

2016 Budget Instructions:

To get the most out of the information presented in the 2016 budget packet please read the narrative while referring back to the **2016 Proposed Budget Forecast** which is an attachment to the narrative.

UWPC Community Programs and UWPC Administration, Campaign and Marketing expenditures are highlighted in the **“Departmental Expenditure Budget (E)”** which is also a separate attachment.

Budget Highlights:

State of United Way of Pierce County

- **Unrestricted Reserves** – projected to end 2015 at \$1.1M above minimum target reserve of \$725,000
- **Community Campaign Revenues** – estimated decrease of \$400,000 in contributions mainly from Employees Community Fund of Boeing Puget Sound, Intel and Nordstrom
- **Uncollectible rate on pledges** – Excellent (3.75% uncollected; United Ways our size average 7.2% uncollected)
- **Impact Dollars** – Looking to grow grants especially as first Center for Strong Families opens
- **Unrestricted Dollars** – will be down about \$200,000 due to lower campaign growth. We are doing all the right stuff with our customer relationship strategies
- **Overhead** – Will end 2015 around 19.25%. Projected to be about the same in 2016. Current five-year average is 17.84%
- **Building** – Children’s Museum of Tacoma daycare is slated to open January of 2016 with addition of a best practice child care center. Already 100% debt free. 2016 will be the final year of the payment to the Boys and Girls Clubs for their Hope Center operations out of building reserves
- **Endowment** – reached \$3.5M in 2015; 8th largest endowment in the country for a United way our size
- **Economy** – Pierce County continues a slow recovery from the Great Recession. In September the unemployment rate was 5.7% versus 3.9% in King County. The real unemployment rate, the rate that reflects those that gave up hunting for jobs and those who are working part-time but want full-time, is higher. The Great Recession has also left more people struggling to make ends meet than any prior recession. Since 90% of our revenue currently is dependent on workplace campaigns, it will continue to be a challenge for us to grow revenue in this arena. We continue to strategically shift our focus to developing affinity groups, principal gifts and grants.

Other Highlights:

- **Live United Brand** continues to be well received and actively promoted throughout Pierce County. There have been sightings as far away as Cabo San Lucas Mexico with people wearing Live United t-shirts
- We continue to make strides in **customer relationship management**. Leadership giving retention (those giving \$1,000 or more) increased 3% to 72% adding 25 donors year over year for a total of 527
- **Better Business Bureau Seal of Approval strengthens donor trust in us**
- **Clean audit (28 consecutive years)**

2015-16 Revenue Projections

Community Campaign: The community campaign includes our work with approximately 400 companies where donors give primarily through payroll deduction, and also our direct mail efforts. We have a budget goal of \$4,460,485 down \$400,000 from last year. Still positive things are happening for us:

