With Heart and Soul: Closing a Faith-Based Refugee Resettlement Office

By Ruth Hoogland DeHoog

DeHoog, Ruth."With Heart and Soul: Closing a Faith-Based Refugee Resettlement Office," *Sociation Today*, 9: 2 (Fall/Winter 2011): online.

Abstract:

This paper begins with a brief review of the literature on nonprofit and faith-based service organizations, many of whom rely on government grants and contracts. The following section summarizes refugee resettlement policy and partners in the U.S and examines how its implementation relies on local communities and nonprofit agencies. Only a few social scientists have begun research directed at understanding the process and impact of refugee resettlement (Ives, Sinha and Cnaan 2010; Nawyn 2006, 2010). Yet this topic connects to several key dimensions that are of current concern in the broader discussions of public-nonprofit partnerships, faith-based services, inter-organizational coordination, human service networks, and so on. The study is based on document analysis, personal observation, and in-depth interviews with current and former employees of the nonprofit agency, its national headquarters, and other agencies. By examining the case of a faith-based agency in North Carolina, I show how an agency that was largely reliant upon federal and state funding became so financially fragile that it resorted to closing its most successful and visible refugee resettlement office. This paper is the beginning of a broader study of the complex U.S. refugee resettlement system, policies, and programs.

Keywords: Non-profit organizations | Faith-based services | Refugees | Immigration | United States | Social Services | Refugee resettlement | North Carolina

Article:

The United States has a long tradition, starting in the 1930s (Dwyer 2010), of assisting refugees from conflict situations (e.g., Jews from Germany, Bosnians), from Communist regimes (e.g., Vietnam, Cuba, Russia), and from decades-long refugee camps (e.g., Liberians, Burmese, Bhutanese). Unlike many social services, refugee resettlement services have never been delivered directly by public agencies, though the federal government has provided the funding and policy direction for three decades. Since refugees began seeking freedom from fear, conflict, and persecution centuries ago, faith-based charities in particular have been in the business of assisting them to settle in the United States (Bailey 2005). As Smith and Sosin (2001, 665) note in their study of social service agencies, faith organizations have an advantage by augmenting public funding: "Religion mobilizes resources and enables the agencies to deliver services they otherwise could not….Religion also may spur agencies to moderately supplement government funding…." Faith-based agencies are thus often expected to perform human services with fewer financial resources, and operate with a compassion and personal touch sometimes said to be missing in government service delivery (Monsma 2004). This paper focuses on one of those faith-based, or more accurately, faith-related (Smith and Sosin 2006) organizations that has been a major player in the refugee resettlement program in North Carolina, but completed a phased closing of its operation in 2010. How and why this occurred within the larger policy and nonprofit context serve as the primary purpose of this study.

This paper begins with a brief review of the literature on nonprofit and faith-based service organizations, many of whom rely on government grants and contracts. The following section summarizes refugee resettlement policy and partners in the U.S and examines how its implementation relies on local communities and nonprofit agencies. Only a few social scientists have begun research directed at understanding the process and impact of refugee resettlement (Ives, Sinha and Cnaan 2010; Nawyn 2006, 2010). Yet this topic connects to several key dimensions that are of current concern in the broader discussions of public-nonprofit partnerships, faith-based services, inter-organizational coordination, human service networks, and so on. The study is based on document analysis, personal observation, and in-depth interviews with current and former employees of the nonprofit agency, its national headquarters, and other agencies. By examining the case of a faith-based agency in North Carolina, I show how an agency that was largely reliant upon federal and state funding became so financially fragile that it resorted to closing its most successful and visible refugee resettlement office. This paper is the beginning of a broader study of the complex U.S. refugee resettlement system, policies, and programs.

This paper suggests that organizations are complex, surprising, deceptive, and ambiguous, to draw from the classic Bolman and Deal volume (2008). The explanation for the closing of the focal refugee service agency as given by its leaders pointed to the challenges of being unable financially to continue providing services due to inadequate support from donors and volunteers within the context of growing needs. On the other hand, agency employees and other observers in the community offer a much different picture of what occurred and why. They point to leadership failure, financial mismanagement, a lack of integrity, and an over-reliance on federal funding to the detriment of cultivating local congregational support. Although determining the decisions and motives of the case agency's leadership team in this research was difficult, I believe that some elements of the dilemmas it faced are relevant to a large number of nonprofits during the economic downturn. Thus the conclusion suggests several lessons for other nonprofits that face difficult choices as they seek to survive in a murky economic environment.

Faith-based and Nonprofit Agencies

Over the past thirty years, federal, state, and local governments have become increasingly reliant on nonprofit organizations to supply services to various constituencies. Many scholars (Boris et al 2010; Ferris 1993; Graddy and Ye 2006; Gronbjerg 1993; Smith and Lipsky 1993) have examined these relationships, the financial arrangements, the service mechanisms, and the processes to promote accountability. To develop effective management and service delivery, nonprofit agencies have been encouraged for many years to pursue diverse funding sources and focus on capacity building—e.g, hire a more professional staff, develop more private funding sources, and create evaluative tools to measure performance outcomes (De Vita and Fleming 2001; Froelich 1999; Gronberg 1993). In the late 1990s, faith-based organizations have also been encouraged to seek public funding and use volunteers and donations to augment government resources to serve human needs. Under welfare reform and subsequent national efforts, congregations and faith-related agencies took on new roles and additional obligations (Chaves and Tsitsos 2001; Cnaan 2006; Graddy and Ye 2006). While scholars (Graddy and Ye 2006; Monsma 2004; Twombly 2002; Wineburg 2007) may not agree on the purpose and impact of the faith-based initiative, nonetheless more opportunities have been open to these types of nonprofits to deliver human services directly to their communities.

As the recent economic downturn has severely affected state governments, nonprofit and faith-based agencies alike have been particularly stressed and conflicted as they seek to meet growing and complex human needs. They have been forced to cut costs, lay off staff, and reduce their services, often due to lower donation and grant levels (Boris, et al 2010). The nonprofit literature (Alexander 2000; Bielefeld 1994; Schmid 2004) is replete with discussions and advice about the critical role of leadership in adapting to changing conditions, such as uncertain funding sources, new service demands, and pressures to show results in order to survive. With declining resources and a dependence upon government contracts and grants, how do nonprofit leaders make difficult strategic decisions within a larger context of its mission of meeting the human service needs of disadvantaged populations? How is the process of cutbacks actually implemented so as to promote an understanding of the decision making process? What is the impact of these decisions on their organizations, employees and clients? While some adaptations and leadership choices are quite successful (Alexander 2000), the case study of one agency in North Carolina as detailed in this paper shows how difficult and hurtful the process can be. This paper's contribution is in presenting different sides of this story—not only from the leadership perspective, but also through the voices of employees, related community agencies, clients, and the broader community. Thus, a more complex and nuanced picture can emerge of how leadership decisions are interpreted throughout the organization as well as how leaders may make choices that have far-reaching consequences in a community.

