an area of interest for them.

UWA has adapted this strategy, as it has learned more about:

- the expectations of employers/employees in workplace campaigns

- the recession's impact on giving
- the expectations of UWA historical partners
- the difficulty in marketing the broad system change work in the limited time for donor engagement in workplace campaigns.

This led UWA to decide it would essentially have two business lines for resource development: (1) continue and hopefully improve workplace campaigns and; (2) develop new revenue streams through investment products for donors to support the issues near and dear to them.

UWA then charged itself to develop business plans for each. The first up was the business plan for the workplace campaign. That business plan centered on the premise that the workplace campaign would remain an ongoing major revenue and access to potential donors source, but is not a significant growth engine. UWA workplace business plan was to stop the bleeding (40% decline over 10 years) and start to restore dollars raised and numbers of donors. This year there was finally a 3% increase.

The Board decided to use the funds raised in workplace campaign to continue to fund historical partners who demonstrated outcomes aligned with the community goals, even if the organizations were not directly part of the collaborative work towards goals. The rationale was:

- The services provided by the long-time partners are foundational to the health of the community and goal partnerships;
- To radically change the partner funding process could potentially cause a strong public relations issue
- Most workplace campaign donors expect that distribution

The second business plan is for new revenue streams. The premise is that UWA needs to find other people (outside of workplace campaigns) who want to invest in the results-based work – both major givers and grassroots. This is the focus of our discussion tonight. Please keep in mind that this is additive, but separate and distinct, from workplace campaigns.

UWA's first foray into developing "investment products" for donors provided some major insights into what UWA offers and to whom. On the "what," UWA initially experimented with high level opportunities where a donor could donate to the general goal; e. g., 90% by 2020. While people generally responded favorably to the concepts of results focused work and the goal, it did not lead to major revenue, except for a few "system thinker" funders. UWA learned that it needed more specific, concrete products that look more like traditional projects for the philanthropic market here.

UWA has now built those more concrete products for the various specific components of the 90% by 2020 and started offering them. This gets to the "who" UWA markets to. UWA started with existing friends, as is the mantra in fundraising, and approached companies with whom UWA has had long relationships. The more refined products resonated. However, while many of the companies are committed to the community goals, they are already contributing very generously to UWA through their workplace corporate gift, and have little to no "additional" money to give to the investment products. Or, because they like the products, they "repurpose" previously unrestricted campaign proceeds to these products. Essentially, they are already supporting the work through unrestricted workplace revenue or repurposed funding, which is great, but from UWA's perspective is not new revenue and that's what UWA needs.

The knowns in developing the new business plan for investments products are:

- The more defined investment products work better than a general goal.

- UWA cannot expect its longtime corporate investors to find more to invest.
- UWA cannot expect that it will change the mindset in workplace campaign to support this work. Will continue to offer the opportunity but it will not produce significant growth.
- UWA has got to find new friends who are motivated by causes rather than particular agency allegiances.

To that extent, for this business plan UWA should see itself as a new start up. In addition to focusing on the content of the product, the most important question is how to identify, reach, engage, and nurture a new donor base.

Realities UWA is currently facing in tackling this challenge include:

1. General environment
  - Economic recession of last few years has decreased established philanthropic dollars and reduced potential for new gifts.
  - Government grants likewise significantly declined.
  - In Alaska, there are more than 5000 non-profits, many of which are aggressively fundraising, leading to stiff competition for the philanthropic dollars.
  - The volume of messaging is staggering and hard to make inroads.
2. Philanthropic environment
  - Philanthropy in Alaska for both corporate and individual givers is project, not system, based.
  - Although donor and recipients talk “outcomes,” they in fact offer and fund outputs, projects, and agencies. The tangible outputs of agencies is accepted as a surrogate for actually solving problems.
  - Again, people talk about wanting to see results but, in truth, results don’t sell. Crises, problems, emotions, and relationships do.
  - There are no foundations or groups of venture philanthropists, like in several other cities, that support the types of work UWA does.
3. Perceptions of UWA
  - In this community, there is the perception by some that UWA has lots of money, i.e. UWA doesn’t need more money – they have enough. People say they want established non-profits but in practice tend to support the “little guys.”
  - In Anchorage, some UWA partner agencies are not supportive of UWA’s business model, see “too much” funding staying with UWA backbone work and “not enough” funding going to agencies.
  - UWA’s business model of creating community change by mobilizing people, organizations, and resources is difficult to describe in tangible/understandable terms. This leads to lack of understanding and passion around UWA work. UWA is hoping to address this through the more precise products.
  - The longstanding view of UWA as a “middle man” that passes money on to organizations is difficult to break through.
4. Implementation issues
  - UWA’s existing practices reinforce that UWA is a pass-through fundraiser and do not provide access to enough “new” people.
  - Current fundraising staff are steeped in UWA’s workplace fundraising model. Different skills are needed for investment product fundraising where the focus needs to be on one-on-one donor solicitation and cultivation, so it is not as efficient as the transactional workplace campaign.

On the positive side, Elizabeth Miller reported that among about a dozen UWs in cities Anchorage's size in population or in the amount raised, UWA is at the top of the list with 27% of contributions coming in from beyond campaign. Most of the others were under 10%. There were only four, including UWA, over 10%, with Fort Collins, CO closest to UWA's 27%, at 18% of its contributions coming from beyond campaign.

To continue on the path of raising money outside of campaign for the investment products, UWA knows it needs three things:

- Investment products that resonate with UWA potential donors;
- Potential donors in the community willing to give;
- Proactive connection to those potential donors.

UWA believes that after several attempts it has landed on investment products with enough balance between vision and detail to make them attractive to potential donors. In the last few months, UWA has had some success in raising money using the new investment products that are much more specific and tangible. For example, UWA can pin point the need in the PLUS schools to needing \$450,000 for the whole program for a year, and then break that down by school (\$37,500 a school) or it can offer donors the option of sponsoring a student at PLUS schools for \$1,200.

Based on the number of households with income of over \$500,000, there is potential for many more larger gifts. UWA currently has 4% of those with over \$500,000 in income giving at \$10,000 or more. That puts UWA almost at the bottom of the list compared with other UWs similar in size. Seven of these UWs have over 10% of the households giving \$10,000 or more. One is at 23%. These numbers indicate that there is untapped potential for large gifts to UWA.

The Board discussion included two questions. First, as a new start up with a goal of achieving identified community goals, what are the critical elements of a business plan to identify, reach, engage, and nurture new folks and get them excited about the opportunity to get engaged?

On the "what" aspect of the question, Board suggestions included:

- Narrow focus to 1 or 2 topics to help build brand and track record.
- Identify most effective, unique products that people respond to and making them discrete and simple.
- Appeal to emotion, crises.
- Demonstrate difference of successful outcomes; e.g., what community is like with 90% grad rate instead of 59%.
- Consider a subsidiary or spin-off; changing name to change mission.

On the "who" aspect of the question, Board suggestions included:

- Develop affinity groups. One could be small businesses and encourage competition.
- Cultivate family foundations.
- Create engagement and volunteer opportunities.
- Increase Tocqueville: what does it take to get 20 more every year? Leverage Board members.
- Create donor advised funds.
- Grow young people.
- Conduct market research.
- Try to kickstart campaigns and micro-targeting.

Second, in this business plan, what are the roles for the staff and Board, what does that mean for staff and Board composition, and how does UWA fulfill these? Board suggestions included:

- Board needs broader network reps, in addition to business interests already represented. Add younger, ethnically diverse, and more tech savvy members.
- Staff needs different experiences and job duties for individual resource development, rather than solely business/workplace type of RD. Focus on sales. Create budget for innovation. Invest in technology for easy transactions. Take risks, since workplace campaign “has back.”

Motion to adjourn was made by Susan Parkes, seconded by Frank Paskvan, and unanimously approved.

Next Board meeting: May 16, 2018