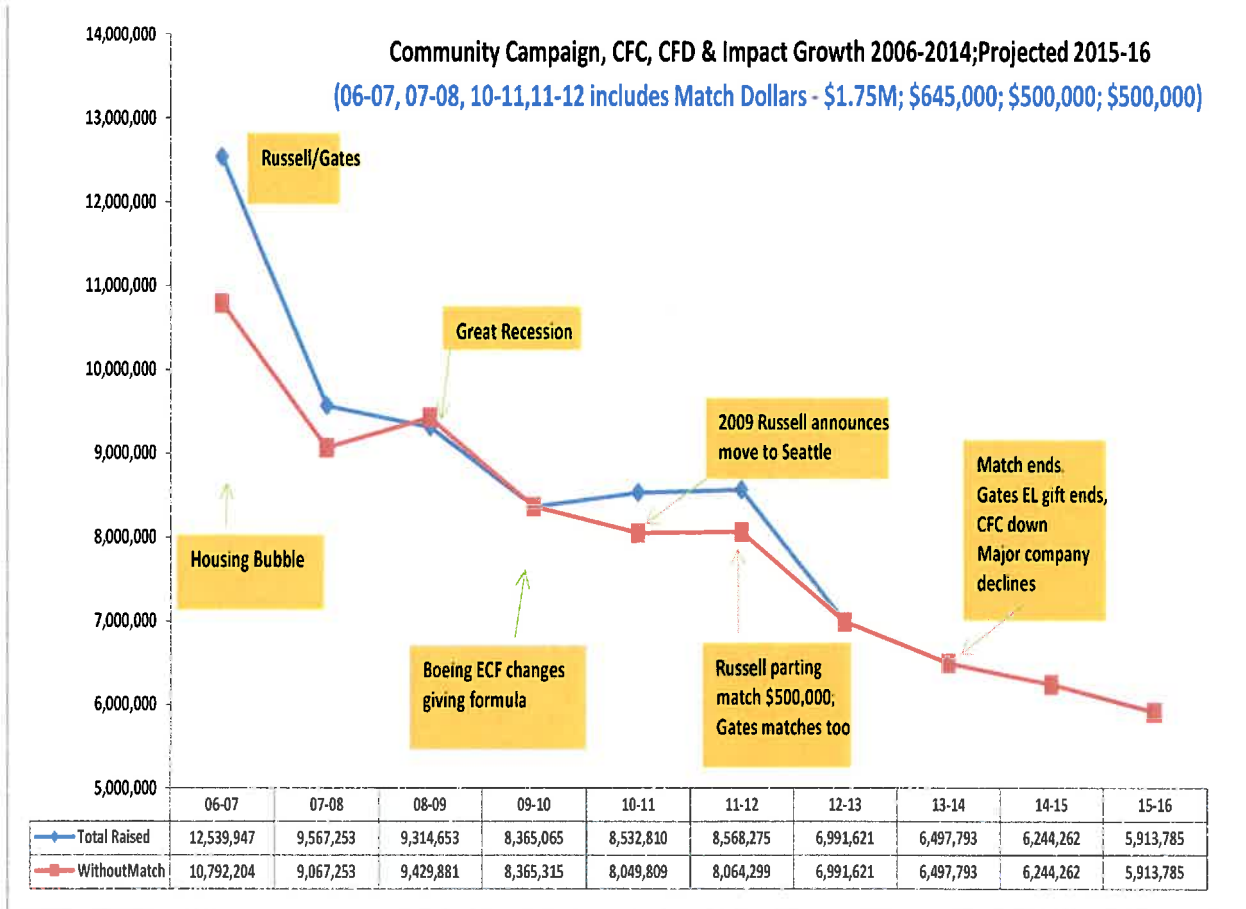
- Campaign Chair, Dianna Kielian continues in her second year in this role. She is active and passionate about the United Way mission and is making time to present at many corporations throughout Pierce County. Dona has been joining her on some of those calls and going on CEO calls of her own. Our history shows that when we have an involved and passionate campaign chair this helps our overall fundraising efforts.
- Women's Leadership Council (WLC) and Emerging Philanthropists (23-36 year olds) are now in their second year. ***United Way Worldwide research shows that the largest growth in new dollars, even during the Great Recession, was with women's groups.***
- This year we will have our second "crowd sourcing" online ask with a focus on ALICE and what we are doing with our community partners to break the cycle of poverty in Pierce County. ALICE stands for Asset Limited Income Constrained Employed. Many of these individuals are working two jobs to support their family. The number of people one paycheck away from financial disaster increased significantly since the Great Recession. Research done by Rutgers University in Washington, Idaho and Oregon and the data will be shared this fall. Having these facts will be powerful when we talk with current and potential donors on the increasing needs of Pierce County residents.
- The CANDO process we went through in the spring of 2014 reminds us that we have the potential to capture approximately \$14M of additional resources in Pierce County. The United Way Worldwide team, along with our staff, developed key strategies to tap into those dollars. We have been executing on many of the strategies recommended by the United Way Worldwide team that visited us.
- Two key hires were made in 2015 for vacant slots: VP of Impact and a VP of Major Gifts. Both positions will be important for future revenue generation.

Combined Federal Campaign (CFC) & Combined Fund Drive (CFD) Campaigns: We are projecting a decrease in the CFC campaign of (\$19,000); CFD (\$1,800). Both fundraising efforts are 100% designated with UWPC receiving on average \$2,500 CFC; \$10,000 CFD. 2016 will be the last year of the CFC campaign as we know it. The government will be centralizing the campaign into six local processing centers. Marketing will stay at the local level, with each local federated employee volunteer committee determining how to promote the CFC. Application fees will be assessed to agencies wishing to participate in the campaign.

Grants: We are expecting growth of \$82,000 to \$418,000. New grants will be coming from the Seimer Foundation for a Pierce County project focused on helping reduce student mobility while increasing academic success and from our new supporters to open up the first Center for Strong Families.

Major Revenue History

The graph below tells the story of our revenue pattern with certain key events along the way; 15-16 budget projection. We definitely want to change this story!