Research Methods

This paper is a qualitative case study (Creswell 1998; Luton 2010) of Lutheran Family Services (LFS) in the Carolinas that relies on three sources of information: a review and analysis of government, nonprofit, and interest group documents, as well as media reports; a set of 17 guided interviews with nonprofit staff members and government officials in North Carolina; and my role as a participant observer in being both a refugee volunteer over eight years and a more recent participant in a community strategic planning process through a loosely organized refugee network in Greensboro, North Carolina. My primary focus in this paper is on the case of one of LFS's four "hubs," one that was closed in 2010--the one that with a staff of almost 50 offered only refugee services in the Greensboro area at the time. In interpreting these documents, interviews, and personal experiences, I must admit my bias up front—I have a deep commitment to resettling refugees in welcoming communities that can support and integrate them into American society. I have concerns about refugee services, however, both in terms of the limited financial support provided by the federal government and its policy emphasis on self-sufficiency within a few months. I also am sympathetic to the plight and views of the employees of the local office of Lutheran Family Services in the Carolinas. That being said, I pursued the question of how and why the agency closed its refugee services office with an open mind, to offer the leadership an opportunity to explain the process and decisions behind the closing. I believe this was "an experience that had lessons to be learned," as a LFS board member suggested.

Each interview, both in-person and by telephone, was preceded by an explanation of the research with an assurance that I would reference them only in general terms (e.g., former employee of the agency) in any subsequent interviews and publications. I also promised that I would not provide information from these interviews to the media or interest groups. I adapted my set of questions to each interviewee with the goal of triangulating information from the sources to confirm some information or viewpoints as well as gaining knowledge specific to the person's role and responsibilities. I relied on both note taking and recording of interviews with the more sensitive ones using only my notes. In some cases I sent my notes back to the subject to review them for accuracy, particularly on specific programmatic or policy elements.

Refugee Resettlement Program

Historically a humanitarian effort, the U.S. refugee resettlement program involves a complex set of relationships with numerous organizations in efforts to respond to national and international political conflicts overseas. According to the Immigration and Nationality Act of 1980 a refugee is a person who is unable to return to his or her country of origin because of persecution or conflicts based on their race, religion, nationality, social group, or political beliefs. The Act laid out the process for resettling refugees in the U.S. as well as guaranteeing support for their transition to local communities through contracts with nonprofit agencies. According to State Dept. Assistant Secretary Eric Schwartz, "The United States has resettled over 2.5 million refugees since 1980, more than all other resettlement countries combined." (Schwartz 2010) Several governmental and nongovernmental agencies are involved in the complex process of determining which candidates will be accepted into the U.S., where they will be resettled, and how much will be provided for their support (US Committee on Refugees and Immigrants 2010). The determination of the maximum numbers of refugees to be resettled in the U.S. from which regions of the world is made each year by Congress and confirmed by a Presidential Determination. (Refugee Council 2009). Recent ceilings have been set at 80,000 though the actual numbers of resettled refugees in the U.S. for several years have been well below that figure. (Martin and Hoefer 2009)

Three federal agencies are most involved in refugee resettlement: Department of State, Department of Homeland Security, and Department of Health and Human Services (DHHS). Once Homeland Security approves refugees to enter the US, the State Department provides funding for the first 90 days for reception and placement (R & P) through cooperative agreements with national voluntary agencies ("volags"). The Office of Refugee Resettlement in DHHS also distributes cash assistance funds to the volags for each refugee, as well as distributes funds through competitive grants for additional services (e.g., literacy, employment, medical assistance) that the volags, state agencies, refugee resettlement agencies, and other organizations can receive. In each state that has local affiliates, a state coordinator in a human services unit assesses resettlement capacity, awards additional discretionary service contracts (funded by DHHS), monitors program performance, and oversees all state and local human services for refugees.

The primary goal of the national refugee policy is to ensure that refugees become self-sufficient within six to eight months when most of the federal funding runs out. Reaching this goal has been challenging, especially when large numbers of refugees come at the same time with few English speakers to a weak employment environment. Some refugee groups are selected to come to the US because of a prior relationship with American military operations (e.g., Vietnamese, Cambodians, Iraqis), a past relationship to the U.S. (e.g., Liberians), or an anti-Communist effort in their home countries (e.g., Cuba, Russia, Eastern Europe). Others arrive after many years, even decades, in refugee camps (e.g., Burmese, Bhutanese, Burundians). Many have been deeply affected by political violence, insufficient food, and a lack of education. (Dwyer 2010; Zolberg, Surrke, and Aguayo 1989). Efforts to resettle and integrate refugees in new locations thus raise a host of issues of language, housing, employment, education, healthcare, transportation, and family reunification, all of which involve not only the resettlement agencies but a range of other nonprofit and public agencies as well.

Similar to historically provided social services (Hall 2006), refugees have been assisted by faith-based and voluntary organizations in the U.S. long before a national policy with specific funding sources emerged under what became known as the Refugee Act of 1980. As summarized in a recent white paper, the refugee resettlement program continues to rely heavily on private agencies and their funding bases (denominations, congregations, individual donors) to supplement the funding and deliver services:

The USRP [United State Refugee Program] from the outset was structured as a public-private partnership. In addition to bringing their know-how to the table, the private partners have to add their own resources to supplement the limited public funding. This model of leveraging public and private funds allows expanding resources and services necessary to resettle and integrate thousands of refugees across the U.S. To implement the program, the volags partner with local resettlement organizations (affiliates), which provide core and other services as specified under federal awards. (Dwyer 2010, 4)

The key players in this national public-private partnership are ten national voluntary agencies or "volags" that make up the core organizations responsible to the Department of State for the U.S. resettlement program under Reception and Placement (R & P) contracts, and to DHHS for the refugee cash assistance (RCA) and Match Grant programs. The current volags are Church World Service (CWS), Episcopal Migration Services, Ethiopian Community Development Council, Hebrew Immigration Aid Society, International Rescue Committee, Lutheran Immigration and Refugee Services (LIRS), Kurdish Human Rights Watch, U.S. Conference of Catholic Bishops, U.S. Committee for Refugees and Immigrants, and World Relief Corporation. Of these ten, six are national faith-based organizations, most of which have been operating for many years with federal and denominational support. Each organization receives an allocation of funds and refugees from the State Department, and in turn provides this funding through reimbursement contracts to a network of nonprofit affiliated agencies in many communities. Thus, these national organizations and their local affiliates have been the primary agents of the US refugee program, though local governments (e.g., providing medical, educational, food stamp services) clearly are partners as well.

