



## World's Largest Workplace Charity Drive Undergoes a Dramatic Transformation

**It's been called a fund raiser's paradise.** Year after year, it produces tens of millions of dollars for charity at a cost of no more than ten cents on the dollar.

But there was trouble in this paradise—otherwise known as the Combined Federal Campaign. Until recently, only the most mainstream charities reaped the benefits of the “CFC” — through which more than 4 million federal and military employees give to charity every year. For much of the CFC's history, the criteria for selecting which charities could participate were so restrictive that none but the most established organizations (such as United Way and the American Cancer Society) could qualify. In fact, until the Sickle Cell Anemia Association was admitted to the CFC in 1977, not one independent minority charity was allowed to receive on-the-job gifts from federal workers, a substantial percentage of whom are non-white.

But beginning in 1976, some of the excluded charities challenged those eligibility criteria, initiating a nine year struggle that continues to have ramifications for every workplace charity drive in the country.

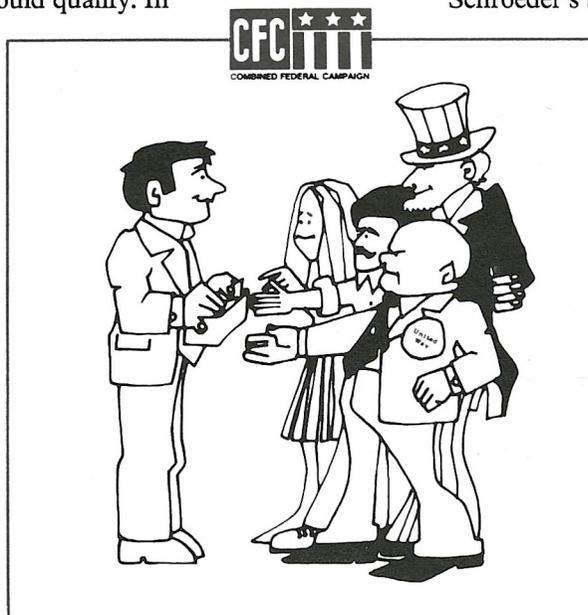
**T**he challenge started in the courts with a suit filed by the fledgling National Black United Fund (NBUF), which

challenged the Campaign's restrictive eligibility rules. It continued in Congress in the fall of 1979, when Rep. Patricia Schroeder's (D-Co.) Subcommittee on Civil Service held four days of often acrimonious hearings on the Campaign. Numerous charities, led by the National Committee for Responsive Philanthropy and NBUF, protested the exclusion of less-established charities.

After the hearings, as the subcommittee prepared its recommendations, it was subjected to lobbying that Rep. Schroeder called “the most intensive imaginable.” One congressional aide compared it to fights over abortion and gun control.

Schroeder's subcommittee eventually recommended several major changes in the Campaign, a few of which were implemented by the Carter Administration in time for the fall 1980 Campaign. For the first time local charities not members of a local United Way were allowed into the CFC. In addition, several more national charities, such as the NAACP Special Contributions Fund, were accepted.

Just as these changes were being made, Judge Barrington Parker concluded in July 1980 that NBUF had indeed been illegally excluded from the CFC, the first of several court decisions (see page 24) that undercut many of the rules used to exclude less traditional charities.



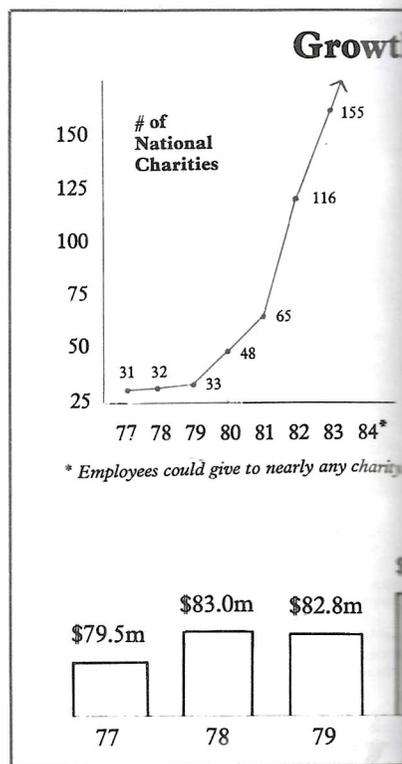
A few months later, on the eve of Ronald Reagan's inauguration, a second federal judge made another crucial decision in a case brought by the NAACP Legal Defense and Educational Fund and Puerto Rican LDEF. In January 1981, Judge Gerhard Gesell ruled that the Campaign's requirement that eligible charities provide "direct services" was too vague and, therefore, unconstitutional. As a result, the two plaintiffs and five other legal defense organizations were admitted to the fall 1981 campaign.