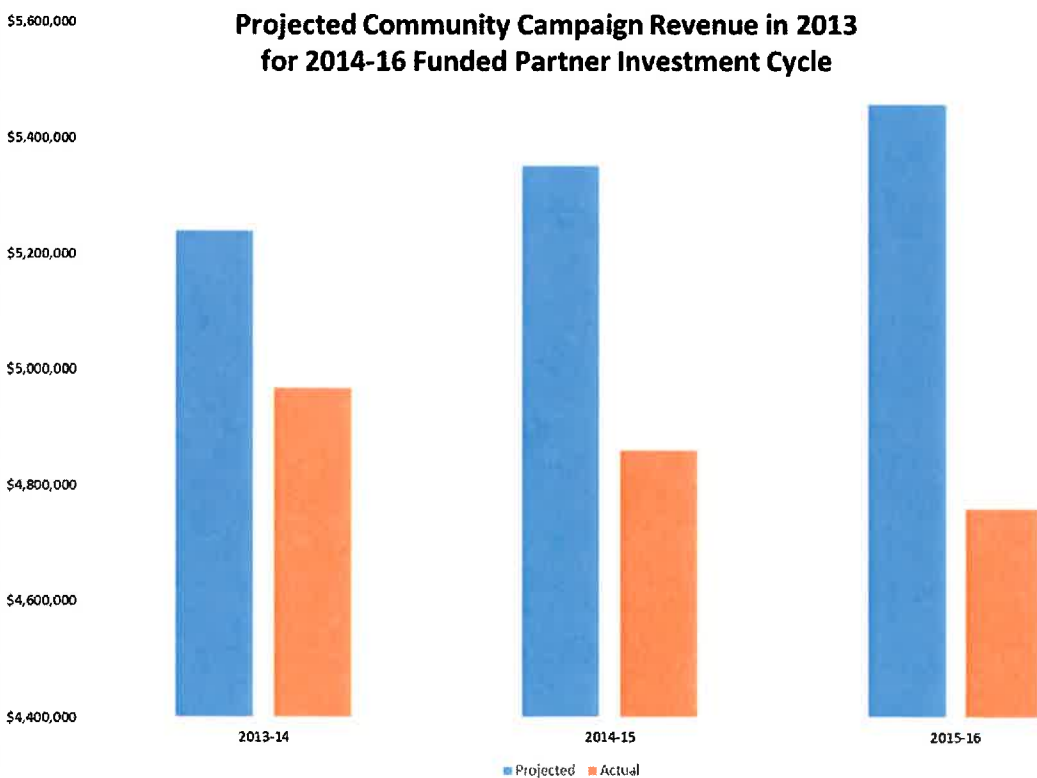


Unrestricted Reserves

Unrestricted giving to United Way gives us flexibility to invest in community programs that are aligned with the United Way mission as well as fund our own infrastructure so that we can act on our strategic plan supporting initiatives for young children and strengthening families. We still value a donor designated gift to a specific agency of their choice. We want to be the charity of choice for all donors, helping to facilitate their charitable giving.

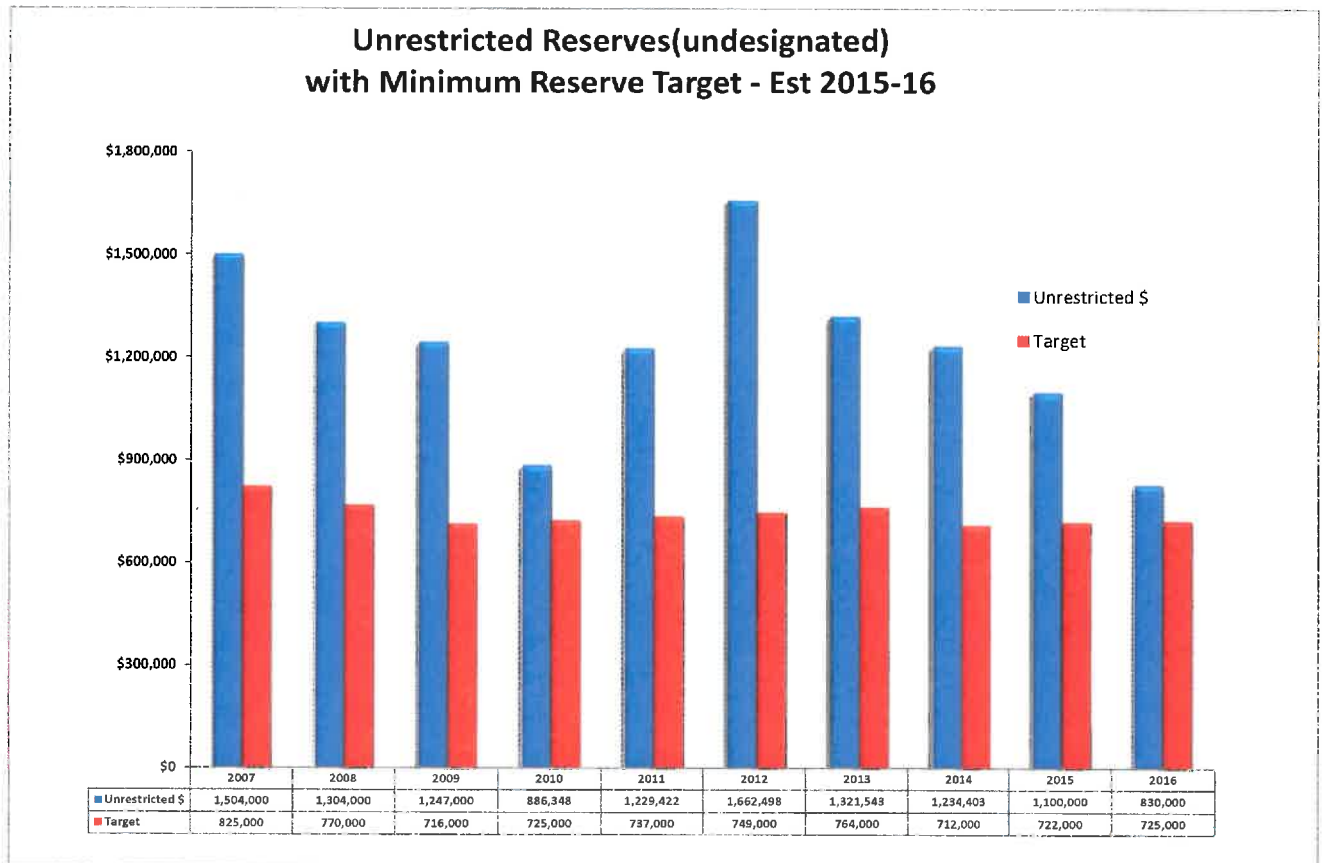
In 2014, we had an approved budget with deficit spending of \$600,000 and a 2015 projected reserve spending of \$510,000. We were on course to be out of reserves by the summer of 2016. A significant part of the deficit spending, \$262,500, was set aside for flexible impact investments and was based on a rosy revenue projection made in the first quarter of 2013. The remainder of the deficit was an investment in additional staff to be ready to catch the wind of the turnaround in the economy. The turnaround did not happen as anticipated. Campaign revenues have continued to fall. New leadership thoughtfully reviewed the organizations resources, infrastructure, and community program investments and made changes that steadied our reserves in 2014. In 2015 we had projected an increase in our campaign, but fell short by \$250,000. Management made adjustments by slowing hiring without harming the organization and donor designations are expecting to come in lower due to a smaller campaign. Both of these factors will get to a breakeven budget.