These volags have organized themselves into the Refugee Council USA to be more effective in communicating with the federal offices as well as advocating for changes in the program. They complained for several years that the reimbursements for the State Department's contract amount for reception and placement (R & P) is insufficient for the refugees' needs—that they have not been significantly increased in a couple decades. The recent economic crisis only exacerbated the problems, as many refugees were unable to find employment within the prescribed eight months. Up until recently the reimbursement rate for R & P from the State Department's Bureau of Population, Refugees, and Migration (PRM) for the first 90 days in the U.S. had long been set at $850, of which $425 is used for the direct needs of the refugee (e.g., housing, food, utilities) and $425 is reserved for the local agency's operational expenses. One of the volags, Lutheran Immigration and Refugee Services (LIRS), issued a report in 2009 that was based on an extensive study, entitled, "The Real Cost of Welcome: A Financial Analysis of Local Refugee Reception." The study of the costs of 59 randomly selected refugee cases in 2008 showed that "federal funding accounts for 39 percent of total service and material cost per case." (Kriehbiel 2009, 9) The remaining costs are met by in-kind and cash donations to the volags and their affiliates.

To the surprise and relief of many, after only a few months in office, Assistant Secretary Eric Schwartz authorized a doubling of the stipend for R & P, going into effect in January 2010 (Martin 2010). Some interviewees were impressed by the speed of the decision, and gave some credit to the change in the presidential administration in early 2009, as well as the thorough research that went into the "Welcome" study, additional analysis by the State Department, and Schwartz's own personal visits to several refugee sites. (Personal interviews)

The Case of Lutheran Family Services of the Carolinas

Background:

North Carolina and several other states have become home to many new ethnic groups through the State Department's refugee resettlement program (Brown, Mott, and Malecki 2007; Nawyn 2006). In recent years these include Montagnards, Burmese, Liberians, Bhutanese, Burundies, Iraqis, Sudanese, Vietnamese, and many more. In 2009, for example, North Carolina assisted the resettlement of 8,500 refugees through the NC Division of Social Services (NCDHHS, 2010), which was over 10% of the national pool of refugees, and puts North Carolina among the ten top resettlement states. Unlike the traditional entry points for refugees, like Miami, Los Angeles, and New York, the three largest metropolitan areas in North Carolina (Charlotte, Triangle, and Triad) are now considered part of the twenty-first century gateways for refugees (Singer, Hardwick, and Brettell 2004).

Lutheran Family Services (LFS) in the Carolinas has long been a major refugee resettlement agency in the southeast US, as well as a provider of a variety of other family services—foster care, group homes, counseling, adoption, and inmate/family support (LFS 2010). With four primary locations in North and South Carolina (Triangle, Triad, and Charlotte, NC; and Columbia, SC), LFS has resettled more individuals and families than any other agency in these two states over three decades. Like others in this work, LFS in the Carolinas is a regional affiliate of a long-standing national faith-based volag, Lutheran Immigration and Refugee Services (LIRS), within a national network of 24 affiliates serving 46 communities (Martin 2010). Supported financially not only through federal funds but also by Lutheran denominations, churches, and individuals, the refugee program in LFS also developed many church partnerships and volunteer programs over the years. Additionally, strong literacy and employment programs provided the support necessary to promote self-sufficiency among new arrivals (Bailey 2005).

This Greensboro Office or "hub" of LFS had been the primary resettlement agency in the Triad (Greensboro, Winston-Salem and High Point) with a wide array of services, congregational partners, and donations. It also consistently served the largest number of refugees within the four primary sites of LFS in the Carolinas. (Personal interview) While refugee numbers ebbed and flowed, and then dropped significantly following 9/11 in 2001, the Greensboro Office in particular received positive national publicity in working with Special Forces alumni in North

Carolina to resettle a second large wave of Montagnards from Vietnam in 2002-2005 (Bailey 2005). However, over the last decade, the Greensboro Office experienced many fluctuations in the numbers of new arrivals, the difficulty of resettling large numbers of refugees illiterate in their own language, and the shaky employment picture in a region that had lost significant jobs in manufacturing textiles, tobacco, and furniture.

Despite these challenges, the refugee program in Greensboro served a large number of new arrivals and continued to support many refugees both during and after their initial eight-month contracts with literacy, legal and employment services. An Op-Ed article published in the local newspaper and written by the president and board chair of LFS in the Carolinas (Wise and Klepfer, July 2010) summarized their successes in the several months preceding the closure of the agency:

Just since July of last year, we found jobs with an average hourly wage of $8.58 for 137 people. Of these emplacements, 96 percent included health insurance benefits. Our New Arrival School assisted 97 parents with day care, 466 clients with English language training and 340 with transportation assistance. Case managers served 219 adults for a total of 2,324 hours and assisted 375 clients with interpretation. (H3)

The Reasons for the Shut-Down:

In February 2010 the LFS in the Carolinas Corporate Office in Raleigh announced that its Greensboro Office would close and no longer resettle refugees—that its resettlement, employment, literacy, and legal services would be phased out during the ensuing months (Ahearn, Feb. 2010). This closure came as a shock not only to local LFS employees but also to the Greensboro community that had supported it and the many thousands of refugees over the years. The reasons given at first were financial, though several negative stories about inadequate refugee services in housing and employment had recently appeared in the local press. (Ahearn, Nov. and Dec. 2009) It should be noted that this was not the only agency closure in the US resettlement system—two Iowa agencies had recently announced that they were being closed as well, including the State of Iowa's volag office (Farabaugh 2010), despite the State Department decision in early 2010 to double the amount of initial financial support provided to each refugee and agency involved in the process (Martin 2010).

Widely viewed as having a diverse, spirited, and experienced staff that worked within a fairly chaotic and unpredictable environment, the Greensboro Office had undergone a transformation in the past several years. Former employees said that the new president and CEO of LFS in the Carolinas, Suzanne Gibson Wise, who was appointed in 2001, instituted many changes in its operations, ostensibly to improve the productivity of the agency and to track the financial operations more closely. Upper management soon developed a more centralized approach to its local offices, apparently to impose tighter controls on operations and finances, which former employees acknowledged were probably overdue. For example, new rules about weekend work, expenditures, and advanced approvals were put in place. Additionally, local offices were prohibited from fundraising, with that responsibility moving to a vice president in the Corporate Office. Local interviewees from other agencies noted that as a consequence of the new regime, over time several key employees left or were fired and the newer and remaining staff became less collaborative, less willing to share information, and less capable of making decisions locally. No one was authorized to represent the local office with the media and the public, or develop strong ties with the local congregations and key funders under this new centralized structure.

