

Recession makes it easier for businesses to donate time than money

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By Joyce Gannon, Pittsburgh Post-Gazette



Anita Dufalla/Post-Gazette

For the first 14 years that it provided free admissions to sports and cultural events for low-income and at-risk children, Tickets for Kids Charities relied entirely on donations.

Event venues and sponsors frequently supplied the Aspinwall agency with unused tickets while additional contributions from foundations, corporations and individuals helped provide more seats and cover transportation costs for the children and their families to attend Penguins hockey games or the Radio City Christmas Spectacular.

But this year, as the recession squeezed budgets for businesses and others that typically contribute, the agency did something unprecedented: It held a fundraiser. The event, a VIP reception held prior to a performance of Cirque du Soleil-Alegria last month at the Petersen Events Center in Oakland, raised \$26,000.

"Our demand has increased and there are fewer tickets to donate," said Vera Marelli, program director for the nonprofit that last year sent about 180,000 children to 7,000 events. Besides holding a fundraiser, the agency cut two staff positions this year and increased the number of proposals it sent to corporations and foundations seeking support.

It could be a long, dry spell for Tickets for Kids and other charities as many of their traditional funding sources cope with an economy that's forced significant reductions in giving levels.

A study by the Boston College Center for Corporate Citizenship and the Hitachi Foundation said 38 percent of companies would cut their cash donations this year. The survey, conducted over the summer, included 756 executives from small, medium and large corporations.

A separate study by the New York-based Foundation Center projected giving by foundations would drop by 8 percent to 13 percent and that the outlook for next year could be worse unless the financial markets sustain a consistent recovery.

In March, the Conference Board surveyed 158 companies and found that while last year's economic turmoil had minimal impact on 2008 charitable contributions because it came so late in the year, 35 percent of those surveyed already had decided to make fewer grants in 2009, and 22 percent were considering doing so.

"We will be down. By how much I'm not sure yet," said Rebecca Lucore, executive director of the Bayer USA Foundation. Bayer distributed \$5.6 million in grants last year but because of a severe drop in the value of its endowment, she said, "We're looking for other ways to contribute."

Those alternatives include placing Bayer employees on nonprofit boards of directors; offering reduced rates to nonprofits at a print shop located on Bayer's Robinson campus; and encouraging employees to volunteer their time at activities, including Bayer's Making Science Make Sense education initiative in schools and events sponsored by the American Heart Association and United Way.

Ariba Inc., which provides businesses with online solutions for managing spending, cut its contributions budget this year by about 15 percent from 2008. But it added an online initiative, DonorsChoose.org, through which it reached out to business contacts through Internet forums and social media such as Facebook, Twitter and YouTube, and asked them to contribute to a nationwide challenge to fund public school projects in low-income neighborhoods.

The Sunnyvale, Calif.-based tech company -- which has 370 employees in Downtown Pittsburgh -- also supports charities by giving its work force the option of using four paid hours each quarter to volunteer at charities they choose.

Among the organizations that Ariba's Pittsburgh employees supported this year with hands-on help were Operation Backpack, which supplies backpacks filled with toys, crayons and other items to foster children; Gear for Grades, which collects new school supplies for disadvantaged children; and the Superheroes Foundation, which provides support to abused children.

Employees made up the shortfall in Ariba's cash donations from their own pockets, spokeswoman Karen Master said, because the corporate giving program targets charities the employees select.

Because many corporate foundations base annual giving on rolling averages of asset values over multiple years, some did not reduce donations last year even when the economy collapsed, said Kate Dewey, principal in Dewey & Kaye, a Downtown consulting firm that provides services to nonprofits.

"So that was the good news last year. But [the cuts] will probably hit the books for 2010, and they won't be paying out at the level of 2009 and 2008."

For corporate giving programs tied directly to profits, Ms. Dewey expects companies "to be more conservative about how bold they will be about contributions."

Some businesses, though, said they would maintain the same level of donations this year as last despite cutting expenses elsewhere.

A sluggish economy prompted Henderson Brothers, an independent insurance company with 110 employees, to delay a planned renovation of its building on Fort Duquesne Boulevard, Downtown, and to reduce its entertainment budget.

But it has not reduced its charitable contributions, said Dan Grealish, chairman.