In 2013 when we made a revenue forecast that anticipated growing revenues from 2014-16. The estimate at that time informed us to invest \$1.2M in community partner agencies each year for three years. The graph below shows the forecast in blue and what has happened since in orange.



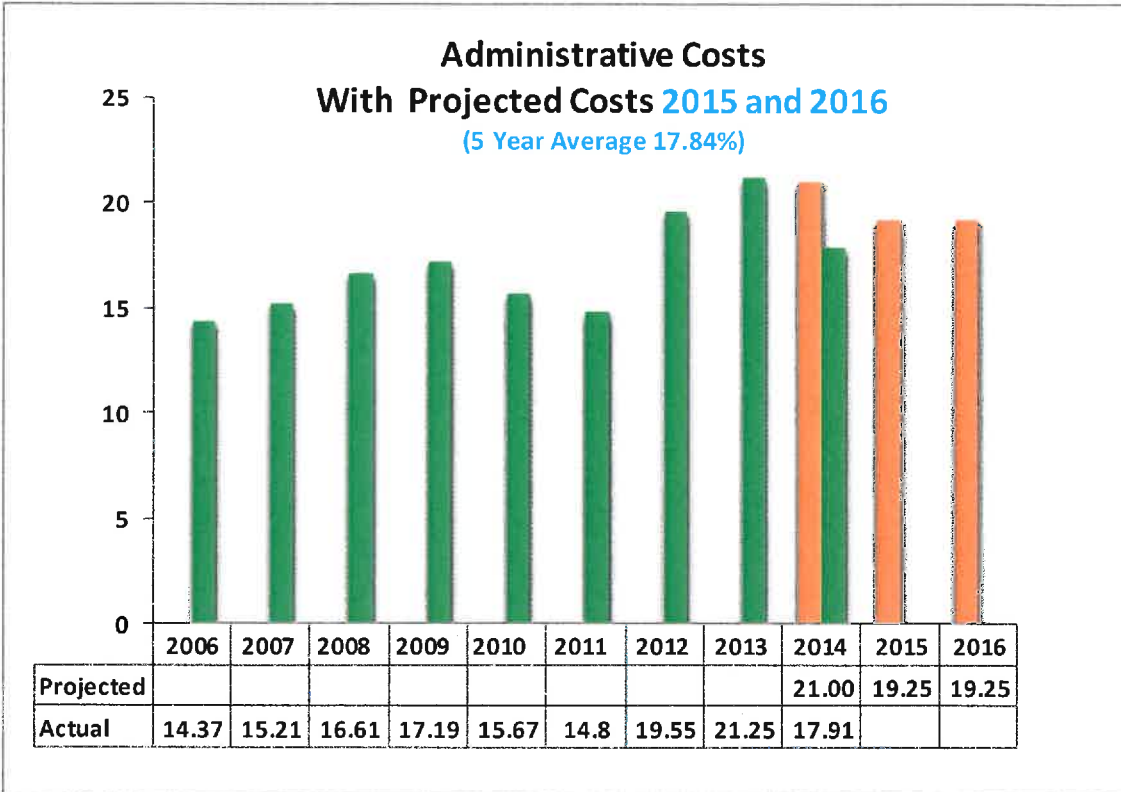
It is important to honor our promises to these partner agencies and for United Way to be a reliable funder. **Management would like to propose \$270,000 of unrestricted reserves be used to shore up an overall projected budget deficit of \$270,000 for 2016.** We have shrunk staff and other spending considerably in the last two years and further reductions at this time could harm the organization. The new three year community investment cycle begins in 2017 and we will be investing dollars conservatively with only making one year at a time promises instead of three.

