Resource: **Ethical Fundraising**

For Programs Serving Young People

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Originally published by the National Mentoring Center in "Sustainability Planning and Resource Development for Youth Mentoring Programs," a comprehensive guide to planning for, and securing future funds to keep your mentoring program thriving. On the web at http://www.nwrel.org/mentoring/pdf/sustainability.pdf (878K file).

Many social profit programs are built to serve young people. Individual organizational missions, your program's structure, the populations you serve may all vary, but in the end, the goal is always to help young people successfully navigate their journeys through life.

To facilitate this work and sustain your program, you have to raise money. I am of the opinion that the "best" money is money that comes from individuals because those investors likely share your organization's passion for youth mentoring. This money generally comes with fewer strings and it is more sustainable than government, corporate, or even foundation support. If you read my chapter on "Building a Powerful Constituency of Individuals," you'll also see there is a lot more money in this approach!

But, I am also an executive director and I understand the need to create and maintain diverse funding streams in order to realize our mission and vision and leverage important relationships. The challenge comes in doing this work in a way that is consistent with our organizational values.

In deciding whether to pursue or accept corporate contributions or enter into a new partnership agreement, an organization must ground itself in who it is and who it is ultimately accountable to—young people and their families. These are the stakeholders you must be most concerned about in terms of the impact of your decisions.

Accordingly, you should strive to develop fund-raising practices that reflect your values and strategic goals and do not work at cross purposes with your mission and vision. Usually, these issues arise most often when discussing potential corporate contributions, especially funding from companies that offer products and services that are generally illegal for use by young people—alcohol, tobacco, guns—but also companies that are perceived to target or exploit young people or have questionable corporate practices. These companies can be more difficult to identify, but you'll certainly recognize them when community controversy explodes.

As these are very difficult issues for all youth programs, I recommend creating a set of guidelines that can be used in evaluating any kind of corporate or private contribution as well as other kinds of partnerships. If you have a policy that you use consistently, it will help to

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minimize any negative reactions you may receive once the decision is made and announced (or discovered).

I recommend that your board of directors, which is ultimately responsible for policy decisions, create a set of criteria that will guide your decision-making, as well as a set of tools (tests) to help guide the executive director and the staff responsible for implementing the policy. It is forward-thinking on their part, if they consult key stakeholders (including staff), both as these criteria are being developed and before their adoption as policy.

Every youth service program develops in a unique way. We have a specific purpose or mission, our own way of framing the future and our vision for it, and each of our organizations has a set of values (whether we articulate them or not) that guide our day-to-day decisions and our long-term planning.

The issues your program views as critical and in need of addressing are specific to you. As a result, your corporate contributions (or partnership) policy will need to be specific to you as well. In the next section, I am going to give you some information about my organization as an example of how you get from mission, vision, and values to a clearly articulated framework for making difficult fund-raising decisions.

Remember, however, this is our policy, it reflects our work and our values. Your policy will likely look different and that will require effort and tough conversations on your part. Use this as an opportunity to engage your board of directors and strengthen your program's infrastructure. This is at the heart of what it means to build sustainable programs.

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Case Study: The National Youth Advocacy Coalition

At the National Youth Advocacy Coalition (NYAC), where I am the Executive Director, we define ourselves as a social justice organization fighting injustice against lesbian, gay, bisexual, transgender, and questioning (LGBTQ) youth and advocating to ensure their physical and emotional well-being. NYAC is committed to supporting local and national organizing within a multi-issue, social justice framework, whereby LGBTQ youth of all races, ethnicities, class backgrounds, and gender identities live to their fullest potential.

With this guiding their deliberations, our board adopted guidelines very similar to the following:

- ★ We will strive to solicit and accept contributions only from corporate and private entities that meet our criteria. Therefore, reasonable steps will be taken by staff to gather information related to these criteria prior to soliciting or accepting contributions. NYAC will actively seek support from corporations and private entities that are engaged in:
- ★ Producing and promoting products or acts that are supportive of the health or well-being of youth-at-large and LGBTQ youth in particular;
- ★ Overturning overtly racist, sexist, class-based, or homophobic acts or policies;
- ★ Maintaining strong community-based involvement;
- ★ Fighting or avoiding large-scale labor and human-rights abuses; and
- ★ Fighting or avoiding large-scale environmental destruction as a by-product of their work.

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* Decisions regarding investments of $500 or more will be decided on a case by case basis by the executive director in accordance with the criteria laid out in this policy. Potential investments equal to or greater than 10 percent of NYAC's current operating budget will be brought before the full board for review.

The Executive Director (and/or appropriate staff) will review potential contributions using a series of "tests" to help determine their viability given the value statements above.

1. The "Abundance" Test

If we were not stretched and in need of meeting endless programmatic and community demands, would we even consider this?

What are our other options for getting this money (private donors, less controversial companies, foundations)?

If this was just "icing on the cake," would we pass instead?

2. The "Legitimacy" Test

Are we being paid to legitimize a certain practice or tradition on the part of this company to our constituency?

Does the association with us buy the corporation some kind of respectability that makes us uncomfortable?

Will our organization's leadership as an advocate for youth and broader social justice issues be compromised by this association?

3. The "Strings" Test

Does this relationship require us to jump through hoops that conflict with our mission, our constituents, or our core values?

What is the company requiring us to do (recognition, logo placement, advertising, public support, use of their products or services, etc.)?

