

Preparing for the Next Emergency: Some Lessons for Charities from September 11

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The tragic events of September 11, 2001, stirred the goodwill and charitable impulses of millions of Americans. The outpouring of concern, time, and money showed how incredibly generous people could be. At the same time, the relief effort was so large that, almost inevitably, it generated a fair degree of controversy, much centered on the charitable sector itself. Indeed, some attribute a downturn in charitable giving to the bad publicity surrounding such events as the distribution of September 11 charitable funds by the American Red Cross and other charities and the expenses incurred by some United Ways.

Whether those anecdotal assessments are correct or not—many other events, such as a recession, occurred about the same time—the Urban Institute’s Center on Nonprofits and Philanthropy and Harvard University’s Hauser Center decided to bring together active participants in September 11 relief, representatives of the charitable sector, and researchers to exchange information on what they had learned. The goal of the session was not to praise or criticize the September 11 effort, but rather to ascertain future directions. Most participants felt that important lessons were learned on how to raise, manage, and disburse funds; coordinate functions; and work with the public and the press in the case of future disasters.

The Immediate Challenges

September 11 was enough of a shock to the nation, not just to the charitable sector, that no one could have planned for all the resulting contingencies. As one participant said, its “numbing effect touched everyone.” One measure of the strength of the nation’s civil and democratic institutions was how quickly people were able to move beyond

that numbing effect and channel their energy into productive responses. Here, the charitable sector served as an invaluable intermediary, able to respond spontaneously even where no ground rules were in place.

One issue that quickly arose was coordination—a crucial effort required even while the extent of the threat remained uncertain. Early on it became clear that neither the public sector nor the charitable sector had set up institutional mechanisms for dealing with many issues. In response, the Federal Emergency Management Agency (FEMA) has coordinated with major charitable organizations such as the American Red Cross, the United Way, and community foundations to begin planning and addressing new emergencies as they arise. Many experts at the Urban-Hauser meeting agreed that these types of efforts should be more formalized and continued into the future. If a future disaster were either larger or more continual, even small delays could have serious consequences. An existing infrastructure is clearly vital.

The IRS responded to the disaster by quickly recognizing more than 300 new charities, some narrowly targeted to help specific groups defined on the basis of occupation, employer, or geographical locale. This, too, was unusual. In response to the Oklahoma City bombing, by way of contrast, only a few new charities were set up. Some participants worried about the precedent that was set for charitable tax law. In particular, the IRS reversed past practices and allowed funds to be set up for particular groups (for instance, a group of employees for one employer) that previously would not have qualified as charitable classes. For these groups and others, the IRS waived a

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needs assessment, and it processed applications under an expedited procedure. One participant even said that the IRS “threw in the towel” on the definition of class when qualifying new organizations as charitable. At the same time, some participants felt that the IRS simply could not avoid the public pressure to allow this charitable activity to take place; the public was trying to respond quickly, and the agency wanted to facilitate that response, not serve as a regulatory obstacle. The consequences for what is and is not charitable are still being worked out today.

Some charities, likely to their surprise, were quickly put on the defensive even though they were trying to “do good” in the midst of the crisis. Some citizens, for instance, became upset when their blood couldn’t be taken because of a temporary excess of donors. Perhaps the area of greatest controversy was the disbursement of the funds that were raised. The American Red Cross and, later, the September 11 Fund, among others, were attacked for not sending all donations directly to the victims of the attack. The Red Cross, for instance, had intended to meet a variety of needs, including military, strategic blood reserves, and others fairly directly related to the attacks, but it was unable to communicate that message directly to the public.

Several participants at the session felt that parts of the press seemed to be searching for scandal without wanting to deal with the substantive issues. Participants disagreed to some extent about the very visible actions of the New York State Attorney General (who quickly jumped into the fray and pushed for disbursement of funds to victims); the issue was less whether he had a role to play than whether the consequences of his public actions led to a more efficient and need-oriented use of funds. A press representative admitted that the press wants and likes dramatic stories, which fuel public reaction. At times, as when readers respond with an outpouring of funds, this leaning can help charities; but at other times, as with stories about administrative costs, it can hurt charities and lead contributors to give less.