Here is a graph showing our unrestricted reserve history and a forecast for 2016 that takes into consideration the proposed \$270,000 use of reserves.



Administrative Costs: Projected cost for 2015 is 19.25%, up from 17.91% in 2014. **Our five-year average is 17.84%.** We have moved to a five year average when marketing to the public. This smoothing effect takes into consideration large fluctuations in our revenues such as a match campaign or the receipt of a large bequest. When those things happen, our costs decline significantly for one or two years and then see a large increase.

We have controlled our expenditures well over the last five years, cutting them significantly in 2014. Declining revenues have caused costs as a percentage of revenue to increase. If projected revenues come in better than budget, costs will decrease.



2015 Proposed Budget:

Please follow along with the attached **2016 Proposed Budget Forecast**, as we walk you through the numbers.

Comparison of 2016 to 2015 budget years:

TOTAL RESOURCES: projected down **(\$604,665)**

Here is the makeup of the decrease:

Net Campaign Resources and grants: - **(\$380,966)**

After factoring in a 3.75% allowance for bad debt of \$167,268 **net campaign resources and grants** are expected to decrease from \$6,137,483 to \$5,756,517.

As mentioned earlier, declines in gifts from Boeing, Intel and Nordstrom make up the majority of this decline.

(A) Program Income: - **(\$93,650)**

Gifts-in-Kind is projected down by **(\$100,000)**. A new childcare center will open January of 2016 and will be using some of the space where we use to store donated items. Other minor changes amounting in a net gain of \$6,350.

(B) Miscellaneous Support: - (\$130,049)

The bulk of this decline is that we have less carryover grants and flexible impact money to investment. Early learning money from the Department of Early Learning and Thrive by Five are now going directly to First Five Fundamentals and we had a Cheney Foundation Technology grant that won't be renewed. We have to wait a year before you can apply to the Cheney Foundation again.

COMMUNITY INVESTMENTS: projected decrease of (\$470,958)

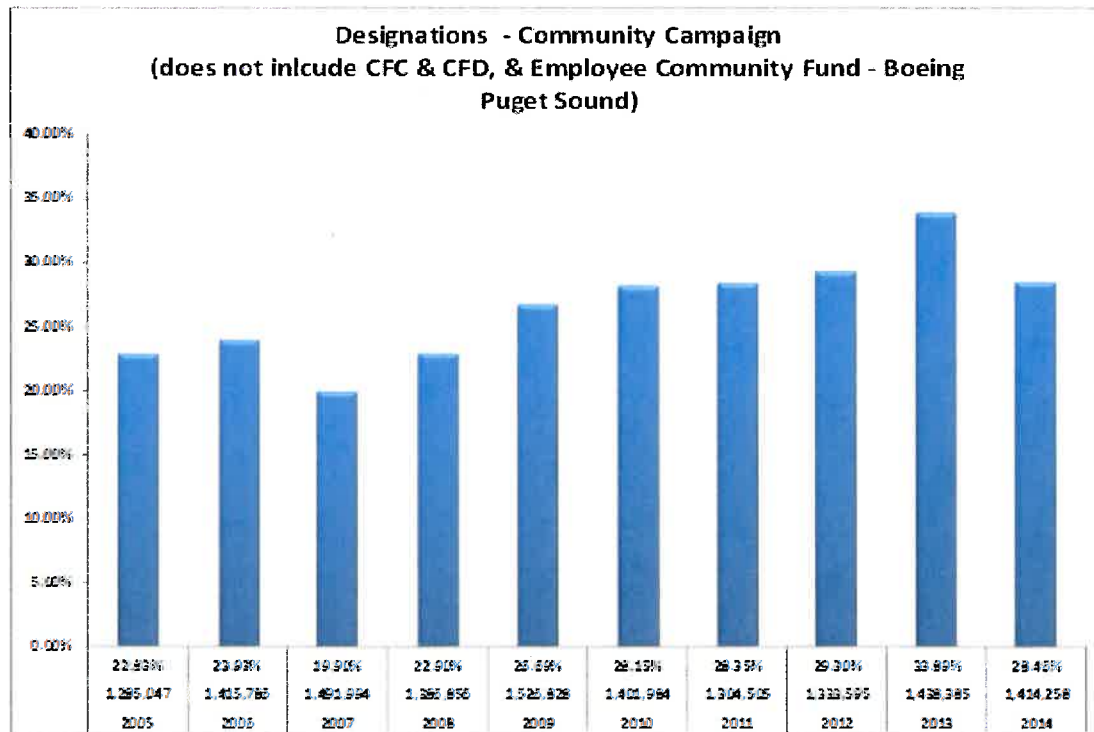
Here is the makeup of the decrease:

