

# United Way Value Awards Study

Sponsored by:  
S & R Pieper Foundation

Conducted by:  
The Dieringer Research Group, Inc.

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## ***Background and Objectives***

At the request of the S&R Pieper Foundation, The Dieringer Research Group conducted the United Way Value Awards Study. The goal of this project is to validate that there is a system or communication process in place that takes into consideration both United Way value awards and the individual organization's outcomes.

The primary purpose of this study was to determine whether or not United Way agencies understand the way in which monies are allocated and believe their allotment reflects their own performance outcomes.

## ***Methodology***

Prior to data collection, the study was announced to all 80 United Way agencies via U.S. mail. Within this letter, the study was briefly described, yet little specific information was provided in order to decrease the potential for respondent bias. The sponsor of the study was not revealed.

Forty in-depth telephone interviews were conducted with the Executive Director or person most knowledgeable about charitable contributions within the agency. Interviews were collected between February 19<sup>th</sup> and March 29<sup>th</sup>. The average interview length was nine minutes.

Quotas were in effect based on levels of 2002 United Way allocations.

2002 United Way Allocation	Population		Sample		
	N=	%	N=	%	Average Percent of Budget
Under \$100,000	32	40%	16	40%	12%
\$100,000 to \$499,999	36	45%	18	45%	12%
\$500,000 or more	12	15%	6	15%	15%
Total	80	100%	40	100%	12%

## ***Conclusions***

Respondents understand the United Way allocation process in terms of what information is used and who is involved in the evaluation process. However, they do not know exactly how their annual allocation is determined based on the information they provide. Respondents do realize that their performance outcomes, the available United Way funds, and how their programs/ services fit into United Way's community impact areas or goals are related to their allocation. Based on these results, it seems that respondents perceive these three factors to play an almost equal role in the process.

Respondents seem to accept, or do not question, the vague process and move forward through their budgeting process using historical data to budget for the upcoming year, sometimes including a marginal increase or decrease using one, two or all three main factors discussed above in their estimation process.

The United Way does not seem to be perceived as influencing the community (or the organization providing services to it) according to their own agenda, instead being more frequently perceived as a partner in the process offering assistance to agencies to better meet the needs of the community, or at least better able to measure the impact their organization has on the community they serve.

## **Understanding of the United Way Allocation Process**

### The “Who”

Respondents seemed to know the process in terms of who evaluates the information they provide. Most knew their information was reviewed by a volunteer panel or allocation committee, which made recommendations to United Way staff that, in turn, made recommendations to the United Way Board of Directors.

Several respondents mention receiving feedback from this process. Although some organizations mention making changes to their services, organization, or measured outcomes from this feedback, when asked how they felt about this, some felt the United Way “works as partners” to provide “assistance in determining the outcomes” and “works with us to develop outcome measures for the organization.” No respondents seemed to consider this input as a negative aspect or feel the United Way was trying to influence their organization or programs.

### The “What”

Respondents also seemed to have a good understanding of the process in terms of the information they need to provide and the channels it goes through to be considered for funding. Most mentioned they need to provide:

- Their organization’s performance or outcomes compared to what they hoped to achieve
- The success of the annual United Way fundraising campaign
- The United Way Impact Area Served (Self-Sufficiency, Healthy Families, or Basic Needs)

Other less frequently mentioned items that are evaluated in the allocation process include:

- Completion of the United Way logic model
- How much money the organization raised internally for the United Way
- Relationship to funding beyond the United Way allocation
- The financial integrity of the organization that year, including how the United Way money was used and how close they stayed on budget

### The “How”

What they did not seem to know was how the United Way used the information provided to determine the exact amount of money to allocate to an agency, some stating it was “a mystery” or being “not intimately familiar with those steps.” Others mentioned “knowing a little but not enough to explain it to others” or grasping the “broad concept but not the individual concept of fund allocation.” A few respondents alluded to leering and “never question the process” or their allocation, more like accepting “what we get is what we get.” Some felt the process was “outdated,” including “many steps” and not a “simple XYZ process.”

Some felt that United Way impact areas played a role in the funding determination, with “different impact areas receiving different levels of funding” based on “what United Way sees as a priority area that year.”

Some respondents did feel there was a connection between priorities and funding levels, with “Level 1 getting the largest increase, Level 2 with a smaller increase, and Level 3 with no increase at all or even a decrease.” But the amount of increase tied to each priority level was never known or said it was “made known after the fact” although one thought “United Way would provide this if asked.”

## Other Considerations in the Allocation Process

### - Lack of consistency between different United Way's

Many organizations were funded by more than one United Way, each acting independently and “does it differently.” Some United Way agencies are said to be “very outcome based but balanced with outputs, while others are less outcome based and more output based.” They also were said to differ on the requirements for information and how the allocation is to be used. The larger United Ways were sometimes categorized as “extremely prescriptive, almost exhaustive on what we need to provide” or more “outcome based.” The lack of “user friendliness” was said to, at times, affect agency planning because “it does not seem as fluid” to enable programs to change their programs or outcomes.

Smaller United Way's were described as either “free spirited in what the funds can be used for” or more restrictive in that they “set up their own criteria for their community and if you met their criteria you get more money.”

### -Donor directed funds

Now that the United Way allows donors to direct their funds, either by agency or by impact area, some feel the “pot” of “net unrestricted net allocable dollars is somewhat less” even though United Way has exceeded their goal. Although they are not certain, one thought that their allocation is adversely affected by this, in that the United Way considers the amount of donor directed funds for a particular organization and then only adds enough to their allocation to make it equal or a slight increase to what the organization received last year. Others are certain they “we don't receive funds from the community campaign pot because our donor directed funds always exceed our base allocation every year.”

