



Combined Federal Campaign History

History of Charitable Fundraising Within the Federal Service

Fundraising for charitable organizations in the Federal workplace can be traced to the late-1940's. However, formal authority to permit fundraising in the Federal workplace was not established until 1961. In signing Executive Order 10927, President John F. Kennedy authorized the U.S. Civil Service Commission to develop guidelines and regulate fundraising in the Federal service.

Early Years

Prior to the 1950's, on-the-job fundraising in the federal workplace was an uncontrolled free-for-all. Agencies, charities, and employees were all ill-used and dissatisfied. Some of the problems cited were:

- Quotas for agencies and individuals were freely established and supervisors applied pressure to employees.
- Designations were not allowed.

Even with the frequency of on-the-job solicitations, total receipts for charitable causes that were worthy of employee support were minor. In many cases, employees donated their pocket change.

President's Committee on Fundraising

As far back as 1948, the then existing Federal Personnel Council (composed of agency personnel directors) attempted to add uniformity and stability to the fundraising effort through the issuance of guidance to departments and agencies. However, the Council had no enforcement authority and the departments and agencies continued generally to follow their own inclinations in the conduct of on-the-job solicitations.



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As the solicitations proliferated and with continued dissatisfaction with a lack of uniform policy in workplace fundraising, Philip Young, the President's Advisor on Personnel Management, who also acted as Chairman of the Civil Service Commission (CSC), initiated a study of the problem. This 2-year effort (1954-56) involved extensive discussions with leaders of charitable organizations and managers throughout the federal establishment.

In June 1956, President Eisenhower formally charged the President's Advisor on Personnel Management with responsibility for the development and administration of a uniform policy and program for fundraising within the federal service. In that year, Fund Raising Bulletins No. 1 and No. 2 were issued, identifying the charitable organizations recognized for on-the-job solicitations and designating the times of the year during which their solicitations could take place. General guidelines were issued for the conduct of campaigns, and an Eligibility Standards Committee was established. The Committee's eligibility criteria formed the basis for identifying charitable organizations recognized for solicitation during 1958 and later years.

The first participating charitable organizations were:

- The American Red Cross,
- Local Community Chests, United Funds, or Federated Groups,
- The National Health Agencies (an ad hoc group of nine health-related voluntary organizations, now known as Community Health Charities), and
- International Voluntary Agencies (an ad-hoc group, later known as International Service Agencies, of two voluntary agencies primarily interested in overseas assistance programs).

President Eisenhower further formalized the administration of the program by Executive Order 10728 of September 6, 1957. The Executive Order placed it under the supervision of a Presidential Committee, staffed by the Civil Service Commission. Solicitations by charities were consolidated into three on-the-job campaigns a year (for different groups of charities), and operational ground rules were established and eligibility tightened.

The principal characteristics of the emerging federal fundraising program were that all individual voluntary health and welfare agencies



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were grouped into the four categories above, and that each of the groups was assigned specific periods during each year when they would be permitted to carry out on-the-job solicitations. The Community Chest organizations (primarily local United Ways) were assigned campaigns privileges during the fall, the National Health Agencies and the International Service Agencies were assigned a campaign period in the spring, and the American Red Cross (where it had not consolidated its fundraising efforts with the local Community Chest) was permitted a separate campaign during the spring.

This was a giant step in simplifying and systematizing fundraising in the federal service. As it developed, however, there continued to be dissatisfaction with the expense and disruptive influence of multiple campaigns. It also remained true that receipts continued to be low in relation to the proportion of time and energy devoted to the various campaigns. Campaigns were often not organized with vigor and enthusiasm and, with the exception of United Way campaigns, were dependent upon cash donations handled through an envelope distribution system. While the United Way campaigns solicited pledges as well as one-time cash contributions, all contributions were paid directly by the employee to the voluntary agency. There was no payroll deduction.

A "Combined" Campaign

By 1961, President Kennedy had determined that the program was well-enough established that the President's Committee on Fund Raising within the federal service could be abolished. He did so and assigned the program to John W. Macy, Jr., Chairman of the Civil Service Commission, by Executive Order 10927.