(C) Community Impact Fund - (\$79,831)

- **Volunteer investment process (3 year agency contracts) (\$33,421)** - Three agency programs no longer exist.
- **Impact Flexible Board Designated** – Less money available in reserves to invest in 2016 **(\$30,000)**
- **Impact Donor Directed to Focus Areas (\$36,410)**
- **Labor Community Services (new line item) + \$20,000**

(D) Donor Designations - (\$279,007)

Designations to specific agencies will be down along with the anticipated decrease in our community campaign. Designations as a percentage of the community campaign have ranged from a low of 19.90% (2007 Gates Community Match) to a high of 33.89% in 2013. 2015 is estimated at 27.67%. Another way to look at this is that 72% of donations are given unrestricted to United Way.



Other:

Combined Federal Campaign, CFC (\$18,715) By federal regulations the CFC is a 100% donor designated campaign for federal workers.

Combined Fund Drive, CFD (\$1,836) Washington State campaign for state employees which is 100% donor designated.

UWPC Community Programs, + \$8,432 the reason this shows an increase is we plan to use \$72,000 of a prior year grant to fund an evaluator position. Otherwise, there would be a decline of \$63,568 in this area.

Gifts in Kind – Non Cash, (\$100,000) Reflects previously mentioned decrease to losing storage space of products.

SUPPORTING SERVICES AND DUES: decrease of (\$55,121)

Main decrease here is not having \$50,000 from the Cheney Foundation to invest in technology in 2016.

Please reference the **Departmental Expenditure Budget (E) 2015** as we highlight some of the line items.

Personnel Line Items – Salaries, Benefits & Payroll Tax and Temporary Support

Increase of \$8,220

As mentioned earlier in the overall forecast, we are using \$72,000 of grant money from a prior year to fund an evaluator position. This work will set us apart from our competition as we move forward with our impact work. We will seek continued grant funding for this position in 2017. Otherwise, this area would have a decrease of \$63,780.

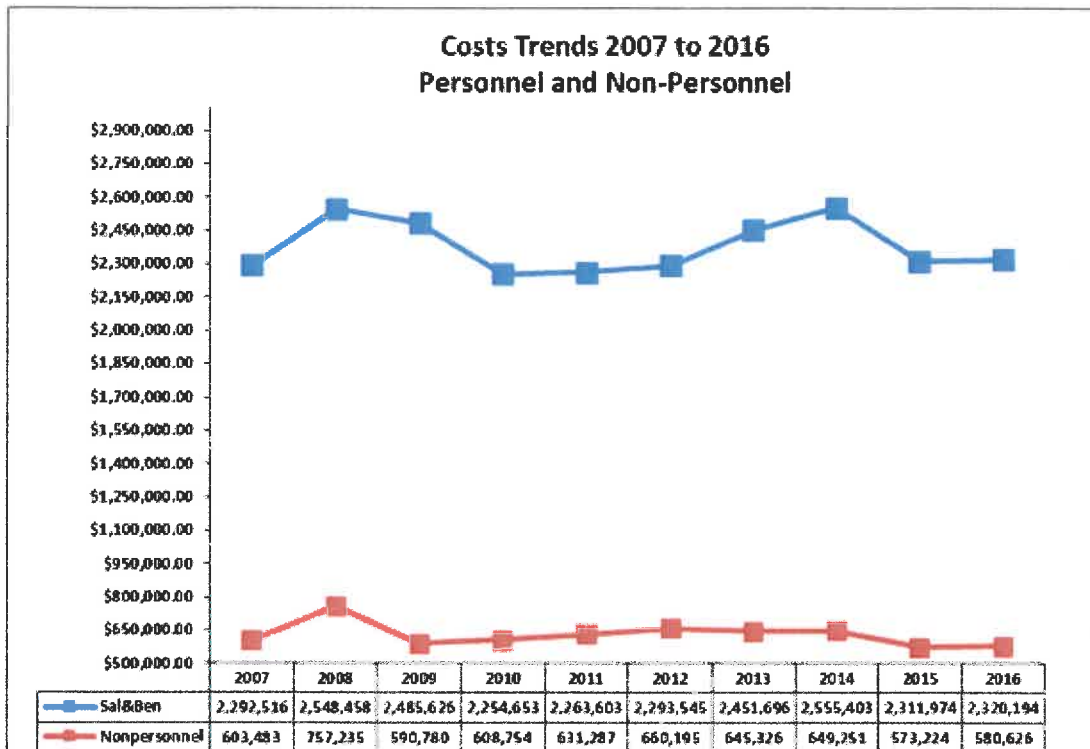
Non Personnel Costs Highlights:

Overall increase of \$7,402.

