

**United Way of Anchorage
Board Meeting
March 25, 2015, 4 p.m.
Wells Fargo Conference Room**

Members Present (13): Mike Abbott, Bij Agarwal, Jay Butler, Dan Clark, Joe Everhart, Kitty Farnham, Keith Hand, Jenna Hooley, Katherine Jernstrom, Jordan Marshall, Susan Parkes, Natasha Pope, David Wight

RSVP Regrets (7): Charles Fedullo, Rick Fox, Tommy Kibler, Dick Mandsager, Frank Paskvan, John Shipe, Janet Weiss

Call to Order: Joe Everhart called the meeting to order at 4:05 p.m.

Joe Everhart commended Jenna Hooley for her nomination for the Spirit Award from the Downtown Partnership Heart of Anchorage Awards. Michele Brown noted that Wells Fargo has been recognized by UWW for leading the largest workplace giving campaign in the U.S. in 2014, marking the sixth consecutive time Wells Fargo has earned the honor. Wells Fargo team members pledged \$70.5 million, a 9% increase from 2013, and the 12th consecutive year of increased pledges.

CONSENT AGENDA

Jordan Marshall moved to accept the consent agenda (January 28 and February 25 meeting minutes, February financials, and Resolution on Check Signing Authorization) as presented, Natasha Pope seconded, and the motion passed unanimously.

AGENDA ITEMS

Investments:

Michele Brown reported on the external investments the EIH committees have recommended for FY 2016. In the past, staff and volunteers reviewed the applications and then CIIC made the investment recommendations. This is the first year this process was transferred to EIH committees. Over the last couple of years, UWA has been streamlining the process to make it simpler for UWA and applicants, as well as more relevant and effective investments. EIH committees reviewed and concurred with the overall investment decision making principles:

- EIH allocation of 45/45/10; \$855,000/\$855,000/\$190,000
- Fund all continuation eligible (CE) first, assuming pass the financial review.
- Take 5% reduction to CE due to private campaign decrease of 8.6% (8.9% if include public sector).
- No deep content sorting this year but give notice to partners that, if revenue picture doesn't improve, there will be much sharper reductions and more focus on collaborative outcomes work next year.
- Encourage partners to have stake in increasing federated fundraising.
- After CE funding, review both the applications and the staff/collaborations proposals as equal priorities.
- For applications, highest priority is for programs funded before, but not CE, with strong applications and/or role in collaboration/necessary service.

- No funding for new organizations or programs, requested increases, or poor applications/collaboration participation.
- In a few months make other relevant investments from investment product/restricted sources to encourage acceleration of collaborative work and interest/participation in investment product solicitation.

This year, 53 applications (\$2.3M) were eligible for continuation funding. 6 applications funded in 2015 were not continuation eligible. An additional 2 applications funded in 2015 were not continuation eligible, but also requested an increase in funding level. There were 3 new program applications from existing organizations and 1 new organization application. In addition, there were 3 staff proposals for a total of \$126,325, two in education (Imagination Library and Healthy Futures) and one for a funding effort in dental oral health. The EIH committees recommended that UWA will use \$1,859,152 of unrestricted workplace campaign revenue and \$704,488 of restricted revenue (\$479,800 in education, \$30,875 in income, and \$193,813 in health). Total authorized funds recommended is \$2,563,650.

David Wight moved to approve the investment recommendations as presented, Dan Clark seconded, and the motion passed unanimously.

Resource Development:

Elizabeth Miller presented the significant decrease in workplace revenues: the 2014 campaign is down \$520,000 or 7% from 2013 and \$1.2 million or 14% from five years ago (2009). Corporate giving is down 8%, and employee giving is down 9%. Based on preliminary numbers, 2014 resources under management as percentage of total campaign is slightly up from last year, 74% compared to 72%. However, even with increase in percentage of RUM dollars as total of campaign, actual RUM dollars decreased by \$242,000. That number compared to total loss in campaign of \$520,000 indicates 47% of loss was in RUM dollars and 53% in designated dollars.

3,706 donors who gave in 2013 did not give in 2014, which means 49% of all donors who gave in 2013 didn't give again in 2014, so UWA churn rate, at least based on preliminary numbers, went up overall. Lapsed donor dollars equaled \$1.149 million, an increase in 16% over last years. It is important to note that the churn rate at Tocqueville level is the lowest it has been in at least 7 years. However, the non-leader churn rate is the highest it has been in at least 7 years at a whopping 62%. There are 2,232 new donors who gave a total of \$604,624, 62% of which was RUM.

Staff did an extensive analysis of the political, economic, social, and technological factors influencing the results. The face of the workplace is changing, and UWA has no influence on this and must adapt. Baby boomers who are UWA's best and biggest donors are or will be retiring in large numbers each year between now and 2027. As baby boomers retire, UWA loses donors, the formal and/or informal leaders of the campaigns, and in some cases, the "keepers" of UWA campaign knowledge. Despite the fact that 80% of the wealth in our country is held by baby boomer retirees, they think of UWA "through" their company, so when baby boomers leave the workplace they don't usually continue giving to UWA.

