

Economy produces shock waves for charities

Amid uncertainty, need for help intensifies and food banks gain attention that might otherwise go to the arts

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As the nation's bankers, brokers and retirees tallied their stock market losses this week, Charlotte's United Way was doing some math of its own.

The result: \$5 million in known or anticipated losses for the annual fund drive that began this month.

That's \$5 million, so far. Each week, United Way is learning of yet another corporate campaign that is lowering its goal specifically due to economic hardship. Still others won't be having campaigns because they downsized, closed or were sold, agency officials say.

Such news only adds to the challenge faced by United Way of Central Carolinas, which is still reeling from public anger over a board decision to give former CEO Gloria Pace King \$1.2 million in pay and benefits last year. The controversy was cited as one reason why the annual Pacesetter campaign concluded \$900,000 short of last year's total. The Pacesetter campaign, which typically involves 150 companies, is viewed as a gauge for how the full campaign might fare.

“What we're seeing with the economy is creating shock waves and fear in the community,” says Floyd Davis, president and CEO of Community Link, one of 91 charities supported by the campaign.

“People are concerned about what's happening to their own resources, and it's difficult to worry about helping someone else when you are worried about your own financial situation. What has been happening with the economy this week has far more impact on people's behavior than Gloria Pace King's salary issue.”

Financial experts have summed up events of the past week as “the worst crisis on Wall Street since the Great Depression.” Twice in three days, the Dow Jones industrial average fell at historic levels, causing about \$700 billion in investments to vanish.

It has been particularly tough for banks, which are the core of Charlotte's economy. Wachovia and Bank of America are also among United Way's top five accounts.

United Way interim CEO Mac Everett declined to talk about which companies have lowered goals due to the economy. “That does not mean they will raise less,” he says. “We’re trying to convince people that, with these economic conditions, the needs are much greater. That message is getting across, but understanding the needs doesn’t change the economic environment.”

A new report issued this month by the Center on Philanthropy found that giving slows about 2 percent during bad economies. Donations to the arts and education slow the most, said the report.

“The arts aren’t seen as essential or critical, so giving shifts to organizations that benefit human services agencies, such as food banks,” said Jim Yunker of Giving USA, which researches philanthropy.

“I think the important thing for all charities to remember is that you shouldn’t give up and say you’ll ride out this year in hopes of a better next year. Organizations need to be out there, giving strong, compelling cases for why people should give. Otherwise, their fears become a self-fulfilling prophesy.”

He says this is especially true for Charlotte’s United Way, given the controversy surrounding King’s pay. Public outrage prompted the board to replace her and create an independent committee to study what went wrong.

“Because of that controversy, some people have already decided not to give to United Way,” says Yunker. “Now, the economy is offering just another excuse.”