Line items increasing by more than \$5,000:

Increase in supplies of \$7,000 from a small federal grant (40% match requirement) awarded for volunteer engagement and \$22,000 increase in volunteer travel reimbursement for RSVP. (Federal Retired Senior Volunteer Program)

Most other line items had decreases or very small increases.



Combined Federal Campaign Budget (CFC):

The CFC budget, which is separately approved by a local federated committee of federal employees, is anticipated to cost \$124,000 down from \$147,000 last year. Costs in 1999 were \$160,000.

Our Building:

After the Children's Museum state of the art child care center opens January of 2016 we will be at 100% occupancy. We have not been at that level since 2011. We plan a breakeven budget with rents covering costs. Nonprofit tenants are 70% below market with the childcare center 50% below market and at the same rate as the first daycare in our building in 1995.

We will be removing earthquake coverage from our building. A structural report was given to us by PCS Structural Engineer that verified the earth quake updates that we did when we rehabbed the building in 1994 meet 75% of new construction standards. With the savings from the earthquake coverage of approximately \$20,000 we anticipate making the final \$102,500 payment of a ten year grant to the Boys and Girls Clubs for their Hope Center operations out of building reserves in 2016. However, unforeseen large repairs could make this a challenge. We will be monitoring our cash flow closely in 2016. No donor dollars have been used to make any of these payments.

2016 Budget Attachments

2016 Proposed Budget Forecast

Departmental Expenditure Budget (E)

**United Way of Pierce County
2016 Proposed Budget Forecast**

Campaign Year Budget Year	13-14 Campaign 2014		14-15 Campaign 2015		15-16 Campaign 2016		Delta 2017	
	Actual	Est & Actual	Est & Actual	Budget	Budget	Budget	Budget	
Campaign Resources								
Community Campaign Allowance for Uncollectibles (3.75%)	4,969,191 (186,205)	4,860,485 (170,117)	4,460,485 (167,268)	4,460,485 (170,614)	(400,000) 2,849	4,549,695 (170,614)		
Net Community Campaign	4,782,986	4,690,368	4,293,217	4,293,217	(397,151)	4,379,081		
Combined Federal Campaign (CFC)	931,924	838,715	820,000	820,000	(18,715)	930,000		
Combined Fund Drive (State) (CFD)	205,509	216,836	215,000	215,000	(1,836)	200,000		
Collection of Prior Year Campaigns	58,724	55,000	10,000	10,000	(45,000)	10,000		
Grants	557,108	336,564	418,300	418,300	81,736	303,500		
Net campaign resources and grants	6,536,251	6,137,483	5,756,517	5,756,517	(380,966)	5,822,581		
A Program Income	1,539,326	1,449,663	1,356,013	1,356,013	(93,650)	1,325,563		
B Miscellaneous Support	670,918	409,549	279,500	279,500	(130,049)	60,000		
TOTAL RESOURCES	8,746,495	7,996,695	7,392,030	7,392,030	(604,665)	7,208,144		
COMMUNITY INVESTMENTS								
Community Impact Fund	1,700,234	1,541,049	1,461,218	1,461,218	(79,831)	1,104,839		
Discretionary Fund	0	0	0	0	0	0		
Donor Designations	1,422,762	1,350,000	1,070,993	1,070,993	(279,007)	1,055,000		
Combined Federal Campaign (CFC)	931,924	838,715	820,000	820,000	(18,715)	930,000		
Combined Fund Drive (State) (CFD)	205,509	216,836	215,000	215,000	(1,836)	200,000		
Discretionary Fund - Management	2,500	2,500	2,500	2,500	0	2,500		
Bequests to Endowment	236,940	0	0	0	0	0		
Restricted (Boys&Girls)	102,500	102,500	102,500	102,500	0	0		
UWPC Community Programs								
Community Impact, 211, Volunteer Engagement, Gifts In Kind, RSVP	1,284,933	1,406,857	1,415,289	1,415,289	8,432	1,378,392		
Gifts In Kind - Non Cash	1,110,931	1,100,000	1,000,000	1,000,000	(100,000)	1,000,000		
TOTAL COMMUNITY INVESTMENTS	6,998,233	6,558,457	6,087,499	6,087,499	(470,958)	5,670,731		

**United Way of Pierce County
2016 Proposed Budget Forecast**

	2,014		2015		2,016		Delta 15-16		2,017
Supporting Services & Dues									
Admin/Resource Development/Marketing	1,468,483		1,478,340		1,485,531		7,191		1,448,356
Dues - National/State	68,376		77,312		70,000		(7,312)		70,000
Equipment/Software	34,000		69,000		14,000		(55,000)		14,000
Future Capital Funding	5,000		5,000		5,000		0		5,000
	1,575,859		1,629,652		1,574,531		(55,121)		1,537,356
From UWPC Reserves or Budget Savings	0		191,414						
(Deficit) Surplus	172,403		0		(270,000)				57