Gen-xers and millennials comprise a large segment of the workforce but have less disposable income than the baby boomers. Both millennials and gen-xers have a very different way of interacting with the world than baby boomers. Current UWA workplace tactics don't resonate with them. They don't have loyalties to institutions (their companies or UWA). They are looking for more immediate connections and authenticity. They want to engage in a "hands-on" way.

A growing number of non-profits are successfully knocking on the doors of workplaces, not for payroll deduction campaigns usually, but to recruit teams or collect food, coats, money, Christmas presents, etc. UWA has little influence on this factor and must adapt. UWA is losing relevance in the workplace and considered archaic by the younger folks. Employee campaign coordinators often are juggling many non-profit drives (some companies have one each month) and UWA is “just another one.” And with so many activities, “donor fatigue” is increasing in the workplace campaign. In some locations across the country (only a few here in Anchorage) other federations have had success in getting competing payroll deduction campaigns at workplaces. At the same time, UWA partner agencies are not as involved/supportive of the workplace campaign as they have been in past. Since UWA eliminated the “unified period,” many agencies focus on their own fundraising efforts during the fall.

There is extreme uncertainty about Alaska’s economy. UWA has no influence on this factor and must adapt. With price of oil at \$50 a barrel or less, with some predicting low or lower prices for 3-4 years, there is great economic uncertainty that may lead to lower number of people employed and lower salaries (some contractors to oil companies have taken 10% pay cuts in the last two months already). Low oil prices are leading to state budget cuts, and there is a decrease in philanthropy as the impact of low oil prices trickle through economy. These economic conditions mean less employees, lower wages, and probably more people needing help to meet their basic needs.

On the technological front, there is more mobile giving, mobile everything. Social media is influencing the masses. Technology-based giving platforms means people can give easily to a wide range of options. The technology changes rapidly. People are “trained” for instant gratification. UWA has no influence on this factor and must adapt.

Positives are: UWA’s strengths include high brand recognition and high credibility/trust. Even though it is declining, UWA has access to many workplaces. UWA does unique work at a time when our community needs it. UWA gives donors a way to be part of change. UWA has a network of influencers.

UWA’s fundraising goals for the next 3-5 years include increasing overall number of donors (not just workplace), increasing overall amount raised (not just workplace), maintaining approximately 75% RUM in workplace, and robustly using technology to effectively communicate and connect with individual constituents. To achieve these goals, there need to be some fundamental mindset changes:

- The donor experience is at the center of UWA fundraising. It can no longer be transaction based.
- Workplace campaign relationship managers will convert to the “sales force” of UWA that specializes in business relationships and relationships with the employees at each company and, as such, offer the full line of UWA “products”-- not just the workplace campaign -- based on interests of the company and employees.
- Using technology, UWA communicates with donors and constituents differently. UWA is tailoring the means (channel) and message based on the nature of the person’s relationship with UWA. UWA is also using technology to cull and coordinate data and then use that data to help identify appropriate market segments and find out what is drawing constituents “in.”

Based on the PEST factors, UWA strengths, and the desired goals, UWA agreed to the following high-level adaptive strategies:

- Develop and implement a donor retention strategy. For individual donors, determine what UWA can feasibly do with fragile donors (those giving first time gift within last 1-3 years) to make them feel valued. For business donors, determine the value proposition and intentionally

provide value exchange to the companies (example: UWA provides workshops to employees). UWA also needs to increase partner agency involvement in the workplace campaign.

- Segment donors and constituents and communicate differently with each segment based on what motivates and interests them (retirees, gen-xers, millennials, businesses, community leaders/company leaders).
- Growth of new revenue. Actively invest resources in grant applications and new individual/business investors by attracting them with new donor experiences that is also tailored and segmented. What is learned in the experience can be transferred to workplace campaign.

In the old “pass through” UWA model, the “product” was lots of good agencies doing good work. In the new UWA model, the creation of and use of “investment products” helps UWA to answer the question of what UWA is asking a donor to invest in and how much money is needed to accomplish the work. Investment product examples include:

- Income: warm, housed, and fed
- Education: goal areas of 90 by 2020, kindergarten ready, eighth grade math proficiency, PLUS school partnership, high school graduation, work ready, right supports to the right kids at the right time (looking at how to structure this product around the nine schools UWA is currently working in)
- Health: dental oral health, fitness for kids

Board members stressed that investment product needs to attract new investment and not just move money around. These products could especially attract those who had left the workplace. Since gen-xers have lower wages and are focused on lifestyle over income, UWA has to engage differently and track engagement by dollars and value of volunteer time in order to fit the younger generations’ lifestyle.

Public Policy Committee Report:

Susan Parkes reported that UWA submitted several letters of support for Medicaid expansion and Human Services Community Matching Grants. UWA also signed on to a resolution in support of education and early development with other non-profit organizations. New bills to track include two bills (House and Senate) on student data and assessment. UWA is also planning to support WWAMI funding following recent budget cut. Michele Brown met with congressional delegation in DC and shared 211 data and talked about charitable tax deduction, Earned Income Tax Credit, Emergency Food and Shelter Program, and Children’s Health Insurance Program. Senator Murkowski and Representative Young are on board, and Senator Sullivan conceptually agrees but needs to see more details.

Motion to adjourn was made by Dan Clark, seconded by Keith Hand, and unanimously approved.

Next Board meeting: April 22, 2015