The continued participation of these groups became the focus of an intense, unceasing battle between the Reagan Administration, which wanted to throw out all but the most mainstream charities, and a broad array of less traditional charities, who were just as intent on staying in.

The administration's tireless commander in what came to be called the "charity war" was Donald Devine, former head of the Office of Personnel Management (OPM).

In his first foray in the fall of 1981, Devine asked the President to sign an executive order that would have flat out excluded charities involved in abortions or abortion counseling, as well as charities that do any lobbying or litigating on public policy issues. An intensive lobbying and media campaign convinced the President to reject Devine's proposal and instead sign an order that mainly gave United Way more control over the Campaign.

Devine tried a more subtle approach in the next skirmish in May 1982. He issued rules that would have made it impossible for most nontraditional, less-established charities (including legal defense funds) to qualify for participation. The rules would also have eventually eliminated local charities not part of a United Way. Once again, massive protest prompted the White House to tell Devine to back down. Local charities remained eligible, plus Devine was forced to admit 51 new national charities into the fall 1982 Campaign, nearly doubling the number of participating national charities.



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Despite the fact that giving went up 6.9 percent in 1982, Devine again sought an executive order that would severely restrict eligibility, and this time he got it. On February 10, 1983, President Reagan signed an order banning from the CFC any charity that engaged in "advocacy, lobbying, or litigation."

Because nearly all charities do some lobbying, the executive order touched off another round of protest. Again, Devine had to partially retreat. He issued new regulations that permitted charities to spend up to 15 percent of their income on the forbidden activities. Even as modified, the executive order would have eliminated 28 national charities such as the Native American Rights Fund and the NOW Legal Defense and Education Fund.

But in July 1983 another federal judge—Joyce Green—ruled that the executive order was unconstitutional. As a result, more than 40 additional national charities were included for the first time in the fall 1983 Campaign.

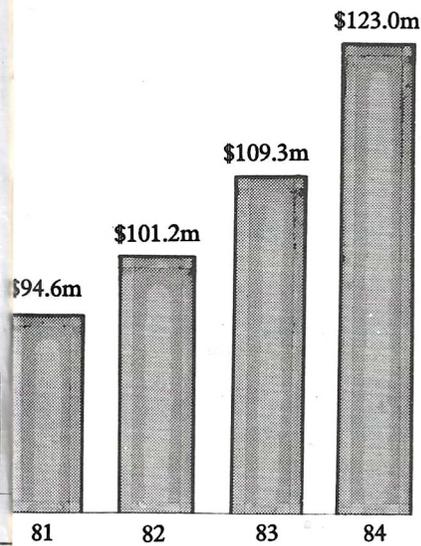
When the Administration lost

**"The purpose of the CFC should be to permit federal workers to use the convenience of payroll deduction to give to the charitable organization of their choice."**

—Rep. Patricia Schroeder



## CFC—1977-1984



its first appeal of Judge Green's decision in February 1984, Devine devined yet another scheme to cut off funds to the unfavored charities.

If he couldn't control which charities were eligible and thus which charities were described in brochures that went to federal employees, Devine would simply do away with the brochures as well as make it much tougher for a national charity to qualify for the hundreds of local campaigns. Without a brochure or even a list of the names of charities, employees would be more likely to give to highly publicized charities such as United Way than to less well-known groups such as the NAACP Legal Defense and Educational Fund.

Politically there was only one little problem with this tactic: most traditional charities also have poor name recognition. With these charities joining in, Devine's newest set of rules generated even louder protest. Although this time Devine didn't exactly back down, he revamped the rules to include a provision allowing the 518 local CFC campaigns to issue brochures describing charities that had been eligible the previous year. Most of the local campaigns distributed

these brochures. Devine also allowed charities to promote themselves among federal workers for the first time, and many groups did so.

In 1985, the Supreme Court said the Administration could exclude activist charities from the CFC—if the exclusion were *not* based on their "viewpoints," a question the Court could not decide.

Whatever the effects of this decision, the changes in the Campaign have been remarkable. Prior to 1980, only 33 national charities had been accepted into the CFC. In the five years since, more than 120 additional national charities have been admitted to the Campaign, including nearly three dozen minority-run charities, environmental organizations, women's groups, and consumer and public interest organizations. Altogether, these three dozen groups have been receiving about \$5 million a year from federal employees.

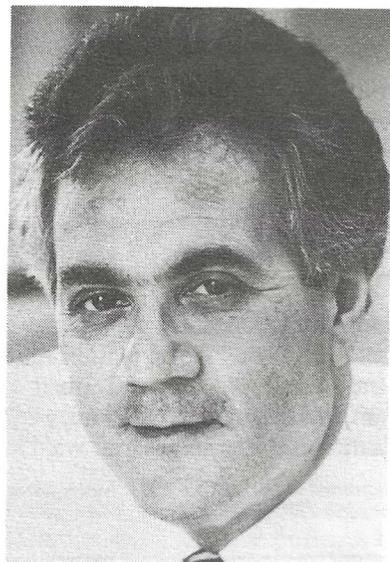
Hundreds of local charities have been added to the Campaign; altogether they raised nearly \$2 million in the 1983 campaign, a 45 percent increase over 1982. In addition, almost any charity that can afford an audit can receive gifts through the CFC.