E

**United Way of Pierce County
2016 Proposed Budget Forecast**

	2014	2015	2016	Delta 15-16	2017
A Program/ Event Support					
Event Income	20,000	20,000	30,000	10,000	30,000
Program/Contract	373,080	299,663	296,013	(3,650)	255,563
Loaned Executive Sponsorship	35,315	30,000	30,000	0	40,000
Gifts In Kind - Non Cash	1,110,931	1,100,000	1,000,000	(100,000)	1,000,000
Total Program/Event	1,539,326	1,449,663	1,356,013	(93,650)	1,325,563
B Other Support					
Investment Income	15,158	16,000	20,000	4,000	20,000
Restricted (Boys&Girls)	102,500	102,500	102,500	0	0
Restricted - carryover grants	116,336	261,049	72,000	(189,049)	
Board Designated Impact - carryover	175,000	0	50,000	50,000	
Bequests	236,940	0	0	0	0
Miscellaneous	24,984	30,000	35,000	5,000	40,000
Total miscellaneous support	670,918	409,549	279,500	(130,049)	60,000
C Community Impact Fund/ Flexible Impact					
Volunteer Investment Process (3 yr contracts)	1,199,307	1,200,000	1,166,579	(33,421)	995,000
Impact Flexible - Board designated	0	80,000	50,000	(30,000)	
Impact - Donor Directed to Focus Areas	500,927	261,049	224,639	(36,410)	109,839
Labor Community Services			20,000	20,000	20,000
Total Community Impact Fund/Flexible Impact	1,700,234	1,541,049	1,461,218	(79,831)	1,104,839
D Designation Sources:					
Donor Campaign Designations to Agencies	1,129,945	1,050,000	770,993	(279,007)	755,000
Other CFC's to United Way Funded Agencies	46,711	50,000	50,000	0	50,000
Paid by other pledge processors	246,106	250,000	250,000	0	250,000
Total Designation Sources	1,422,762	1,350,000	1,070,993	(279,007)	1,055,000

**United Way of Pierce County
2016 Proposed Budget Forecast**

	2014	2015	2016	Delta 15-16	2017
G 211 Milgard - Military Specialist	50,000	50,000	50,000	0	50,000
G 211 Milgard - Family Support Navigator	75,000	75,000	75,000	0	75,000
G 211 New Phone System/Website		86,000	0	(86,000)	0
G Early Learning Legacy Partners	352,108	92,226	10,500	(81,726)	10,500
G Cheney Foundation - Technology Grant	55,000	0	0	0	0
G Greater Tacoma Community Foundation	5,000				
G Seimer Foundation			100,000	100,000	0
G Bank of America	20,000	25,000	25,000	0	25,000
G Bamford Foundation - Summer Learning Website		3,538	18,000	14,462	18,000
G Pierce County Library - Summer Learning Website		1,200	1,200	0	0
G Clover Park - Summer Learning Website		1,200	1,200	0	0
G Bethel School District - Summer Learning Website		1,200	1,200	0	0
G Franklin Pierce School District - Summer Learning Website		1,200	1,200	0	0
G MultiCare CSF			25,000	25,000	25,000
G Franciscan CSF			25,000	25,000	25,000
G City of Tacoma CSF			85,000	85,000	75,000
Total Grants	557,108	336,564	418,300	81,736	303,500
C 211 Disaster Preparedness PSE	30,000	0	0	0	0
C 211 Basic Food Contract	16,420	15,000	15,000	0	15,000
C 211 WIN - State Funding for operations	20,799	3,000	2,000	(1,000)	1,000
C 211 Department of Health	9,375	10,000	10,000	0	3,500
C 211 My Free Taxes	506	0	0	0	0
C 211 Transportation	96,913	94,000	95,000	1,000	85,000
C 211 Washington Health Finder	46,429	0	0	0	0
C 211 EITC	3,852	4,200	4,200	0	0
Total Contracts	224,294	126,200	126,200	0	104,500
P RSVP - CNCS	98,959	114,463	114,463	0	114,463
P RSVP - CTED - WARSVPD	17,444	17,000	17,000	0	17,000
P Volunteer Engagement - Franciscan	2,150	4,000	1,700	(2,300)	0
P Volunteer Engagement - Volunteer Generation Fund CNCS	9,363	15,000	13,000	(2,000)	0
P Volunteer Engagement - Letter in Community Service	7,795	7,000	7,650	650	5,600
P 211 UW Thurston County	5,000	10,000	10,000	0	10,000
P Gifts In Kind - Agency Annual Membership Dues	8,075	6,000	6,000	0	4,000
Total Program Income	148,786	173,463	169,813	(3,650)	151,063