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Loss of government grants forces charities to shift focus in fund-raising

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Barbara Cempura's budget was cut by \$245,000 in October 2011. The federal budget that went into effect that month stripped Big Brothers Big Sisters of Southwestern Illinois of two federal grants that were promised to the agency for an additional two years.

Cempura, president and CEO of the local chapter, said Big Brothers Big Sisters has been forced to focus on private donations and fundraising events to fill the gap left by decreased government funding.

It's not alone. Charitable organizations throughout the St. Louis area are coping with losses in federal, state and local funding by cutting costs and attempting to raise more money.

For example, Christian Social Services of Illinois has hired a full-time development director to attract more private donations, according to Executive Director Gary Huelsmann. The organization, which offers professional counseling as well as foster care and adoption programs in Southern Illinois, currently receives a majority of its funding from the state.

Huelsmann said CSS would like to diversify. It bought a donor database and is having more special events to work towards that goal.

So it goes at charities across the region. Many said fundraising is a year-round struggle, not just during the holidays.

"We are working to strengthen our donor base, but that's something that takes a long time," said Cheryl Compton, executive director at Call for Help Inc. "This year, we received a couple of large donations, totally unexpected, that were life savers."

Often a bellweather for seasonal giving is the Salvation Army, whose red kettles can be found outside most major retailers. Katie Harris Smith with the Salvation Army Corp in East St. Louis said its bell-ringers raised about \$43,000 of its \$62,000 goal this past season. Information about collection efforts in Belleville and Granite City were not available.

Smith said the Salvation Army increased its goal this year to meet growing demand.

"We tried to do a little more this year because there are more people displaced and out of jobs," she said.

Some reductions in state funding have come in ways that S.A.V.E. Executive Director Randy Law called "hidden cuts." Some programs have changed to provide money directly to families, who then purchase services on a daily or hourly basis from organizations such as S.A.V.E., which helps adults with developmental disabilities become more independent in self-care and daily living skills.

Law said the funding shift makes it nearly impossible to recoup the full cost of providing those services.

"If a person is unable to attend a class one day, we don't get paid for that person," Law said. "We have the same overhead expenses as if that person had been there."

Heath Sells, co-captain of the Salvation Army of Belleville, said emergency food and shelter funding from the federal government has decreased by about 50 percent for St. Clair County. State of Illinois funding has been stagnant for years, Sells said, but the organization has been able to quadruple the amount of money it receives from the state by successfully requesting money from different funding sources.

The state of Illinois' budget woes have forced CASA of Southwestern Illinois to manage an increased workload with the same staff. President Sandy Wagner said the organization now receives little money from the state, and federal funds are also declining.

Wagner said CASA, which provides advocacy services to abused and neglected children as they make their way through the court system, survives thanks to a committed donor base, consistent United Way funding and about 100 volunteers.

"We have to look at our budget very carefully and make sure we spend wisely," Wagner said. "The money just isn't there."

Private donations up

Fortunately for charities, lingering economic uncertainty has not dampened the giving spirit of local residents. Many charities in the metro-east and St. Louis said individual donations actually increased in 2012.

Peggy Barnhart, Regional Communication Director for the St. Louis Area Chapter of the American Red Cross, said the organization's revenue has risen continuously since 2009. Barnhart credited the increases to the giving spirit of St. Louis area residents in response to natural disasters, such as the Haiti earthquake in 2009, the earthquake in Japan in 2010, the Joplin tornado in 2011 and Hurricane Sandy in 2012,

"The people of St. Louis are so compassionate and so generous," Barnhart said. "When they see people in pain and having lost everything, they are willing to help."

Another large, high-profile organization that helps charities is the United Way of Greater St. Louis, which raised \$1 million more in 2012 than 2011. The organization receives a majority of funding through private donations.

United Way spokesperson Carrie Zukowski said the agency has been so successful in recent years that it was able to open the process for accepting new agencies to help for the first time since 2007.

Laurie Brown, Clearing House Director at Beacon Ministries, said the organization's revenue increased 15 percent in 2012. Beacon and its partner churches help connect people in need to the services and resources they require.

Contributions to Beacon Ministries, which relies primarily on individual giving, were steady from 2008-11, Brown said.

The increase in private donations to local charities is the product of hard work, said Rachel Newsome, director of communications and development for the Illinois Center for Autism.

"We are seeing a lot of companies that, in the past, have been open about giving for events are now more conservative," Newsome said. "We need to hit the pavement harder to get donations."

As many charitable organizations are beginning to target private donations to counter the decline in government funding, the ongoing haggling over the federal budget is threatening their new donor base.

During the year-end "fiscal cliff" negotiations, charities were spared a major blow when President Barack Obama backed down from his calls for lowering the maximum amount wealthy taxpayers can deduct from their taxes for charitable gifts.

However, the ongoing federal tax reform and sequestration debate has left charities "in a wait-and-see mode," according to Diane Drolinger, director of community partnerships for the Greater Saint Louis

Community Foundation.

The future for charities

Huelsmann of Christian Social Services believes future charitable organizations will be larger, more efficient and more successful.

"Illinois has performance-based contracting," he said. "Agencies that perform well get more kids and lower performers will have fewer. The smaller non-profits will struggle."

CSS has grown by about \$1 million per year since 2005, even though the state's daily rate has not changed for 10 years, Huelsmann said. The CSS foster care program has grown by 15 percent annually.

Huelsmann credits the agency's growth to its ability keep administrative costs at about 8 percent of its budget, about half that of some other agencies.

Huelsmann said dwindling grant dollars and increased competition for private donations will force charities to demonstrate their success.

"Agencies will have to prove their outcomes. It's not about doing something kind," Huelsmann said. "It's about getting results."

Drolinger, of the Community Federation, agreed that charities will need to be successful to succeed.

"Wise non-profits are gearing up for a new way to do business," Drolinger said. "The key is to be nimble so that, when funding streams change, they can adjust."

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