

GENERAL

Why is United Way of Metropolitan Atlanta making a change to the way it makes grants?

United Way and many other nonprofit organizations are undergoing tremendous change. Our transformation began more than ten years ago when we collaborated with funders, providers and city leaders to tackle homelessness in our community. As donors' demands changed, we met their requests to give directly to specific grantees. The result: unrestricted dollars have declined dramatically. As the economy continued to impact our collections and designations, allocations were reduced to grantees.

We have restructured the process for awarding grants to ensure strategic investments are aligned with our community's goals and our donors' requests. Based on our experiences, success and data from other funders, we anticipate that over time these changes will lead to increased donations.

Why has United Way adapted this strategy?

United Way has proven we can make a difference if we focus our resources and collaborate more effectively with community partners, whether they be government, faith-based, foundations, or private agencies. We have moved the needle in our work with homelessness and must have similar large-scale success in other areas. Now, in addition to homelessness, we are moving to that same focused model in education, income and health.

Does this change the way donors can direct their gifts?

No, donors will continue to have the same options for directing their contributions to United Way, to one of four focus areas (education, income, health or homelessness) or even to a specific grantee partner.

Are you leading donors to these key focus areas?

Yes, we are leading donors to the key focus areas so we can make a bigger impact in our communities and leverage other resources as we have the opportunity. However, donors will still be able to specify where their dollars are being spent.

What is the difference between the focus areas and the six community goals?

As our stakeholders came together to identify the most critical changes we need to make in the areas of education, income, health and homelessness, they identified six goals for our community. The goals correspond to one of the focus areas:

| Focus area | Goals |
|--------------|---|
| Education | Ensuring children enter school ready to learn and graduate prepared for careers Young people avoid risky behaviors |
| Income | Families are self-sufficient |
| Health | Babies are born healthy People have access to primary health care |
| Homelessness | Homeless people are housed within one year |

Will this strategy reduce the funds United Way invests in the community?

The strategy will not reduce the amount we invest but decreasing allocable funds will. Though the number of agencies and programs that we fund have initially declined, we hope to increase the amount and length of our commitment to those partners we continue to fund.

This year, the trend has continued and there is less money to invest through the Community Impact Fund. Overall, the Community Impact Fund pool is about 20 percent less than last year.

Will this change mean that grantees will receive smaller grants?

Many grants are less because *unrestricted* giving to the Community Impact Fund is down while total giving is up. In many cases, grants were reduced year over year even for high-performing programs, because there was less money available.

Who can apply for 2011-12 Community Impact Fund grants?

For 2011-12, the investment process was open only to those organizations who received a Community Impact Fund grant in the past. However, by 2014, the Community Impact Fund process will be open to all qualifying programs.

What investments does United Way make in our region?

In 2011-12, we are projecting that United Way will invest more than \$82 million in the 13-county region (total revenue minus unfulfilled pledges, depreciation, and the administrative and fundraising components of our internal budget). Of that, \$15.2 million will be invested through the Community Impact Fund, one of the ways United Way invests in the community. Other investments will include \$3.8 million for initiatives such as Smart Start and Regional Commission on Homelessness, \$2.1 million through the Innovation Fund, and another \$25 million in: ending long-term homelessness, early learning programs, Gifts in Kind, United Way 2-1-1, and other United Way programs. Also \$36 million will go directly to specific nonprofit organizations at donors' requests, many of whom receive Community Impact Fund grants.

How much money was awarded through Community Impact Fund grants?

In 2011-12, we will invest \$15.2 million through the Community Impact Fund, one way United Way invests in our community.

On July 19, United Way of Metropolitan Atlanta's Board of Directors approved an investment package of \$20.9 million. The package has three components: The Community Impact Fund, initiatives and an Innovation Fund. This year's package represents a 10 percent decrease from last year's \$23.1 million package.

How much money did United Way raise last year?

Last year, our United Way raised \$122 million in cash and in-kind donations, an increase of \$19 million over the prior year. This increase is primarily due to a one-time \$22.5 million government grant, which helped families across the state. The largest component of the \$122 million is our annual fundraising campaign, which raised \$80 million this year, an increase of \$1.3 million or 1.7 percent compared to the prior year. We have increased our anticipated uncollected pledges by \$180,000, and during the 2010 campaign, our donors designated an additional \$3.5 million to specific organizations and programs (from 41 percent to 45 percent of total pledges). These changes along with expenses related to our operating plan to keep up with inflation, restoration of our reserves, and the establishment of the Innovation Fund resulted in a reduction to the Community Impact Fund of approximately 20 percent.

