

# BETRAYING THE MISSION

## THE LEFT TARGETS THE UNITED WAY



United Way, an organization whose image advertising depicts an all-American Mom-and-Apple-Pie wholesomeness, finds itself suddenly the subject of sensational news stories about mismanaged accounting practices, politicization of the organization's mission, loss of donor trust, and falling donations. Last summer, Brian A. Gallagher, United Way of America's president and CEO, responding to charges of mismanagement at United Way of the National Capital Area, said "the United Way in Washington, D.C., has lost the trust and confidence of its donors." Indeed, by October of last year, the *New York Times* was reporting that the D.C. United Way was "under investigation by a federal grand jury, the Internal Revenue Service, and three other federal agencies over accusations of financial mismanagement and misconduct." Last February, the National Capital Area UW withdrew its bid to run this year's massive "Combined Federal Campaign" after two decades in charge of the major federal employee charitable drive in Washington. In April, perhaps indicating that the erosion of trust Gallagher referred to extends beyond this one troubled UW operation, the federal government chose not to give the giving program to Central Maryland United Way, which had stepped in to bid for the contract, instead awarding it to a Northern Virginia-based nonprofit group not affili-

ated with United Way. A November 19, 2002, *New York Times* report also indicated that the troubles plaguing the D.C. UW were not unique:

After reading in newspapers about questionable accounting and financial management at the United Way of the National Capital Area in Washington last January, "I felt chilled because I had seen some similar things in other United Ways," said Brian T. Hassett, who served as president of the United Way in Chicago until recently.

Les White, a former county manager in San Jose, Calif., said he saw some of the same things when he was brought in to resuscitate the United Way Silicon Valley. "Some of what I read about in Washington, D.C., sounded so familiar," he said. "It's myopic to insist that these problems are only in one place."

California Attorney General Bill Lockyer's office announced June 6 a "thorough" investigation of possible violations of charity laws by a collapsed San Francisco nonprofit called PipeVine which, the *Contra Costa Times* reported, "processed payroll donations for employees at 600 companies for United Way of the Bay area ...." Investigators want to learn, the newspaper reported, "how much money failed to reach charities." PipeVine, which, according to the *Contra Costa Times*, began as a Bay Area UW subsidiary, employed as its top paid officials former "longtime United Way employees." And, on June 16, a former United Way executive in East Lansing, Michigan, was sentenced to four years in prison for embezzling

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more than \$2 million from the charitable agency.

In addition, United Way in recent years has become associated in the public's mind through a stream of highly-publicized incidents with the left-wing political assault on the Boy Scouts and other pro-family, pro-religion institutions and organizations. An image, not only of ideological zealotry, but of vehement opposition to Scouting, an institution serving nearly 5 million American youth and adults in a mission to develop character, devotion to God and country, and commitment to others through a program of outdoor adventure, practical skills, and service projects, hardly comports with United Way's widely-seen TV spots showing celebrities such as NFL football stars lending a hand through United Way sponsorship at local charities, doing menial tasks like washing dishes or bussing tables — whatever needs doing to help the less fortunate.

Not surprisingly, the jarringly out-of-character image of United Way as involved in Enron-reminiscent fiscal management scandals alongside an impression that the organization has been co-opted by ultra-left fringe elements has not helped the agency serve its long-established mission as a facilitator of selfless giving and no-questions-asked charity for people in trouble or for organizations trying to help people avoid trouble. The [San Francisco] Bay Area United Way in March found donation pledges in this year's annual campaign running some 17 percent behind last year, leaving the campaign expecting to collect only \$42 million of its \$52 million goal, and more than \$20 million short of donation levels in 2000.

No doubt, some of the fall-off is attributable to the state's Gray Davis-years economic downturn, but to insinuate that that is the whole answer, as Bay Area United Way CEO Anne Wilson seems inclined to do, is misleading. Local United Way leaders gathered last January to approve, overwhelmingly, new, tighter financial disclosure standards and a greater fiscal oversight role for the national organization. As the *New York Times* re-

ported, "The new standards seek to prevent the kinds of financial impropriety and mismanagement that have plagued the United Way system in the last several years and have eroded public trust in the organization." The November 19 *Times* report quoted above said United Way "contributions began falling in 1992 when William V. Aramony, the United Way's national leader, was accused of fraud, embezzlement and other charges, and a string of local scandals like the one in Washington this year have not helped. Contributions are now lower, after adjusting for inflation, than they were a decade ago, *even as charitable giving has doubled over all.*" [emphasis added]

As for the effects of the anti-Scouting crusade on United Way giving, a major donor rebellion erupted last fall in California when the United Way of Ventura County abruptly announced (just after completing its fund raising drive for the year) that it was cutting off Scout funding — despite a long-standing tradition of support in the \$50,000 range — unless the Scouts quit supporting traditional family values (See: "The Scouts Win Again," *CPR*, March/April 2003). Local citizens and community leaders, including many prominent former United Way supporters, created a new, independent fund-raising operation that not only replaced the lost United Way contribution, but raised more than four times that amount for the Scouts.

One leader of the revolt was WellPoint Health Networks executive Denny Weinberg, a firm believer in United Way's traditional mission as a low-cost financing umbrella organization aiding the community's health and human service agencies. (Weinberg set a company record in 2001 by raising more than half a million dollars for charities in Ventura County — and more than \$2 million nationwide — as head of WellPoint's annual corporate United Way campaign.) "What's the responsibility of a charity," Weinberg now asks, "to its donors to assure that they are comfortable about the mission and about what's happening to the money they are giving to fulfill its mission?"