While most participants understood the reasons that charities might

tend to be defensive, some feared that a defensive posture could lead to suboptimal planning by charities in the future. In particular, many participants remained concerned about how to get charitable resources to meet the greatest (charitable) needs.

Meeting Needs and Donor Intent

After a rash of bad publicity in the case of September 11, many charities decided that they would get money out to victims quickly. One participant said, “Apparently the money was just too hot to keep.” Charities acceded to what they perceived as donor intent, as well as pressure from the press, the New York State Attorney General, and members of the public to focus donations on those activities to which donors felt they were contributing.

One problem was that this disaster generated an outpouring of money far in excess of what had been prompted by previous disasters. Hence, many of the direct victims’ economic needs could be met with only a fraction of the funds. As one participant said, it is “difficult under tax law to say what is ‘too much.’” Moreover, many families of those killed or injured were being offered compensation from many different charities, as well as through a federal Victims Compensation Fund (in the latter case, to the extent that they did not already receive life insurance or other “collateral” compensation). It was hard for each charity to pull together information on how much they might receive from these other sources, and for a while it appeared that charitable payments could reduce federal payments. Thus, there were very good reasons for charities to proceed with some caution if they were trying to do the most good with their money.

Still, the pressure to simply redistribute the funds quickly was extraordinary. Moreover, in many cases the money simply “flowed in” and was not really “raised”; some charities were consequently put into a business with which they were unfamiliar and for which they had not advertised. One participant said that some board members of one charity told staff members that, unless the charity essentially had a “check-writing procedure” (of simply

passing money quickly on to victims regardless of longer-term needs), donors would abandon it.

One way that the charities responded to the tension between meeting needs and matching donor intent was to define victims fairly broadly. Most funds were not paid to families of those killed or hurt, but instead to other victims, including those who lost their jobs temporarily or permanently, and used to meet the related needs of the communities. Many funds were made available for psychological and similar services for those who could use such help, whether victims, schools, or other community groups.

These alternative uses of funds also resulted in some controversy, but here representatives of the charitable sector felt they were in a strong position even if their only function was to match donor intent. In particular, some charities conducted surveys of their donors to check on their views and desires. These surveys indicated that many donors accepted a broader definition of “victim” than simply relatives of those killed or injured. For instance, a majority of donors in one survey indicated that they supported help for transportation workers who lost their jobs, such as taxicab drivers at nearby airports that were shut down.

At the same time that people responded generously to the September 11 crisis, other appeals “took a punch.” In particular, United Way, which went through its own rash of bad publicity, lost contributions. When all was said and done, the confidence level in charitable institutions was down somewhat even in a period when confidence in other civic institutions was up. One participant indicated that the sector should not discount the importance of perceptions—as perceived performance is sometimes also an indicator of good performance.

The Administrative Cost Issue

Another area of controversy centered on administrative costs. All participants recognized that administrative costs were required for charities to do their work. Effective fundraising costs money. But other expenses are necessary as well, including management of program operation.

Among the stories that circulated were those of small charities that suddenly set themselves up as relief agencies and promised that no administrative costs would be incurred. The organizers of these charities quickly discovered that it was not easy or cost-free to figure out how to get the money to people after all. Even tracking down names and addresses could be complicated and expensive. A number of charities abandoned attempts to distinguish on the basis of need and simply took to writing the same check to every victim's family that they could find. To this day, there has been no full accounting of what charities did with their funds.

Some Lessons

Capacity building is important. The ability to make use of an existing infrastructure, such as the New York Community Trust, the Community Foundation of the National Capital Area, and United Ways, proved pivotal after September 11. There simply was not time to start totally from scratch in providing many services. High levels of uncertainty are also probable in future disasters or attacks. The need is to build on strengths.