PROCESS

For grantee partners who do not receive a grant this year, will you offer any training or assistance so that we can reapply again next year?

Yes, we plan to offer support and technical assistance. We hope to offer some capacity building to programs that have potential but may need extra support to scale-up their efforts or to show their impact.

What are the short-term and long-term effects of these changes on the grantees?

We initially need to focus our resources on the specific targets needed to meet the six community goals. This will reduce the number of agencies and programs we fund. But, we expect our results and future fundraising will be accelerated substantially.

We recognize that this will cause short-term hardships for some agencies and their constituents. We want the community to know that our goals are a more effective delivery of services across our community against the goals agreed-to by our stakeholders.

How were volunteers involved in the investment process?

Volunteers are the foundation of our investment process. This year, programs applying under education, income, health and homelessness were reviewed by a regional committee with volunteers from each county. The local perspective that volunteers brought remained vital and made awarding grants to the best programs possible. More than 190 trained Investment Volunteers reviewed applications, made site visits and deliberated grant recommendations.

Those recommendations were then sent to two volunteer groups: the Community Investment Committee and the Community Engagement Council. Those volunteers reviewed the grant recommendations and considered some additional factors, such as decreases in government and other funders grants in some strategies, as well as the diversity of our investment portfolio. Then the United Way Board of Directors, also volunteers, reviewed the grants and created the Transition Assistance payment to provide a one-time payment to those organizations who received a decrease greater than 15 percent year over year.

I've heard about some additional money that might be available later. How will grantees be able to apply for those funds?

One of the changes to our investment model does include making grants throughout the year for innovations, initiatives and to fill gaps in services. The Collaborative Network clusters will be a key way to close those gaps and inform partners about grant opportunities as they arise. More information will be available in the fall.

How do you anticipate these changes will affect United Way?

Over time we expect this new investment model to increase our resources and to expand our funding capacity in the future. We already have evidence that our focus on these areas and collaboration with all interested parties will subsequently attract additional funding. For example, by investing \$250,000 from the Innovation Fund, we were able to secure a \$5.7 million grant to increase financial stability in our region.

What programs are not getting grants this year?

We are proud to share a list of those programs receiving grants, which is available online. For specific questions about a specific nonprofit, please contact that nonprofit.

How is United Way addressing service gaps in the counties?

A small amount was allocated from the Innovation Fund for four counties (Butts, Coweta, Paulding and Rockdale) where Community Impact Fund grants were reduced more than the average. The County Advisory Board will determine how to best invest those funds into that local area.

When will the RFP be available for the Innovation Fund?

The Innovation Fund is how we will be able to respond to opportunities and address gaps that the Collaborative Networks identify in the system. This small fund will result in millions of increased resources for our community, as the focus of the fund is to leverage small amounts to secure millions in the community. This fund will not have a set, annual time for applications, but rather will offer grants as the opportunities arise. The Collaborative Networks are the best way to get information on these opportunities as they arise throughout the year.

What does zero-based mean?

Volunteers reviewed programs' ability to move our community toward our six community goals. Grants were awarded based on competition in each focus area and strategy, and without regard to previous year's grants. A consequence is that some local agencies have received less funding or in a few cases no United Way funding. The United Way Board is using money from its reserves to provide agencies whose annual Community Impact Fund grants were reduced by 15 percent or more one-time financial assistance.

You said that the smallest grant you would give was \$25,000. Why did you change your mind?

During the investment process, the Community Engagement Council decided to make some exceptions based on agency capacity and need. The council wanted to make grants to the best programs, but not award a program more than was requested or needed.

What is the Transition Assistance Program?

The United Way Board, volunteers and other stakeholders are confident that the new investment strategy better focuses our discretionary revenue against the four pillars of our mission. A consequence is that some local agencies have received less funding or in a few cases no United Way funding. The United Way Board is using money from reserves to provide a one-time payment to agencies whose annual Community Impact Fund grants are reduced by 15 percent or more. This was a special, one-time decision made by the Board due to the timing of the grant announcements, and their desire to lessen the negative impact on our health and human service system.