The typical sequence now emerging in these UW political gambits is for radicals to engineer a politicization of a local United Way, pushing through, often surreptitiously, a policy shift abruptly ending years of pop-

ular, controversy-free support of the Scouts. Certain UW leaders experience a sudden fit of shock and distress over UW funding of “discrimination” and move to exclude the Scouts as a threat to “diversity” because Scouts exercise their First Amendment right to hold and act on opinions and beliefs that actually diverge from the left-wing Party Line.

**T**hese hypocritical performances create genuine shock and disgust among United Way donors and other ordinary people who respond, as they did in Ventura County, by replacing the Scouts’ lost funding and, often, pulling support they had been giving United Way. When, for instance, United Way of Broward County, Florida, cut the Scouts off in 2001, a South Florida couple donated \$200,000 to replenish the Scouts’ treasury. Two years after abandoning the Gulf Stream Council of Boy Scouts, United Way of Palm Beach County, Florida, reports losses of some \$500,000 in donations. In May of this year, United Way of Miami-Dade County, Florida, slammed the door on the Scouts because they declined to subject Scout leaders to “sensitivity” training with “sex education” and “sexual orientation” components. As if to maximize the damage and ill-will generated by the move, Miami-Dade’s UW radicals timed their cut-off announcement for just 30 days before they were to give \$480,000 that had been promised to and budgeted by the Scouts for summer programs — programs that would largely benefit poor and disadvantaged youngsters. Local Scout leaders asked the public to replace the lost funding. Echoing the theme voiced by national UW leader Brian Gallagher, Miami-area Scout executive Jeff Herrman characterized the incident as yet another “breach of the community’s trust in the United Way.”

On the scientific premise that what happens repeatedly can be expected to continue happening in the future, the Scouts will probably suffer no ultimate loss of funding — will probably end up with more, in fact — while Miami-Dade United Way loses support. Thus, in each case, it appears that the real victim of the leftists’ political maneuver is less the Scouts than United Way, which, as we have seen, is hitting increasingly hard times as its supporters lose faith its trustworthiness as a real charity. The real victims, too, are those in need of charity — those people that a politicized UW is too ideologically-hobbled any longer to serve. “In the end, who will be hurt?” asks Assemblyman Tony Strickland, who sits on both the United Way and Boy Scout boards in Ventura County. “It will be the kids who go to Boys and Girls clubs and to the Boy Scouts and the elderly folks who rely on some of the services that the United Way provides.”

What’s happening here? How does a nationally-established, highly-popular charitable organization, once relied upon from coast to coast and from the largest and most powerful of the nation’s business and community organizations to untold thousands of ordinary, individual American charitable givers, find itself embroiled in management scandals and divisive political intrigues having nothing to do with its mission or the purposes the vast majority of its financial supporters want it to serve?

First, it is important to note that only a small portion of United Way chapters have gone left-wing political — an estimated 50 or fewer (less than 4 percent) out of 1,400 United Way chapters across the country. Also, only a small portion are suspected of any financial wrongdoing.

Second, politicized, anti-family United Ways represent a radical departure not only from the vast majority of local organizations and activists that constitute United Way in America. They also depart absolutely from the organization’s historic mission. The national UW web site traces its history back to 1887 when, “In Denver, religious leaders founded the Charity Organizations Society, the first ‘United Way’ organization, which planned and coordinated local services and conducted a single fund-raising campaign for 22 agencies.” Needless to say, no anti-family activism was evident at the founding or at any time in the organization’s history until recent years when a small but significant minority of chapters turned away from their donors’, their communities’, and their history’s clear objectives to subvert UW to serve narrow, fringe political purposes at the cost of harming the group’s overall effectiveness.

United Way’s historic mission has never been to serve as an engine for social change, but for “mobilizing the caring power of communities.” That phrase, taken from the mission statement of United Way of Southwestern Indiana, still describes the vast majority of United Ways across the country. And the vast majority of United Ways, including Southwestern Indiana, still support the Boy Scouts. So if the corrupt image created by a few radicalized UW chapters tarnishes the vast majority that maintain the organization’s historic vision and purpose, it’s a bad rap.

But UW’s national board has done little to comfort people concerned about politicization. For example, on the specific issue of the Boy Scouts, the national board has kept itself at arm’s length, merely pointing out that “Action taken by the volunteer board of any local United Way has no bearing on any other United Way or Boy Scout Council across the country.” The board neither criticizes the rogue United Ways nor defends the Scouts as admirable contributors to the development of young

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# DESTRUCTIVE



# GOVERNMENT

**THREE VIEWS OF THE CAPITOL'S CAREENING RULING CLASS  
AND THE WRECKAGE IT IS LEAVING IN ITS WAKE**

**GOP governors or  
moderate Democrats  
once formed a break  
on the donkey party's  
far left wing.  
No more.**

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THE GOLDEN STATE is becoming dysfunctional. Pick any category where state governance controls or is a primary influence on public policy — from the acute condition of the public fisc, to the anemic condition of the state's business community; from the ailing jobs market, to the stagnating electrical energy market; from the declining capacity to meet infrastructure needs, such as education, transportation, and water, to a total unpreparedness to accommodate the additional six million new Californians expected by 2010. In every major category, the liberal-controlled Legislature has set California on a collision course with the cement wall of reality.

## THE LIBERALS' ONGOING SPENDING BINGE

When liberal Democrats took control of the state Legislature following the 1998 general election, the state treasury was flush with a surplus that ap-

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