4. The "Consequences" Test

What will this money enable us to do? What is the potential benefit for the young people we serve or represent?

What will happen if we don't take this money? Will we be making a positive statement? Will we have to eliminate a program? Will our allies disapprove?

Clearly, there are no "right" answers to these questions. In fact, any program that decides to face these issues directly will likely have to revisit their decisions from time to time depending on changing cultural and community norms, changes in organizational leadership, or changes in an organization's mission, vision, or strategic goals. By tying the policy to organizational values, however, it is likely that policy revisions will be minimal.

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Case Study: The National 4-H Council and Philip Morris USA

As your organization begins to grapple with creating policy related to your fund-raising efforts, you will undoubtedly face the dilemma of whether or not to create blanket prohibitions against things like alcohol and tobacco funding. There is a school of thought that argues that any program serving young people should not take funding from companies whose products are illegal and potentially dangerous for that population. Another school of thought argues that using money from these companies to do good work mitigates against the potential danger of these products in the hands of young people.

This is not an easy decision and despite the well-crafted arguments that can be made on either side, the ultimate decision needs to be grounded in your organization's values as it relates to meeting the needs of young people. The tests I've provided above offer a framework for managing the discussions (and others that may be specific to your organization), but please do not believe they will be easy conversations.

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For example, let's take a look at some of the key arguments in favor of a blanket prohibition against youth programs taking tobacco company funding. You can find more extensive arguments on the Web site of the Campaign for Tobacco-Free Kids at: www.tobaccofreekids.org/reports/smokescreen/philanthropy.shtml.

Most of the groups and individuals who advocate against taking money from tobacco companies begin with a history lesson. They remind us that for decades, tobacco companies, according to their own industry documents, specifically targeted young people through their marketing and advertising. They knew even then, advocates argue, that 90 percent of regular smokers begin the habit before their 18th birthday. They recognize that future generations must become addicted in order for them to make money.

Many in youth services feel that it is wrong to use "blood money," as some call it, even if the programs it supports have health-positive goals. They believe that the ends do not justify the means. They believe that the tobacco companies' efforts now are too little, too late; and worse, that they are only contributing money to try to polish their severely tarnished images.

One study published in the Journal of Family Practice found that the "Helping Youth Say No" program, funded with tobacco company dollars, could actually encourage youth to smoke through its suggestion that tobacco use is an adult activity.

As you can see, arguments on this side of the question are powerful and persuasive. On the other hand, the National 4-H Council made a decision in 1999 to accept a $4.3 million grant from Philip Morris, one of the nation's largest tobacco companies, so it could develop a youth tobacco prevention program.

The leadership at 4-H contended that Philip Morris would have no control over the curriculum, program design, its implementation or its evaluation, and that the program would focus on positive youth development and life skills development as an approach to preparing young people to make healthful lifestyle choices.

The guiding voice for the proposed program, they argued, would be a national-level group of youth and adult partners representing 4-H/Cooperative Extension, other youth organizations, education, government, health, and the social-profit and business sectors. The National 4-H Council believed that the past was the past and that Philip Morris USA was recognizing its responsibility to prevent underage smoking by making a commitment to full fund this program for two years. More 4-H arguments can be found on the Web at: http://www.tobacco.org/articles/org/4-h/.

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Again, powerful and thought-provoking arguments, but this time, on the other side of the debate. Regardless of the decisions you make when considering tobacco funding, or alcohol company dollars, or gun company support, etc., the conversations that will be required to make them will add tremendous value to your program. It will give your organization the chance to discuss and debate key aspects of your organization's mission, vision, and values; and it will make you stronger.

Finally, it is important for you to remember than according to the American Association of Fundraising Counsel (AAFRC), corporate giving in the United States amounts to only 6 percent of total giving, or about $13.46 of the $241 million given in 2003
. It is also true that most of this money comes from the corporation's marketing departments, not their foundations.

These facts are important for three reasons.

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I. First, as you can see from the numbers, the amount of available money is tremendously limited and the competition is fierce. It is not easy to develop corporate partnerships that lead to significant revenue for your organization.

II. Second, because the funds come largely from marketing departments, they are usually tied to annual marketing plans. This makes it unlikely that corporate dollars will lead to long-term sustainability. The money can be great in a year when fund raising is tough, but for relatively small programs with limited development resources, investing a lot of your time in raising corporate money rarely pays off. These dollars also have many strings.

III. Third, because these decisions are not easy and can be polarizing, your leadership should conduct an informal cost-benefit analysis before placing tough decisions in front of the entire organization. In fact, it is likely that your program staff will see these decisions in a very particular way, while your managerial, development, and administrative teams may have a different view. Their roles and responsibilities are quite different and may at times feel at odds. They aren't, of course, but organizations must do a lot of hard work to bridge the gap than can exist between the people responsible for raising the money and those responsible for spending it. If the decision you ultimately make isn't a consensus decision, it can have repercussions that can last for a very long time.

I can tell you that the National 4-H Council has spent an unbelievable amount of time defending its decision to accept the funds from Philip Morris; and dozens of their affiliates around the country have had to struggle with whether to implement the program. Even today, almost six years later, the 4-H decision is still receiving attention.

Having said all this, perhaps it boils down to a couple of simple points: Every decision your program makes should revolve around your key stakeholders—youth and their families; and clearly articulated policies provide consistency, imply (and we hope, represent) careful forethought, and they offer the best chance you have for making the "right" decision. Of course, a little luck won't hurt!

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