Apparently with some recognition of the necessity to change its structure, in 2009 LFS applied for and received a three-year, $750,000 capacity building grant from The Duke Endowment in Charlotte with the stated purpose to reorganize, decentralize, and hire four local executive directors for each of the four local hubs, as well as select "a quality-assurance vice president and a director of partnership initiatives for the corporate office." (Cohen 2009) At that time, according to *Philanthropy Journal*,"The number of LFS employees has totaled 105 in Raleigh, including 71 for local programs there plus 34 in its corporate office, as well as 54 in Charlotte, 69 in Columbia, S.C., and 49 in the Triad." (Cohen 2009) "With a staff of almost 400 members, spread across two states, four hubs and multiple service sites, LFS Carolinas has often experienced the paradox of being a large agency that desires to be relevant locally," said Suzanne Gibson Wise, President and CEO of LFS in the Carolinas (Cohen 2009). To become more connected to and effective with the local communities, the following strategy was developed with the Duke Endowment funds:

Each local agency will employ an associate who will handle local fundraising and communications with support from the corporate fundraising and communications offices. Each local agency also will work with a local advisory board, to include at least one local member from the LFS Carolinas board, and will assist with fundraising. (Cohen 2009)

This strategy to decentralize, hire a new director, and increase the local presence was never realized for the Greensboro Office, so that additional staff and a local advisory board did not become reality. Several months later, in February 2010, the LFS Corporate Office announced that the Greensboro Office would close (Ahearn Feb. 2010).

After several interviews with former employees it became clear that the agency and its employees had dealt with financial, organizational, and human resource problems for several years. The financial strains were obvious in LFS's previous annual reports. For example, two years before the closing and before the state felt the effects of the economic downturn, the 2007-08 Annual Report of LFS in the Carolinas showed a significant gap of almost three million dollars between revenues and expenditures, and its balance sheet showed a negative 350 thousand dollars between assets and liabilities. The situation a year later had not improved much, with a deficit of approximately 1.5 million dollars. The Raleigh building named for former president Bill Brittain was vacated and sold. The first year of the Duke Endowment grant meant to decentralize operations was used instead to reduce the debt, according to a former director.

Part of the explanation for this financial situation was that LFS was almost entirely dependent upon public funding for its many programs and facilities—94 percent of their revenues for 2008 (Guidestar 2009). The LFS Corporate Office faced a problem that many other resettlement agencies and nonprofits also complained about in their federal reimbursement contracts: "LFS found it difficult financially because it needed to front a lot of operations with cash, so cash flow was a problem," according to a former director. There were several occasions when delays in reimbursements threatened the LFS payroll. Church World Service, one of the national volags that had a contract with LFS in the Carolinas until 2008, stepped in at least twice with large bail-out funds to meet their payroll, but could not continue doing so (personal interview). Adding to the cash flow problems was the complexity of LFS's many programs and its federal and state contracts—each on a different fiscal year, each requiring different sets of reports, financial and performance. According to a former controller, the refugee resettlement program was not the only program in trouble, since the other contract-based programs at LFS also saw similar challenges. Although very visible in Greensboro, the refugee resettlement program was actually only a relatively small portion of the agency budget—probably less than 10 percent. A key reason for the financial crisis, according to him, was that the top leadership did not understand or support necessary improvements in the financial operation, such as a more sophisticated billing system. As a result, the agency was forced to write off a large number of accounts receivables as a loss in 2009. From his viewpoint, the leadership also made decisions about closing operations and cutting staff too quickly, without understanding the causes of the financial problems or the impact on the clients and their supporters.

What was financially troubling came to a head in 2008, when the refugees themselves were affected. According to a former employee, "We were not receiving government funds for our R & P program that we needed to [use to] pay rents, or for the Match Grant stipends." It wasn't that the government funds were late—the funding from the federal refugee programs was not getting through the Corporate Office to the Greensboro Office account. A former employee saw this take place:

There was an agency cash flow problem. The agency had one bank account, and many programs. So money would go into that bank account from many different sources, and had to go out to many different places….That was a big factor, the reason why they were not paying refugee rents, and were not paying refugee stipends….They also stopped paying employee mileage expenses in a timely manner….Many of our staff had very low salaries, worked very hard, and were driving their cars around all day, every day. Many of them had expense reports of about $500 in a month. (Personal interview)

To forestall a major crisis, the two volags (LIRS and CWS) that sent cases and arrivals to the Greensboro area each agreed to a large cash advance. However, according to a former director, that money did not flow as agreed upon to the Greensboro Office to pay for refugee expenses. Consequently the local staff became demoralized, because they saw the negative effects on their clients. They sometimes failed to return phone calls from clients because they had no money for them. New arrivals didn't receive their Refugee Cash Assistance checks, recent refugees received eviction notices, and they could not pay their utilities or purchase necessities not supplied via the food stamp program. When staff members were asked about their failure to be responsive to their clients, one job developer made the comment, "I can't stand the sound of my own voice lying." (personal interview)

Community volunteers and co-sponsors also saw the results of the financial crisis, complained about the housing conditions, and became frustrated with the lack of information and support for the refugees they co-sponsored. While most refugees were unable to advocate on their own behalf, the new Iraqi arrivals who came to the area in 2008 became increasingly vocal about their living conditions. Local Muslim community leaders expressed their anger and contacted government officials and the media. (personal interviews) Within a few months of this crisis, a former LFS manager who had quit on principle in the midst of it was hired by Church World Service (CWS) to establish two local offices in North Carolina, reportedly to avoid paying the 15% administrative overhead charged to them by LFS for each refugee, as well as to separate themselves from the other management problems LFS presented. Another former LFS employee was hired to set up and direct a new office in Greensboro.

Several former employees observed that LFS leaders had not handled organizational and human resource challenges well over the past few years, and not just during the financial crisis. In their view, the agency seemed to be top-heavy—lots of VPs in Raleigh, expensive consultants, and some new management hires from outside the area who were inexperienced in refugee resettlement work. One ex-director said, "LFS seemed to have more VPs than necessary," and it was something that employees commented on and joked about. Employees felt that for several years top management salaries were excessive, and they also mentioned (and resented) several lavish expenses at the Raleigh headquarters. According to a former employee, "They didn't feel that enough funding was going to [the] program." Staff turnover throughout the organization, but especially in the central finance/accounting positions, was also a problem, so they were always training new staff members, according to a former director. Due to the multiple grant and contract programs implemented by LFS in the Carolinas (not only for refugees), which were characterized by complexity and numerous stipulations, new employees could not immediately step in and function effectively in the Corporate Office. A former director observed, "LFS was able to keep a head accountant, but it had a lot of turnover otherwise. A new CFO came in to fix some things, but didn't understand the funding either."

