

United Way: Nonprofit says there's huge demand in area for food, shelter

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'I've never seen anything this drastic,' says United Way CEO Larry Walton.

amount raised during its United Way of Central Maryland campaign last year, said Brian Lewbart, a spokesman for the Baltimore-based money management firm. He declined to disclose the specifics of the campaign, but he attributed the decline to the impact of the economy on T. Rowe's employees.

United Way's woes add to those already felt by Greater Baltimore's nonprofits. They already are raiding reserves and cutting staff and programs to stay afloat.

"I don't know how we will make up all of the deficits we are facing," said Carole Alexander, executive director of House of Ruth Maryland, a Baltimore nonprofit that assists victims of domestic violence. "Some good agencies may not be able to survive."

United Way contributions to House of Ruth will be down nearly \$74,700 by June 30, compared to last year's funding. The nonprofit was forced to cancel its May fundraising luncheon after not receiving enough corporate sponsorships for an event that could have brought in \$200,000. And Alexander isn't holding out hope for a \$100,000 United Way grant request to pay for an attorney and a legal advocate to help the Hispanic community with domestic violence issues. The program will most likely be shelved.

Alexander said the nonprofit has pulled \$700,000 from its reserves — nearly three times what it would typically use from its coffers — to cover basic operations this year. It plans to furlough 105 employees for about a week later this year.

The nonprofit did receive about \$19,000 from United Way's emergency fund earlier this year. Out of space at its shelter, the nonprofit will use the funds to put about 40 families into hotels.

The United Way's fall campaign netted only \$36 million, down from a goal of \$40 million. Giving from Baltimore's Constellation Energy Group, its largest supporter, shrunk this year amid the company's own financial troubles and downsizing. And United Way's \$18 million endowment, which provides some support for grants and programs, was halved to \$9 million as its investments plunged with the market.

In response, United Way slashed \$700,000 in its administrative costs. The organization, which employs 93 people, eliminated seven unfilled positions and could be forced to lay off some staff. The organization also has asked agencies to make annual requests for grants, instead of awarding them three-year allocations.

Money designated by donors to specific agencies will not be impacted. United Way board members plan to meet April 23 to decide how to award undesignated funds for the fiscal year starting July 1.

United Way chapters across the country are suffering.

Estimates show nearly 58 percent of United Way offices were expecting declines in campaigns, and about 82 percent said they expect higher rates of uncollected pledges this year because of layoffs and business closures, said Sally Fabens, a spokeswoman for the United Way of America.

Campaigns nationally were expecting to see 2 percent to 5.6 percent decline this year, according to January survey of United Way chapters. Fabens said many of the campaigns hadn't closed by then.

United Way of Central Maryland is especially feeling the effect of a drop in its biggest donors.

Donors who contribute \$10,000 or more become members of the agency's prestigious Alexis de Tocqueville Society. Estimates show there were 380 Tocqueville members raising about \$5.7 million for the 2008 campaign, compared to 465 donors raising \$6.2 million in the 2007 campaign.

The decline in donations can be traced to how the recession is pummeling the region's largest employers.

For example, Constellation says its giving to United Way campaigns nationally fell from \$5.1 million in 2007 to nearly \$4.1 million last year. Constellation employees have been one of the United Way of Central Maryland's largest donors, giving

nearly \$3 million a year for the past several years. The Baltimore energy company didn't disclose how much its employees gave to the local campaign last year.

A bid Sept. 18, 2008, by Warren Buffett's MidAmerican Energy to buy Constellation saved the company from near collapse. But that deal fell through in December after Constellation accepted a \$4.6 billion offer from French power firm EDF Group for 49.99 percent of its nuclear power arm. Amid the turmoil, Constellation shed 840 jobs, nearly 8 percent of its global work force.

T. Rowe Price Group, another big United Way donor, reported a decline in the number of employees and the

United Way to slash nonprofits' funding, change way it gives

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A \$4 million shortfall in campaign pledges and a shrinking endowment will force United Way of Central Maryland to cut \$1.6 million from its planned donations this year.

The organization is also cutting about 10 percent of funds already earmarked for about 40 partner agencies and trimming annual contracts with seven larger nonprofits by nearly 15 percent.

The losses will spread to nonprofit agencies in Baltimore City and the surrounding five counties. The impact will be felt by shelters, clinics, youth clubs and some of the area's largest charities. The American Red Cross, the American Heart Association and the Salvation Army of Greater Maryland are just a few of the nonprofits that rely on United Way dollars.

It's the latest turn in a funding crunch that has crippled nonprofits. Layoffs, business closures, and stock market turmoil have slowed corporate and private giving and eroded endowments. Those same factors are sending more unemployed and uninsured people to agencies for help.

"I've never seen anything this drastic," said Larry Walton, CEO of United Way of Central Maryland. "We are going to focus the majority of the funding we have on basic needs like food and shelter."

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The amount, in millions of dollars, the United Way of Central Maryland plans to cut from its planned donations this year.

Source: United Way of Central Maryland