What criteria does United Way use for Community Impact Fund grant decisions?

We are focused on achieving measurable results and creating lasting change in our community. United Way awards Community Impact Fund grants to organizations and programs that can demonstrate measurable results and are aligned with our priorities. These grant decisions are based on programs in the following areas: education, income, health and homelessness.

What was the scoring system? Did it work?

At the site visit, the Community Investment Volunteers completed an assessment of the program based on expected impact, program design and quality, program operations and budget, results and capacity to measure, and organizational strategic direction. Community Investment Volunteers then met and used the program scores from the site visits as the start of their deliberations on making grant recommendations. There were other factors discussed at these meetings such as level of impact the program could have and serving special populations.

The scoring system allowed the volunteers to identify those programs that will make the most progress on achieving our community's goals. The scoring system was an important component to ensuring that programs were evaluated objectively, and without regard to previous funding. The system worked pretty well, and it will continue to be improved with feedback from applicants and volunteers.

Who determines which programs receive Community Impact Fund grants?

More than 190 trained Community Investment Volunteers from across the metro region scrutinized applications and made site visits for programs applying for grants. The United Way Board of Directors reviewed the recommendations of Community Investment Volunteers, the Community Investment Committee and the Community Engagement Council, and gave final approval.

What changes did the CIC and CE Council make to the Investment Volunteer recommendations?

Before the Board meeting, the Community Investment Committee and the Community Engagement Council reviewed the grant recommendations and considered additional factors, such as decreases in government and other funders' grants in some strategies, as well as the diversity of our investment portfolio. It was decided to infuse some of the dollars set aside for the Innovation Fund to expand grants in health and education and to create a small pool for the four counties (Butts, Coweta, Paulding and Rockdale) whose residents will experience a larger than average decrease in Community Impact Fund support.

Because of the timing of the grant announcements and the significant changes in year-over-year grant amounts, the United Way Board is using some money from our reserves to provide agencies whose Community Impact Fund grants are reduced by 15 percent or more with a one-time transition payment to assist.

What was the timeline for the Community Impact Fund investment process?

The timing of the Community Impact Fund investment process was similar to years past. Current grantees were invited to apply for 2011-12 grants in March 2011. Community Investment Volunteers attended training sessions and made site visits April 2011 through June 2011. Volunteers then made grant recommendations, which were reviewed by the Community Impact Council and approved by the Board of Directors on July 19.

GRANTEES

How competitive was the Community Impact Fund process this year?

The Community Impact Fund process has continued to get increasingly competitive. This year, many programs and agencies scored at the top of the range with applicants providing more and more of the program details requested by our volunteers and donors. While the majority of programs have been awarded grants that are less than last year (due to the pool being down), 49 agencies were not awarded grants (defunded) and a few received increases.

Why are you so late in telling us our grants?

We are announcing grants as quickly as possible. The restructured process just completed on July 19, with the United Way Board approving the investment package. Since the site visits concluded in late June, Community Investment Committee, the Community Engagement Council and the Board have reviewed the Investment Volunteer recommendations and finished the investment process. Because of the timing of the grant announcements and the significant changes in year-over-year grant amounts, the United Way Board is using funds from its reserves to provide agencies whose grant awards were reduced by 15 percent or more. 2011-12 grantees will receive a first-quarter payment on July 29.

Why is the Community Impact Fund down again this year?

For the past several years, more donors have requested their gifts go to specific programs and organizations. In addition, as the economy has struggled, the number of donors who are unable to pay their pledges has increased. These challenges have contributed to decreases in the Community Impact Fund. Our new investment model is intended to help bolster the Community Impact Fund, and address the need that our donors have for greater focus.

My program has gotten less money for several years now. Why do I keep getting decreases?

We know that things are very difficult now and that you face difficult decisions as you work to serve our neighbors.

Please remember that the Community Impact Fund grant process is an annual process through which volunteers review and compare programs competitively each year. Therefore, comparing grant amounts year-over-year creates a false impression that the grants are cumulative rather than annual. There is just simply not as much money as any of us would like to have or could use for our community. In many cases, volunteers were unable to provide the amounts that grantee requested due to our limited resources. However, we must continue to maximize what we do have, and by continuing to work together, we are confident that we can make our community better, stronger.

Is United Way's budget decreasing for next year?

Yes, our budget is down two percent compared to last year.