Money from the Campaign has been a major source of support for some of these charities. The Vietnam Veterans of America Foundation, for example, got nearly \$700,000 through the 1983 Campaign. My Sister's Place, a shelter for battered women in Washington, D.C., received pledges of more than \$130,000 in 1984.

Overall, giving through the CFC has soared since more charities have been admitted, rising from \$83 million in the fall 1979 Campaign to an estimated \$123 million in the fall 1984 Campaign, nearly a 50 percent increase. And despite dire predictions that employees would refuse to give to the Campaign once controversial charities were included, the percentage of employees making gifts has held

***"It seems improper for the government to tell its employees that they should only support charities that fight cancer by urging people to have checkups rather than by harassing the EPA."***

—Rep. Barney Frank



steady—a remarkable 58 percent in the fall 1983 Campaign. Their average gift went from \$30.05 in 1979 to \$47.17 in 1983, more than a 55 percent increase.

There has also been a big increase in the percentage of employees who earmark which

charities should get their money (67 percent in 1983, 40 percent in 1979).

Who gets the money that isn't earmarked for a specific charity is one of several controversies that hasn't been

resolved.

In 1982, Devine gave the United Way the right to distribute almost all of the "undesigned" money. A 1984 General Accounting Office report found that United Way kept 90.2 percent of the undesigned money in 1982. In 28 locations, United Way kept it all. The GAO concluded that putting United Way in charge of undesigned money "creates the appearance of, if not an actual, conflict of interest."

Another ongoing controversy concerns which national charities can be described in the brochures given to employees in the 518 local Campaigns. International charities are automatically included in all 518 brochures, but national charities must demonstrate a "local presence" in each area. The Native American Rights Fund has filed a suit claiming that this requirement discriminates against charities that deal with national issues, such as Indian rights.

The seemingly endless fight over the CFC was "really exhausting sometimes," comments James Abernathy, a board member of the Women's Funding Alliance who pushed hard for the initial changes in the Campaign when he was assistant director of NCRP. "But the transformation of the Campaign has been so important."

Besides the millions of dollars going to "a lot of good groups," Abernathy noted that the changes in the CFC have spurred 23 states and dozens of local governments to open up their workplace campaigns during the past five years.

"The CFC fight has helped educate a lot of people about workplace fund raising. It's shown how valuable payroll deduction is for charities. It's shown the many benefits of giving employees more choices of charities to support. And it's shown that there are thousands of worthy charities that aren't part of United Way." —T.S.

(For current information on CFC eligibility rules, contact NCRP).

## WHO GOT WHAT—Fall 1983 CFC

### Selected Charities

#### PUBLIC INTEREST

Center for Auto Safety	\$12,000
Center for Science in the Public Interest	13,000
Gray Panthers Project Fund	15,000*
Mental Health Law Project	20,000*
Vietnam Veterans of America Foundation	701,000

#### HEALTH

American Cancer Society	\$334,000
American Kidney Fund	641,000
American Lung Association	950,000
National Alliance for the Mentally Ill	14,000

#### MINORITY

Anti-Defamation League of B'nai B'rith	\$59,000*
Mexican American Legal Defense and Education Fund	11,000*
NAACP/Legal Defense and Educational Fund	263,000
NAACP/Special Contributions Fund	264,000
National Black Child Development Institute	156,000*
National Black United Fund	132,000
National Council of La Raza	13,000*
Native American Rights Fund	50,000
United Negro College Fund	1,579,000

#### INTERNATIONAL

Catholic Relief Services	\$695,000
Helen Keller International	232,000
International Rescue Committee	200,000
Save the Children Foundation	1,144,000
Unitarian Universalist Service Committee— International Programs Only	134,000

#### WOMEN/CHILDREN'S ADVOCACY

Children's Defense Fund	\$164,000
Federally Employed Women Legal & Education Fund	28,000
National Child Labor Committee	9,000
National Committee for Prevention of Child Abuse	421,000
National Organization for Women Legal & Education Fund	47,000

#### ENVIRONMENTAL

National Audubon Society	\$119,000
National Parks and Conservation Association	78,000
Natural Resources Defense Council	52,000
Sierra Club Legal Defense Fund	252,000
Wilderness Society	206,000

\* These charities were first admitted to the CFC in 1983. Newly admitted charities were hurt severely by the way the rules were implemented in 1983.