The response of the president and vice-presidents at LFS to these financial issues seemed to be completely inadequate during the 2006-09 period. While LFS closed several group homes and trimmed staff in other programs, observers said the management team seemed to be out of touch with financial and programmatic realities. One interviewee who attended many meetings with upper management during the financial crisis was horrified by these meetings:

They were obsessed with their image, with the image of the agency, the logo, the PR materials. They didn't want anybody to be out representing the agency, because they were afraid we would represent it in a way that might reflect poorly on the agency. They were obsessed with image, with loyalty, with staff loyalty. There was a lot of fear, deliberate management through fear, threatening, "you better toe the line, you better be loyal to us. We don't want any fifth columnists around here." [I felt] these very weird vibes at meetings. Then a lot of dreamy visioning, about "where do we want to be in the future?"…"What is our true mission?" [For] the people who were working in the programs, it was horrible. A disconnect. We would see all kinds of consultants coming in, and then not listened to.

A former employee said that a vice-president at the Corporate Office said at one point that they needed to spend money to make money—to develop new marketing materials (brochures, coffee mugs) and a new website, though it was slow to be developed. In recognition of the need to increase local donations, fundraising dinners were held in the regions, with the Greensboro community contributing a significantly larger amount than other areas. Multi-year pledges were obtained, and the effort was considered a success. However, the following year's dinners were a disappointment, not only due to the economic downturn, but the faithful supporters who once again attended had already made their pledges the prior year. (personal interview) When the corporate office discontinued these events, employees had further evidence of its leadership being out of touch with supporters.

As a result, outside the Corporate Office, Greensboro employees saw the results of this disconnect, the fear, and the lack of concrete steps to improve the resources for the already stretched refugee program. A repeated staff complaint involved the lack of trust, attention and concern for the local operation by the Corporate Office president and vice-presidents. According to interviewees, the president/CEO had little experience in refugee services and lacked the passion for refugees of the previous, beloved long-term president who was well-known in the state and successful in finding funding sources. One employee said, "There has been a lack of trust and communication among the Greensboro office, the Raleigh office, and the national LIRS for some time." Interviewees repeatedly said that an atmosphere of fear permeated the staff when confronted with administrative decisions they did not agree with. A key event mentioned repeatedly in interviews was the relocation of the Greensboro Office out of the downtown to more spacious quarters, ostensibly so that the refugee services and the other foster care and family services of LFS could operate in one location. This move was cited by several former employees as a significant financial burden as well as a source of employee discontent because of the distance from the main bus depot and the fear of crime in the area. However, within a year LFS's family programs were discontinued, and the office space soon was half empty. One employee was fired immediately after sending an email directly to the president and board members objecting to the office's relocation to the building outside the downtown area (personal interviews). The message in this action was not lost on employees as they faced other decisions they found difficult to understand. From that point on, one former employee noted, the Greensboro office felt they were labeled the "troublemakers," and asserted that the CEO and another VP "did not like us."

Apparently the agency culture of fear and isolation at Greensboro was not unique to this office. According to a former director who was involved in Corporate Office meetings, "It wasn't just refugee resettlement, or the Greensboro Office; it was every program and division." She heard the same story about fear and lack of attention expressed by staff in other offices and other program areas, especially about the absence of support in marketing and promoting the local agencies' activities and needs. Local employees also did not have input into hiring decisions when new, usually inexperienced directors were brought in to run the local office, and then were gone, sometimes leaving in frustration after only a few months. Several former employees observed that the president and vice-presidents were quite distant from the work in the local office, they seldom visited Greensboro, and they had little appreciation for the challenges of helping large numbers of refugees with a small budget. A former director observed that there was no passion, knowledge, or even interest from the LFS Corporate Office about refugees, perhaps because no one had experience in a local office. Nonetheless, the Greensboro employees seemed to love working with their fellow employees on behalf of refugees. They were known as a happy, cohesive group that socialized together and had found ways to cope effectively with the stresses of their work. As one employee said just after the announcement on the closing, despite what they had just experienced, "there is a real spirit of unity and high morale." Most notable in my interviews with staff during 2010 was the confirmation of this unity and the obvious support for each other as they reviewed the events of the previous years.

However, outside observers who worked with the LFS staff and refugees noticed that something had changed in LFS's Greensboro Office over the years. The director of another refugee services agency suggested two reasons for the shift in explaining the local office closing. First, he said, LFS changed its philosophy. The local employees had "lots of passion, social capital, and an obligation to serve beyond just the basics." But top managers in the Corporate Office in Raleigh appeared to be less committed and seemed to have little interest in refugee services. They did not appear to value the broader mission or understand the powerful role that the local LFS office had in the Greensboro community. Second, he believed that the lack of local leadership made a difference. In recent years, when management positions opened up in Greensboro, local people were not promoted or hired. The new directors came in, but were not introduced to other refugee-related agencies, and soon were gone. Employees couldn't make local decisions, seemed intimidated by the hierarchy in Raleigh, and saw themselves as victims. Overall, the Greensboro Office had a lot of resources, including church connections, vehicles, training, and experience, but they failed to share them with other agencies. "If you want to survive in this business, you have to collaborate, and leverage your resources," he said.