The DeTouqueville Society also adds another layer to this. Although the allocation amount from this completely donor directed fund is to be provided above and beyond the base allocation, one thought that although “it is not supposed to affect your allocation that year, it might next year.”

### -Presentations to United Way

Presentations or meetings are also said to be considered in the process, with some considering this a requirement while others state this is “allowed” in order to “show why we deserve funding and the good things we are doing” or as an “opportunity” to present “not just whether we achieve our outcomes, but what we are doing differently or learned this year to achieve them next year.” In general, presentations were viewed as a positive aspect of the process, providing an “ongoing dialogue” providing the agencies with the opportunity for feedback and technical assistance.

### -Politics

One mentioned that “political clout plays a large role,” with “certain large organizations more heavily represented by CEO's within the United Way structure” having a “dual interest” in who gets funding and how much they receive.

## The Future

Several respondents mentioned that United Way is changing their allocation process, with the “new policy being more accurate” or “real clear about allocable dollars and how agencies meet or exceed United Way’s expectations.” Two mention that United Way is developing a “rating form” to “rate agencies on a series of factors.”

Some said this new process is said to incorporate four areas of evaluation (although sometimes described differently):

1. Community Impact/Collaborative efforts with other programs serving the same impact area
2. Organizational Impact/Performance outcomes
3. Fiscal Performance
4. Participation in the United Way fundraising campaign/Consistency with United Way’s vision

There was a lack of consistency of when this new process was to take affect, being either “3 to 5 years”, “1 to 2 years”, or “starting this year.”

## **Impact of Outcome Performance on United Way Allocation**

### Changes Experienced in Outcome Performance

The table below shows the number of respondents and their change United Way fund allocation by their change in outcome performance. This is the first of several methods to determine how outcome performance is related to allocation dollars.

Change in United Way Allocation	Change in Outcome Performance		
	Increase	Same (Met Goals)	Decrease
N=	20	14	6
Increase	11	8	3
Same	2	4	0
Decrease	7	3	3

#### - Outcome Performance Increased

When asked to what they attribute the increase in funding, respondents are equally likely to mention their improved performance and the success of the United Way fundraising campaign. One attributed the increase to being in an impact area which few other organizations address.

Most of those who experienced a decrease or no change in United Way funds attributed it to a decrease in United Way funds available to them, sometimes mentioning “a smaller pool of discretionary dollars available.” A few said it was because of their financial status, the perceived lack of funding needed by their type of organization (child care – “there supposedly is already a lot of money for child care from the W-2 program”), and the changing of the non-discriminatory membership standards.

#### - Outcome Performance Stayed the Same

Here again, respondents were equally likely to attribute their increase in funding to a successful United Way campaign or meeting their outcome goals. One attributed the increase to being in a high priority impact area.

Lack of increases or decreases were mainly attributed to UW not meeting their campaign goals. Two also mentioned that the United Way impact area was broadened, thus the money allocated in that impact area was spread among more agencies than it has in the past.

#### - Outcome Performance Decreased

Those receiving an increase in funds attribute it to: higher donor directed funds, few organizations in their impact area, or their presentation to the United Way on how they plan to improve in the future. Those with a decrease in funds mention either not meeting the performance goals or the financial requirements. One did not know why it decreased.

#### Calculation of Allocation Based on Performance Outcomes

The second attempt to determine the relationship or link between performance outcomes and United Way allocation was to try to control for the other seemingly correlated factor, the available allocable dollars from United Way. This was initially identified in the pretest, with several respondents that mentioned they “listen to the United Way collection efforts” when trying to estimate their annual allocation level. This was also continually found when determining why respondent’s felt their annual allocation changed, regardless of direction of change.

For the majority of interviews (N=32), respondents were told to assume that the annual fundraising level always stayed the same and then asked if they could calculate their allocation using only their performance outcomes.

The majority of respondents (N=24) indicated they could not calculate their level of funding using only their outcomes, with one offering that “outcomes are not a condition of whether or not we receive funding.” Respondents do seem like they would like to be able to do this, although some seem to accept “the reality that there is only so much money to go around” and “more need does not always correlate to more money.”

Among those that felt they could, most typically began the calculation with their prior level of funding as an estimate. A few then incorporated their outcomes in the calculation - expecting more (less) if their outcomes increased (decreased) but not necessarily “counting on it.” Some mention reviewing where they “fit into United Way’s priority areas,” adjusting last year’s allocation up if they are in a high priority area and staying the same if in a lower priority area, but the adjustments are again based on historical information, using the average increase experienced in the past.

Others did not use their performance outcomes at all, simply adjusting their prior level up or down depending on the economy/inflation and “hoping for the best.” Another “never budgets an increase rather assuming it is always flat.” Some mentioned they use this same process to estimate the support from other ongoing donors, not only the United Way.

### Correlation of Main Factors Involved in the United Way Allocation Process

Due to the responses to the previous questions during the interviewing process, we added a third approach to determining the relationship between outcomes and funding levels. Respondents were asked their opinion on the correlation between their annual United Way allocation and 1) their performance outcomes and 2) the available United Way funds using a scale of 1 to 10 with “1” meaning “No Correlation At All” and “10” meaning “A Strong Correlation.”

In addition, respondents were also asked to provide their opinion of the correlation between services their organization or program offers (United Way impact area served) to identify the relationship between this factor and their allocation.

By doing this, again there is no discernable difference on the impact the performance outcomes and available United Way dollars have on their United Way allocation. Both the “organization’s performance on measured outcomes or goals” and the “available United Way funds” have an almost equal influence, with means of 7.2 and 6.8 respectively. Respondents seem to feel that the programs or services they provide has a similar influence, with a mean of 7.2.