Work on overcoming problems with the program continued. Serious consideration began to be given to both a system of payroll deduction and the possible consolidation of solicitation efforts into a single campaign. There was strong interest on the part of representatives of the voluntary agencies in payroll deduction. However, there was not agreement at this stage on the part of all participants about the desirability of melding the separate identities of the fundraising organizations by consolidation into a single campaign.



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In 1964, the first "combined" campaigns, officially called "Combined Federal Campaigns, or CFC" were conducted as experiments in six cities, consolidating all drives into one. The result was a substantial increase in contributions, ranging from 20% to 125%, and a highly favorable response within the federal community: agency managers were pleased with having to deal only with a once-a-year effort; federal employees responded with favor to the single solicitation.

By 1971 all campaigns had become "combined." President Nixon announced on March 3, 1971, that the CFC would be the uniform fundraising method for the federal service. Another major change at the time was the introduction of payroll deduction as a form of charitable contribution. This was made possible only by a truly combined, once-a-year campaign, and greatly increased the size of contributions.

Despite continued skepticism about whether the consolidated character of the CFC suited the fundraising philosophies of some of the major CFC participants, contributions grew dramatically: from \$12.9 million in 1964 to \$82.8 million in 1979.

Expansion

Up through the 1970's, the Combined Federal Campaign (CFC) was a relatively non-controversial program in terms of the charities allowed to participate. Growth in the number of participating national charities was slow -- from 23 in 1969 to only 33 in 1979.

In the late 1970's, public policy advocacy groups, legal defense funds, and other organizations succeeded through lower court litigation in entering the CFC. The case that opened the doors to these types of groups was *Natural Resources Defense Council v. Campbell* in which the United States District Court for the District of Columbia ruled that the definition of a human health and welfare charity was too vague and ordered the Office of Personnel Management (OPM) to allow various groups to participate in the CFC. OPM, the successor organization to the U.S. Civil Service Commission, assumed regulatory authority over the CFC in 1978.



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Significant changes to the CFC regulations in April, 1980 went a long way toward expanding participation in the CFC and resolving a number of other problems. Regulations issued in 1982 by OPM Director Donald Devine also addressed CFC organization. They formally recognized the role and responsibilities of the local groups of Federal officials that manage the campaigns -- Local Federal Coordinating Committees (LFCC's) -- and introduced the concept of Principal Combined Fund Organizations (PCFO's) -- local federated fundraising organizations appointed by LFCC's to administer the local campaigns.

Responding to a court order permanently enjoining OPM from excluding legal defense and advocacy groups from the CFC because of their "indirect" support of health and welfare or their lobbying/advocacy activities, Director Devine in April 1984 opened the CFC to basically any 501(c)(3) charity and permitted write-in designations.

In July 1985, however, the Supreme Court upheld President Reagan's Executive Orders, holding that the exclusion of advocacy, legal defense and other non-health-and-welfare groups is constitutional, as long as it is done even-handedly, without discrimination for or against any particular political viewpoint. In 1986, OPM revised its regulations consistent with the President's Orders.

Under the Hoyer-Hatfield Amendment to the Continuing Resolution for FY 1986, however, Congress declared that OPM could not issue the regulations in final form and implement them. Congress directed OPM to either disregard the content of the 1982 and 1983 Executive Orders or reissue the regulations used in the campaigns in 1984 and 1985. OPM reissued the 1984 regulations and administered the 1986 and 1987 CFC under these interim rules.

The 1990s

Starting in the fall of 1986 and continuing throughout 1987, the Office of Personnel Management (OPM) met with various interested parties including local federal officials and representatives of the voluntary agencies and the federations. During the course of these discussions OPM identified six areas of immediate concern:



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The Director of OPM convened a task force composed of three private sector individuals, chaired by OPM's General Counsel. The task force was to consider relevant information on the design and operation of the Combined Federal Campaign (CFC) and provide the Director with its opinions on the future direction of the CFC.

Before the task force could present its report to the Director, the Congress, at the request of various national charities, adopted permanent legislation for the CFC in the Treasury, Postal Service, and General Government Appropriations Act for FY 1988 (P.L. 100-202). This legislation attempted to deal with some of the major problems that OPM had identified during the course of the meetings and discussions during the past year and a half.

