

Letter to the Editor 2011

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GOING BEYOND OVERHEAD – CREATING STABILITY, INVESTING IN CHANGE

I recently attended a regional conference with other United Ways. The topic of non-profit overhead came up, as it often does, and it reminded me that this is a complicated topic. What is overhead? It is defined as the combined cost of administrative and fundraising expenses. But often, non-profits feel pressure to have the smallest overhead possible to ensure that the most dollars are spent on program expenses. This can lead to choices like leaving key positions vacant, utilizing outdated software, under-investing in infrastructure that is necessary to improve or even maintain service, which can have grave consequences. Retraining, rehiring, more workload on less people, using inefficient and out of date tools can all lead to increased costs in the end. Responsibly investing in infrastructure ensures a strong non-profit that can continue the important work that impacts all of us in the community.

United Way of Whatcom County has an overhead of 15%. But most importantly we have 5 dedicated staff members, more than 300 volunteers, 3,877 contributors, 43 funded programs, and an impact that touches more than 150,000 people in Whatcom County every year. The Better Business Bureau's Wise Giving Alliance recommends that nonprofits spend at least 65% of annual expenses on program activity, while the American Institute of Philanthropy sets its minimum standard at 60% of expenses. United Way of Whatcom County spends 85% on program expenses, which is better than average for non-profits in our county.

This year, contributors pledged almost \$2.1 Million to United Way of Whatcom County. Since our system is based on "good faith" pledges we rarely receive the full amount pledged. Economic situations change throughout the year and as such pledges aren't always able to be fulfilled. Because our system is one that encourages small contributions throughout the year that add up to a big impact, we receive the money in segments and must budget appropriately. Based on past experiences, we budget for a 6-10% loss of pledges to ensure that we don't over budget and over promise funds to our funded programs. Our Board of Directors believes very strongly in remaining consistent and ensuring that we can deliver on our promised funds to our non-profit service providers.

But who makes these funding decisions? People are always surprised to find out that our Fund Distribution Committee is open to all Whatcom County residents. Every year our Fund Distribution Committee is combined of a true variety of community members. We have had bankers, stay at home moms and dads, small business owners, chefs, students, engineers, executive directors, retirees, teachers, preachers, artists, clients of services, government workers, just to name a few. Engaging and educating a variety of people is the key to ensuring that funds are responsibly overseen and that our organization is held accountable for efficient and effective investment of donor dollars. If you are interested in participating I encourage you to contact our office to find out how you can get involved in this process.

So, yes, we have overhead. It is much lower than the average and we use it responsibly and wisely. It takes money to support our work and we pride ourselves on transparency and community ownership. Our Safety Net Funds are raised by volunteers and distributed by volunteers. We participate in cross-sector reports such as the Prosperity Project which gathers data directly from Whatcom County residents to find out what the most important needs are in our community, and we are partnering with the Health Department and PeaceHealth St. Joseph's Medical Center to conduct a health assessment of our community. By responsibly investing funds in crucial programs and infrastructure we can ensure stability and long term results. We take our role very seriously as an organization that knows the needs, mobilizes volunteers, and creates a strong thriving community for us all.

Peter Theisen
President of United Way of Whatcom County

Reference Sources include:

National Center for Charitable Statistics, <http://nccs.urban.org/>

The Bridgespan Group, <http://www.bridgespan.org/>

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