Another explanation for the office closing expressed by some community volunteers was that negative stories in the local press and the worsening job market both contributed to the closure. A set of events and media coverage occurred in November and December of 2009 about two months before the announcement of the LFS closing. A reporter from the local newspaper produced several stories focused on the shortcomings of the agency in meeting the needs of refugees, with a focus on two cases. One covered how a Burmese man who lived in the U.S. for less than two years was homeless and mentally ill, and accessed services at a homeless shelter (Ahearn, Nov. 2009). Another story reported on a group of newly resettled Iraqi men who complained that their employment and physical needs were not being met by LFS as required by the federal government (Ahern, Dec. 2009). In the middle of the winter, they lived in unheated apartments, didn't have shoes, and were unable to find acceptable jobs. Greensboro Office employees were not authorized to counter or explain these stories, and as a result, some felt they were unfairly blamed for the refugees' plight by both the media and local leaders. Information about these refugee cases could not be released to the press or to other local agencies, due to HIPAA regulations. As one former vice-president explained, the leadership of LFS in Raleigh also failed to react strategically to send a positive message out to the community:

In my opinion, the reason the Triad train wreck happened is because LFS lost their compass. LFS has overwhelming operational problems, but the first best thing to do when the reporter started gnawing was to step up, not back. Call together friends, peers, people we have helped, etc. to say THIS is what we are about. Well, they didn't do that. They let others talk for them with sad results. (Email communication, Feb. 2010)

These newspaper stories produced heated reactions, both in print and online. Several reactions seemed to substantiate the employees' complaints concerning the financial and organizational problems noted above. What follows appeared in the online comments section of the local newspaper:

Lutheran Family Services (LFS Carolinas) is just barely hanging on. They are unable to pay their bills in a timely manner & their clients are the ones who are suffering. The agency's top people do nothing but spend, spend, spend. Most of the qualified staff have either been laid-off or have left, because they could no longer accept the way the agency does business. It has been mismanaged since 2001 & I will be very surprised if they are still open in 5 years. I feel so sad for the poor clients, who are the real losers in this. (FedUpAgain, January 8, 2010)

Another online comment revealed a similar set of complaints about management, quite likely from a former employee, with even more details, and with a personal focus on the president/CEO:

Flush your money down the commode, or give it to the first Vice President or "Executive Director" from LFS you meet, because either way it will end up in their pockets anyway….Every year they "re-organize" the agency structure to keep everyone confused and hide the raises they give themselves. Every year their budget gets smaller, they sell off assets, cut services to the needy, lay off direct care staff, hire more management, operate with a $1,000,000.00 deficit in the last five years -- Yet the CEO and "Executive Directors" get 10-15% salary increases on a yearly basis. Where else in the business world can you run a business, lose over $250,000.00 in one year, and give yourself a $15,000.00 raise - a new SUV for yourself and 10 other "Vice Presidents" - new office furniture - Blackberries for everyone, and refuse to fund everyone else's retirement until you feel like it. The shame is the CEO thinks she is doing a wonderful job and all her VPs, "Executive Directors of Hubs", won't tell the Empress she has on no clothes. Any one there who spoke the truth to Her Highness was shown the door, or was smart enough to get out before she had the chance. (tomod526, January 20, 2010)

A former controller who was in a position to know the details of the financial picture in the Corporate Office, when read this quotation, concluded that, "whoever wrote this knew what they were talking about." While my interviewees did not provide all these details and observations about lavish expenses and salaries, they implied that these expenses contributed to the financial crisis. From the employees' standpoint, what was very frustrating was that nothing could be done at the Greensboro Office to improve the financial situation. "Everything here is run very tightly, within our local budget," according to an employee. Before the closing occurred, another interviewee said the following: "The problems appear to be money issues at the core--mismanagement of resources for quite some time. The LFS office is behind in the rent, which is almost $6000/mo. on Summit Ave. The phone bill is unpaid, which was not widely known at the local office." (Personal interview)

A final, and quite different, set of explanations for the closing was given by people close to the decision-making process—the board, the CEO, the executive director, and LIRS spokesperson at the volag headquarters in Baltimore. According to the new executive director in the Raleigh area, the decision followed "deep analysis and reflection over a period of time," with the national partners playing a role–LIRS and the Bureau of Population, Refugees, and Migration (PRM) in the State Department. The final decision to close the office, she said, was a joint decision with LIRS and LFS in the Carolinas, and was based on the "long-term sustainability of the program." "LFS analysis of our particular program in Greensboro in the current economic environment" led to this decision, given that there was a "high level of financial difficulty in sustaining this office." While she did not believe that the negative media reports had a direct effect upon the decision, she did say that "It's not uncommon for a lone impassioned voice to find their way up to PRM," which suggested that it was possible in this case that the Bureau had some concerns about the living conditions and community support for refugees. This comment, almost word-for-word, was also repeated by another interviewee in a position to have some understanding of the decision. The role of LIRS was confirmed by an interviewee at the national headquarters, who said that its staff for some time had been aware of the financial and management problems facing LFS in the Carolinas and had little confidence in the agency's ability to manage the large refugee program effectively. The policy of LIRS to keep a hands-off approach to management issues at the local affiliate level apparently changed during this period, with the result of encouraging the reduction in the flow of refugees to the North Carolina affiliate, though no specific directive was given by LIRS about which office should be closed.

The board chair had been board treasurer during the worst years of the period, yet he revealed very little about how the financial crisis occurred and who was responsible. He may have been intentionally kept out of the loop by the president, and she apparently blamed others in the organization, including a previous CFO, for their incompetent handling of the finances. However, former employees who respected and appreciated the CFO's work said that they did not believe the accusations. A former director had been privy to conversations in which the president had misrepresented the agency's financial problems and had claimed that she was unaware of the seriousness of the cash flow issues, the failure to provide refugees with their cash assistance funds, and the employee complaints about delays in mileage reimbursements. While the board chair mentioned that he was aware that the reason for the staff discontent was these delays, he failed to admit that refugees were not getting the services as required by the federal contracts.

An Op-Ed piece written by the CEO and board chair (a widely respected foundation leader in Greensboro) appeared later in the local newspaper in July 2010 after most of the staff had been laid off. The piece pointed to three, somewhat different, and long-term causes: changes in the federal regulations that limited volunteer work, a loss of volunteers due to the economy, and the decline in financial and volunteer contributions from local congregations. (Klepfer and Wise 2010). The professionalization of resettlement services that seemed to occur over a period of the last decade and therefore reduced the large role of volunteers was also noted by other interviewees at LIRS headquarters in Baltimore and by state officials in the refugee office. They remarked that the increasing emphasis on accountability, performance measurement, and reporting has meant that hiring professional staff is necessary to support the programs. This point is detailed in the report produced by LIRS:

Since 1980, when the program was established, the governing documents have expanded from a few pages in length to 79 pages at the time of this study. The increase in contractual aspects of the program is but one concrete illustration of the shift from the voluntary-sector-led effort of the 1950s to the government-led, highly complex, professionalized and administration-laden program of today. (Kriehbiel 2009, p. i)

In addition, the cash required for one of the DHHS programs, the Match Grant, had also changed about ten years ago to reduce the amount of in-kind support in the form of services, and increase the local cash match, according to the North Carolina state coordinator (personal interview). As for the LFS leaders' explanation of declining volunteers, the local employees said that congregational co-sponsors have declined in recent years, though several ex-employees pointed out that at least some of this was due to a reduction in the staff outreach effort in the

Greensboro Office. Other types of volunteers, however, as through the area universities and Americorps, had increased. When asked about the congregational support for refugee resettlement, the LIRS interviewee in the national volag office said that the volunteer and church support did not go down, but that they couldn't keep up with the growing needs. With employment being harder to get, it was necessary to spend more time on those services, though the inadequate R & P funds made that difficult. At another point she said that nationally the Lutheran denominations' support has decreased, connected somewhat to the economy but also to the national trends in mainline Protestant church membership declines.