Public Law 100-202 required OPM to review the formula for distributing undesignated contributions based on the experience of the 1988, 1989, and 1990 CFC's. In 1990, OPM conducted eight public meetings around the country to hear from all interested parties, especially federal employees, on this topic. Final regulations were published in August, 1991 that provided for undesignated funds to be distributed to organizations in the same proportion as they received designations. In addition, three new general designation options for all participating organizations, all national/international organizations, and all local organizations were created. They have since been removed. A fourth general designation option for all international organizations was mandated by congressional legislation and still exists today. These regulations were effective with the 1992 campaign.

As a result of audits of local campaigns conducted by OPM's Office of the Inspector General and to reflect the experience of the previous eight campaigns, CFC regulations were revised in November, 1995. Eligibility and public accountability criteria for participating charities remains consistent with congressional guidelines. However, several administrative changes were made. Some of the more important revisions include:

- More clearly defining the scope and meaning of workplace solicitations in the
- Federal government;
- Identification of the circumstances where the Director may authorize solicitations



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- of Federal employees in the workplace outside of the CFC;
- Clarification of procedural requirements for charitable organizations seeking
- participation in the CFC;
- Expanding local eligibility by defining and enumerating criteria for organizations
- that provide services on a statewide basis;
- Removing all general designation options not required by statute; and
- Expanding the solicitation methods and the pool of potential donors.

The 1999 Combined Federal Campaign currently consisted of 387 regional campaigns and the 1998 campaign receipts were \$206.4 million.

The CFC Today - A Time for Transformation

The CFC today is known to be the most inclusive workplace giving campaign in the world with the number of participating charities estimated at over 20,000 nonprofit charitable organizations worldwide. The charities supported through the CFC range from nascent community groups to large, well-known charities.

Partnerships with nonprofit organizations are a core part of the CFC structure. In each of the 320 CFC areas throughout the country, local and national nonprofit organizations collaborate closely with committees of volunteer Federal employees to design marketing strategies for the campaign and to process the receipt and distribution of Federal employee contributions to the charities they choose.

CFC also directly involves participating nonprofit organization leaders in the design of new policies and programs that are shaping the future of the Combined Federal Campaign. These partnerships are promoting greater direct giving from Federal employees to local and national nonprofits while helping nonprofit organizations use these contributions to leverage financial resources from other sources.



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CFC campaigns are delineated geographically along county lines. While the structure of the campaign and parameters of responsibility established in the early 1980's remains essentially the same, an emerging trend is for greater collaboration among campaigns through the merging of local campaign operations and other arrangements. Each campaign is managed by a volunteer group of Federal employees who work with experienced nonprofit executives in their communities to generate contributions and distribute them to eligible charities. This partnership provides an opportunity for Federal workers to become involved in their communities and adds great value to the Combined Federal Campaign for both Federal employees and the participating nonprofit organizations.

The increase in the number of participating charities over the past decade has been great. The number of participating national Federations increased from 3 to 27 and the number of national and international charities has grown to over 1,600. Many federations also operate a network of local affiliated federations which participate in the CFC locally.

Today, the vast majority (75%) of the charities that participate in the campaign as national organizations do so as members of national Federations. While it is estimated that the total number of CFC participating charities in the country exceeded 20,000 in 2004, national organizations and Federations alone received over 45% of the \$256 million recorded in campaign contributions in 2004.

Contributions have also increased steadily. Despite dramatic downsizing in the Federal workforce during the 1990's, the amount received in donor contributions rose steadily -- with half of the nearly \$5 billion in contributions raised since results were recorded in 1964 received in the last ten years since 1990. This upward trend in giving continues strong. In 2001 alone following the September 11 terrorist attacks, Federal donor's contributions rose by 8% over 2000 for a total of \$241 million, the largest increase in 12 years. By 2004, contributions increased to \$256 million.

New opportunities abound with the use of new technology. What seemed impossible just a few years ago is now entirely possible and will be more commonplace five years from now.



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The proliferation of this technology campaign-wide presents a rare strategic occasion for the CFC to become an even more efficient campaign in the future. The CFC Program is endeavoring to bring these advances to donors as well. For example, nonprofits are lending their expertise in web-based philanthropy to bring new efficiencies to giving in the Federal workplace through the use automated giving.

Without doubt, the ability to apply web-based technology while preserving donor trust, in involvement and ownership represent among the greatest challenges facing the CFC as it moves into the 21st Century.