"We know that even more is needed than in the past ... so we're trying to make the biggest impact we can with the money we have."

As a past and present board member for social service agencies including the United Way of Allegheny County, the YMCA of Greater Pittsburgh and Hill House Association, Mr. Grealish has experienced the fundraising challenge that nonprofits face.

For years Henderson has given its employees money to shop for Christmas gifts for underprivileged children at the YMCA and Hill House. Once the gifts are purchased, it holds a wrapping party as the annual company holiday celebration.

For community causes not budgeted into its giving program, Mr. Grealish encourages employees to "help with our hands, heart or head."

Henne Jewelers in Shadyside slashed business expenses by 15 to 25 percent this year while holding its donations at the same rate as last year, said John Henne, president and chief executive.

One way it assists nonprofits is to open its Walnut Street store for events.

Last week, for instance, it held a fundraiser for Bead for Life, an organization that sells jewelry hand crafted by Ugandan women and uses the revenues for economic development in that country. During a reception on Thursday evening, patrons shopped for the jewelry while listening to African music and eating African cuisine.

The jeweler exceeded its original charitable budget for the year to host the Bead for Life event but Mr. Henne decided to do it because, "I was fascinated with the return on investment. Not a whole lot of money can make a significant impact. One hundred percent of the proceeds go back to Bead for Life ... and are helping women in Uganda."

Henne and other businesses said they rotate the charities they support from year to year so they can reach different needs in the community.

Corporate giving in 2009

38% Companies forced to cut cash donations this year

57% Will provide volunteer opportunities for employees

60% Will contribute products and services.

Source: "Weathering the Storm: The State of Corporate Citizenship in the United States 2009" conducted by the Boston College Center for Corporate Citizenship and Hitachi Foundation. The survey included 750 business executives at small, medium and large companies.

At law firm Babst Calland Clements & Zomnir, a gift of \$10,000 is allocated every October during National Breast Cancer Awareness Month to a charity involved with breast cancer issues.

The firm, with about 75 attorneys in Pittsburgh, State College and suburban Philadelphia, changes the recipient each year based on input from its lawyers and staff, said partner Dean Calland.

This year's \$10,000 gift went to the Pink Steel Dragon Boat Team -- comprising breast cancer survivors -- to help fund construction of a boathouse along the Allegheny River. Firm members joined the dragon boat team for a row on the river when they presented the check last month.

The firm's donations to other charities have remained "pretty consistent" with last year, said Mr. Calland, in part because its revenue sources haven't been dramatically hurt by the recession.

"Everybody is evaluating how they dole out money for charity with the challenge of the economy," said Wendy West Feinstein, a partner at law firm Eckert Seamans Cherin & Mellott.

To honor Eckert's executive director, Jim Parks, on his 30th anniversary with the firm, it launched a charity challenge among its 10 offices in September to support community food banks in all the cities where it operates.

Rather than making a flat contribution from the firm, the interoffice competition "spurred people to get out there and hold activities like bake sales, poker games, cookbook sales and auctions," said Ms. West Feinstein. "We'll continue it and each year pick a different charity."

Giving amounts have remained the same this year for the PNC Foundation, which in 2008 handed out \$14 million primarily for early childhood education, community economic development and the arts. Combined with event sponsorships, PNC contributed between \$28 million and \$30 million last year to philanthropic causes.

"We think in this environment it's important, if not more important, for us to give," said Eva Tansky Blum, foundation president.

The merger of PNC Financial Services Group with Cleveland's National City Corp. last Dec. 31 will not affect planned contributions, she said. National City already had pledged \$28 million in foundation gifts and sponsorships for 2009 "and we will maintain that," said Ms. Blum.

Still, not all corporations are holding to last year's charity budgets.

Nonprofit Blind & Vision Rehabilitation Services of Pittsburgh received less in corporate contributions at its annual summer golf outing featuring Pittsburgh Steelers alumni including Rocky Bleier and Mike Wagner.

"It was definitely a decrease in the amount raised. But we were very fortunate," said Connie Schwartz Bedo, the organization's director of development. Other nonprofits "either scaled back or canceled tournaments," she said.

"We've been doing the Steelers tournament for 13 years. It's a good indication that things are pretty flat if you can't get people to come out and play with the former greats."

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