While all the local resettlement agencies could have made similar claims about their finances, none of the other three in the Greensboro area were operating in the red, despite their lean budgets and limited staff. More importantly perhaps, none of them had large regional multi-purpose corporate headquarters that ran large deficits over a period of years. What might have added to the decision of LFS to close down the refugee office in Greensboro was that only refugee services were offered at the office and none of the other programs. Additionally the leadership of LFS was probably not aware that the stipends would double at the beginning of 2010 while they began planning the closure the previous fall. Another factor that might have been important to PRM, though not stated by any of the interviewees, was that Guilford County had three other active refugee resettlement agencies under the umbrella of three different volags—one affiliated with Ethiopian Community Development Council, one with Church World Service, and another with World Relief. Two of these had only recently been organized for both R & P and Match Grant funding, and in both cases, they were encouraged to do so by their volag and state officials. As mentioned above, Church World Service had decided that the "overhead" of 13% of the contract required by LFS in the Carolinas was excessive, and that it could more effectively and efficiently operate its own local affiliate instead of funneling funds and refugees through LFS in the Carolinas. It is quite possible that the State Department staff felt that it was not necessary or wise to have four agencies operating in the same county, given the limited job prospects and volunteer resources. They may have thought that these other agencies had the capacity to absorb more refugees who otherwise were placed into the area by LFS.

The Process of the Shut-Down:

Neither LFS employees nor the state refugee coordinator received any prior warning that the Greensboro refugee resettlement Office would be phased out and closed, though they knew of the financial problems. Once the announcement was made to employees and the media, staff members were told that a phased closing would take place—that no new refugees would be accepted into Greensboro from that point in mid-February 2010, and that employment and case managers would be let go over the next few months with a final departure of June 2010. However, the staff was notified later that the literacy and legal services would continue through December and September, respectively. The justification given for the shut-down was financial--that because the office was a drain on its budget, LFS could not afford to keep it open, though no details were given.

When the closing announcement was made, employees were instructed not to speak to the media or to others who might inquire about the situation. Employees felt confused, fearful, angry and disappointed with some real concerns about how the refugees would be affected by the shut-down. One employee noted that no one in the Greensboro Office felt they could communicate directly either to the Corporate Office or to the public about this decision. While a new executive director had recently been hired from outside the LFS organization, she worked in Raleigh, and was viewed by employees as being hired to close down the office, with only a vague understanding of the finances. However, several employees in a position to know the Greensboro Office finances said that its budget was always balanced. The employees did not understand why the Greensboro refugee Office was closed, when other LFS offices serving refugees in North and South Carolina that remained open were smaller, offered fewer services, and were less experienced in serving the multiple needs of refugees. The existing gap in trust, communication, and confidence grew to a chasm as a result of the handling of the office closure. To underline this point even further, an employee said that the Corporate Office had not developed plans on how to transition the current refugees to the other three local agencies, nor did they understand the importance of continuing the legal services operation that served North and South Carolina refugees for years after their federal resettlement funding ceased.

The final event in the closing of the local office occurred in June with a celebration (or wake, as it was also termed) for the passing of the Greensboro Office. The board chair and the president arranged in advance for a service to be held at a local Lutheran church in Greensboro for all the staff, advisory council, pastors, and key volunteers. The email invitation to employees stated:

As we had planned, Tuesday June 15th at 4:30 p.m. has been set for a service of celebration and sending forth for the Refugee Services team at LFS in Greensboro. The service will be at First Lutheran Church in Greensboro, with Rev. Jay Hilbinger assisting. We hope this will be a time for celebration, gratitude, and yes, the grief of endings and saying goodbye. We also hope it will be a time of blessings and sending forth as the staff moves into a new future and begins new chapters. (Personal email communication, June 2010)

However, to the surprise of those in attendance neither the president nor the board chair came to the event, reportedly due to a previously scheduled board meeting out of town. Former employees speculated that the Corporate Office was aware of the furor over the closing, and that some unpleasantness might best be avoided.

For their part, the refugees who had been brought in through Lutheran Family Services in Greensboro in the past expressed their disappointment and fear that "their" agency would close. In conversations after the announcement, many spoke of their connections to the staff members, and their feelings of being abandoned. While some had been very frustrated with staff at times when their rent and cash were not forthcoming, many refugees had grown to depend upon the services and special programs LFS offered to those who needed occasional emergency assistance or advice once they were past their six months of assistance. Experienced employment specialists in the Greensboro Office had been available for years after refugees' initial employment to help those who were laid off or had their hours cut during the financial downturn. Families that had contacted the legal staff for assistance on family reunification, citizenship, or green cards were particularly concerned about how their cases would proceed when those services ended in September. While they were told that the other agencies would provide most of the services, one agency was located outside Greensboro (in High Point) and the two others were fairly new to the refugee services in the city. They had not developed the trust and camaraderie that they had enjoyed with LFS, and only a few of the LFS staff members were immediately hired by the other agencies.

Epilogue:

Within three months of the wake the president and CEO of LFS in the Carolinas announced her retirement, effective December 31, 2010 (LFS Sept. 2010). The Corporate Office that she directed was restructured to contract out for its administrative support to an established Lutheran management agency and merge its operations with another Lutheran service organization, Lutherans for the Aging as of January 2011. Within a few weeks of the CEO's departure the relatively new executive director of the Raleigh office resigned to take another position. In effect, the board recognized that the costs of maintaining a large corporate staff were no longer sustainable or necessary.

The impact of the decision about closing the Greensboro office is still being analyzed and understood by other agencies and community supporters. It was clear from the interviews with agency directors in the summer and fall of 2010 that they were going through a difficult period of confusion and uncertainty in the transition between LFS and the other agencies. The state refugee coordinator became involved in attempting to keep a critical literacy program operating with a mid-year, short-term contract. However, it took several months to arrange to continue the legal services under the auspices of a local law school, since the program had never been funded by any government grants or contracts, had no certain funding source, and had no natural organizational "home." In all of these efforts, the LFS in the Carolinas board chair admitted that he was well aware of the damage that the office closing did to the reputation of the larger organization, its support in the community, and its other services that went beyond those for refugees.