Coordination, of course, is an important piece of this capacity building, whether it relates to money or volunteers. Such coordination could be met partly through **task forces on emergency preparedness**, including profit and nonprofit enterprises. Some had been created in New York City and Washington, D.C., and likely would be continued. Historically, FEMA has done well in coordinating fire, police, and some relief organizations and has some experience with call-ins from the public. However, at least one participant noted that FEMA has much less practice in dealing with social service agencies—knowing who they are and who can do what. Some rehearsal here with charitable organizations was suggested *before* emergencies arise.

How to create and deal with a **victim database** remains unresolved. Due to confidentiality issues, no one had a complete list of victims' families, and, in turn, victims often did not know whom to turn to or even that they could turn to particular charities. Cooperation "on the street" by case

workers was viewed as more natural in cases like the Oklahoma City bombing, where the number of people affected was smaller and there was less national attention to the charities' activities. In the case of September 11, one organization was able to temporarily come up with a list of victims' families only by getting strictly limited permission to use names gathered by more than 50 other organizations. It has since destroyed this list. The notion of a common application was raised and supported by a number of participants, but never completely resolved. Many felt that achieving a simplified application process in the future would require advanced planning and coordination. Coordination, moreover, was required for volunteers and for case management personnel, as well as for victims' lists.

Some doubt was raised as to whether a "committee approach" could ever resolve the confidentiality and organizational limitations on this scale. One participant noted that the charitable sector often was not collaborative and warned of ignoring this fact of life. Another noted that disaster relief and social welfare groups have different ways of operating and do not easily hand off to each other. Yet another noted that even the question of who could convene had to be addressed. Perhaps legislation would be required, but the precise nature of any language was not discussed. No one suggested that all tensions could be removed, only that some could be relaxed.

Communication with the press and the public is going to be messy, and some anger is inevitably going to be present. The trick is to prepare for it and not be taken by surprise. The press, for the most part, is not going to get into "cheerleading." Many felt that a much better communication strategy is required. One participant suggested that there is a need to communicate even when there is not a story. Clarity up front on what each organization was doing was felt by many to be crucial on a variety of fronts: which direct and indirect victims are being helped, the long- and short-run goals of the organization, and the intended (and, later, actual) use of funds. At least one person asked who should speak for the sector and whether they should be trained. Another warned that, when

dealing with the public, an appeal to the fine print would not work in a high-visibility disaster. A developed communications strategy would also help prevent simply reacting after the fact to the latest *New York Times* story.

Many participants suggested that the press had really missed out on some of the important stories, such as the need for better coordination, the multiplicity of needs, and the necessary costs of management. In the media's defense, a media participant indicated that most of the media "like to be helpful," that the problem did not lay here. In some cases, putting out stories on the need for better coordination might appear petty or almost hypercritical in the wake of a disaster when so many citizens were trying to do so much. However, participants generally agreed that the media didn't cover the nonprofit world much in the first place; this neglect was one longer-term source of difficulty and one hard to overcome when, suddenly, reporters without a breadth or depth of understanding of the sector had to cover it.

At the same time, no one felt the charitable sector was immune to criticism. There was some disagreement over the extent to which a **strengthening of watchdog functions** would have changed the situation. Almost all participants agreed that a challenge for charities was to be ready for increased scrutiny. And there was clear recognition that some items could be handled better in the future, mainly through some advanced planning based on lessons learned. "Hanging a light" on problems in the long run would lead to a better functioning sector. Some participants referred back to the basic need for charities to have well-functioning boards of directors and staffs in the first place. If these are not working well under normal circumstances, it would not be surprising to see them achieve mediocre results in a crisis.

Documentation of what happens was agreed to be valuable. While some documentation of September 11 activities has taken place, it still was not clear how much might be falling through the cracks. Nor was it clear that a formalized system had been established so the charitable sector would be ready and able to document its reactions to emergencies on a continual, improving basis.



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