Nonetheless, two positive outcomes occurred following the publicity about the refugee complaints and the office termination. First, the LFS crisis as exposed by the media reports was a wake-up call for many organizations and volunteers in the community. They were particularly concerned that the image of Greensboro had been damaged—that the area was no longer seen as a welcoming and diverse community for refugees. Not only did that outcome reinvigorate some of the long-term volunteers and congregations associated with this work, but the human service, religious, and educational community became far more aware of the difficulties in running an effective refugee resettlement and integration program. Second, a loosely formed Refugee Network was created by the refugee agencies, public organizations (e.g., schools, health department, DSS), refugee advocates, and supportive congregations. With a local foundation's funding, its executive committee spearheaded a strategic planning process in the fall of 2010 that promised to create specific community-driven projects that could help to fill the gaps in refugee services.

Lessons Learned From this Case

While the closing of the Greensboro office was largely due to a confluence of forces from international, national and local levels, the management of the Corporate Office in Raleigh was a central concern expressed directly or indirectly by many in this study. My interviews suggested that there were two sides to the question of why this particular local office was closed—one explanation given by the leaders was that they made a logical financial decision after frequent discussions about the scope and sustainability of the agency's programs. The financial drain had become so overwhelming that they felt they had no choice but to close down programs and services. The other explanation from the employees and former employees was that LFS in the Carolinas lost sight of its mission to serve refugees—and in the process LFS was unable to communicate openly and humanely with employees about its problems. They believe that the LFS Corporate Office was largely responsible for overspending and financial mismanagement to the detriment of their primary mission of resettling refugees and serving other human needs. It also appears that the leadership failed to develop a better financial operation and a thoughtful and well-reasoned adaptive strategy in the face of these challenges. In becoming dependent upon federal funding for a wide range of services, LFS in the Carolinas failed to continue to develop local sources of financial support and volunteers.

Several lessons might be learned from this case that are not unique to refugee resettlement agencies. These can be categorized into financial and organizational challenges of federally funded agencies, though some of these might be experienced by other types of nonprofits as well.

First and most obvious were the financial difficulties that LFS faced and failed to respond to effectively. When LFS did not have the financial cushion to support it when the reimbursement funding slowed down, when it failed to receive reimbursements and payments, or when the flow of new refugees was uneven, it became caught in a cycle of borrowing funds, replacing them, and trying to catch up. Dealing with the federal and state government's multiple fiscal years, increasing reporting requirements, and changes in the Match Grant cash requirement also appeared to challenge the central office's capacity to perform their functions effectively, and most likely incurred additional staff expenditures to hire more qualified professionals. New hires, however, did not understand the complexity of the many grants and contracts and did not have an adequate billing system to obtain reimbursements in a timely fashion. The more recent reductions in denominational contributions, congregational volunteers, and additional costs for employment-related services in the current economy no doubt added to the revenue-expenditure gaps. The financial balance sheet was clearly in trouble for several years before action was taken. By the time the economic downturn hit both the revenue and expenditure sides of the financial equation, it was too late. What didn't seem to be understood and expressed by anyone outside the Greensboro Office was that the corporate leadership made no visible efforts to improve its own finances by reducing Corporate Office staff, salaries and expenditures.

Second, the management and organization of LFS in the Carolinas also suggested several other problems that were not adequately addressed. Ongoing tensions between the Greensboro Office and LFS leaders were not resolved, which led to the departure of several key employees and promoted further distrust, antagonism, and insular behavior by the refugee agency's staff. The Greensboro employees developed an esprit de corps and closing of the ranks that operated to protect themselves while at the same time they built a case against the leadership in Raleigh. Meanwhile, the Corporate Office was stretched financially and operationally, with inexperienced staff who had little sensitivity for the resettlement program and gave insufficient attention to its needs. In trying to rein in expenses and centralize operational decisions, the leadership only further antagonized the Greensboro Office. Some degree of openness, transparency, and respect for the management and the employees was called for. However, these failed to develop as a key tool to change the organizational climate and the effectiveness of the office. If the program priorities needed to shift to other, more sustainable programs, the Corporate Office should have made this clearer to employees as that change developed. Greater personal attention and genuine sympathy toward a difficult job in a difficult economic environment might have helped to reduce the fear and antagonism.

Third, the need to market the resettlement program and increase congregational, financial, and community support also was not addressed by LFS in the Carolinas until it was too late. The media coverage of certain refugee problems was only the tip of the iceberg, in terms of the concerns about refugee resettlement generally, given the economy, and more specifically, about the response of LFS to these claims. The lack of response to the complaints from the Corporate Office demoralized the Greensboro employees, and encouraged the local community to respond in outrage. Loyal LFS volunteers were unsettled by the media negativity and floundered in looking for an approach to show that the Greensboro community did welcome and support refugees. The outreach activities of the local office for some time had been severely limited by staff turnover, inadequate funding, and a fear of the corporate office's reactions. It meant that the community volunteers found another agency (CWS) to collaborate with and support in their commitment to refugees. Nonetheless, probably most damning in the employee reports was that the Corporate Office did not adjust to the new realities. The leadership finally realized it needed to have a stronger local presence with congregations, donors, and volunteers, but it came too late.

A final lesson in this case summary is that leadership matters—both in an organization's professional staff and its board leadership. The management style and focus of the CEO and President of LFS in the Carolinas was harshly criticized in my private interviews with former employees, though little was directly blamed on her by the board chair, state officials, LIRS, the former controller, or the media. Did she lose her passion for service in the process leading to the financial debacle that LFS slid into? Did she become so overwhelmed with the complexity of the job, the funding streams, and program requirements that she focused on the elements she thought she could control—the people, the office and group home locations, the programs? Was she a victim of goal displacement, in that she lost sight of the mission of the agency in an effort to help the organization to survive? Or was she as incompetent, manipulative, threatened, uncaring, self-interested, and/or unethical as some have charged in my interviews? I cannot provide answers to these questions, but she may have faced a set of challenges she was not able to manage with her skills and abilities.

In sum, economic downturns and changes in services demand an adaptive leadership style, a strategic and well-reasoned response, and an implementation plan to manage the finances and agency cutbacks. These must be developed with vigor and passion to continue to accomplish the stated mission of the organization. And these plans must include buy-in and input, with a degree of transparency, from all stakeholders--lower level employees, volunteers, clients, board members, and those who have key contacts in the community to address the challenges. All must be committed, heart and soul, to the mission and the survival of the agency—while agreeing that all aspects of the agency must be reviewed, measured, and improved in the process. Only with a concerted effort of key participants can agencies find the support and capacity to learn and change.

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