

The Combined Federal Campaign

A Special Report

It took staying power and perseverance that we never imagined would be necessary. When we filed an *amicus* brief to the National Black United Fund's 1976 lawsuit charging discrimination in the CFC, no one dreamed we would still be fighting this battle in 1988. But we persevered, and we won. Now nontraditional charities have the right to solicit contributions from federal employees at the workplace; the world of workplace fundraising is forever changed; and substantially more money is flowing for social justice than before we started.

In December, 1987 President Reagan signed into law permanent legislation for the Combined Federal Campaign. It was sponsored by Representative Steny Hoyer (D-MD), Senator Mark Hatfield (R-OR), and Senator Dennis DeConcini (D-AZ). This legislation marks a new beginning for the CFC.

Since we embarked on this battle in 1976, our primary objective has been to broaden the eligibility criteria. We believe that charities representing disadvantaged constituencies and who choose advocacy as their means of helping have Constitutional rights to solicit Federal employees at the workplace. We believe that workers should decide for themselves which charities they want to support with their contributions, and we feel they should have the widest possible choice of charities.

More broadly, we feel that no charity should have a monopoly on any workplace charity drive and that the maintenance of democratic pluralism in the nonprofit world should supersede the interests of any one organization.

We believe that raising money from workplace charity drives empowers constituencies towards self-determination and self-sufficiency. And we believe that progressive social, economic, and political justice is closer at hand when constituencies decide for themselves how they can make their world a better place.

These principles fueled our staying power in the CFC fight for a dozen years. They kept our spirits high even when the fight was not going well. And for every success along the way there was a point of near despair preceding it.

The CFC fight took place on many fronts over time. Some years, the front was the court room. There were several lawsuits directly pertaining to the Combined Federal Campaign. Most were decided in our favor, although even favorable decisions were not always enough to protect the eligibility of advo-

The CFC, the Federal Government's annual workplace charity drive, has been the focus of a bitter debate about which charities should be eligible to receive Federal workers' donations. Legislation won in December, 1987 marks an end to the debate and allows the inclusion of the widest range of charities in the CFC.

cacy charities. Then the big one — the Supreme Court decision in July 1985 — gave the Reagan Administration the right to restrict eligibility in the CFC.

Often, the front was the White House. Many in the executive branch of Government, especially in the Office of Personnel Management which regulates the CFC, bitterly opposed the inclusion of nontraditional groups in the CFC. "Defund the Left" was the order of the day.

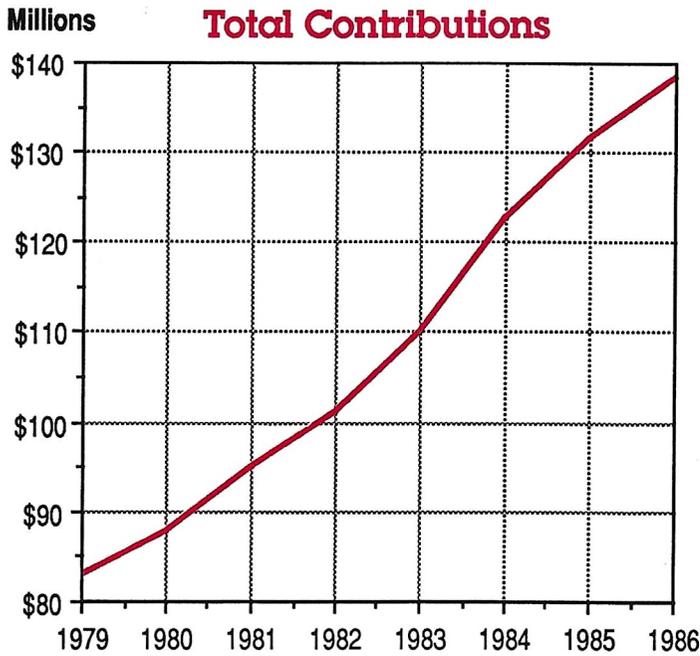
Still other years, the front was on Capitol Hill. Legislative action was often the key to preserving the eligibility of advocacy groups. Congressional pressure on the White House and, more recently, outright legislation netted the results we wanted.

Because the playing field kept shifting between the Executive, Judicial, and Legislative branches of Government, we had to be active on all fronts. All the while, we sought press coverage as a method to help achieve change. Local and national organizations all over the United States were critically active throughout the twelve year battle. Many dedicated souls helped, and we tried and did whatever worked.

Partly we fought so hard because the battle was so classic. It was David and Goliath all over again. But also it was because we knew that the Combined Federal Campaign, the largest workplace charity drive in America, was a showcase for all other workplace campaigns. A victory in the CFC would, we hoped, have a favorable impact on all other charity drives across the nation. Then again we fought the battle because of the money — \$8 million a year for social justice groups is significant in itself.

Even though we now have permanent legislation, we must insure its intended application and monitor its results. We may never be able to retire from this issue, but we — and social justice advocates — are breathing easier. If we ever have to go at it again, I hope you'll be with us.

Robert O. Bothwell
Executive Director

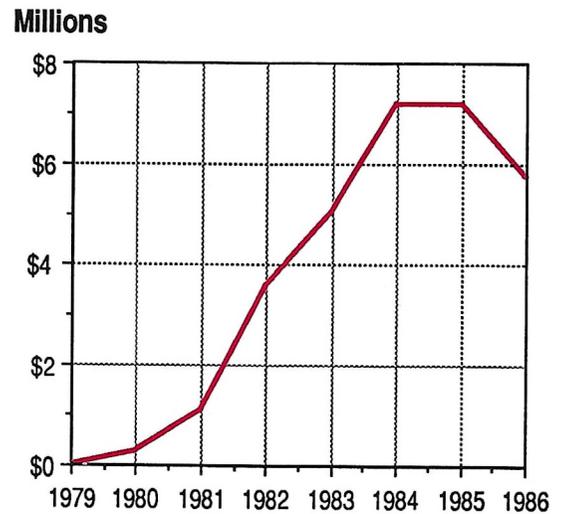


Combined Federal Campaign Totals Soar in 1980's

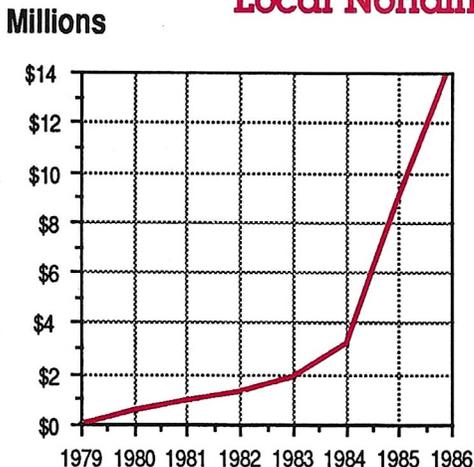
National Organizations Raise Millions for Social Justice and Environmental Action

Some examples:

- ACLU Foundation
- Center for Science in the Public Interest
- Children's Defense Fund
- Gray Panthers Project Fund
- Martin Luther King, Jr. Center for Nonviolent Social Change
- Mental Health Law Project
- Mexican American Legal Defense and Education Fund
- Native American Rights Fund
- Natural Resources Defense Council
- NOW Legal Defense and Education Fund
- United Negro College Fund



Local Nonaffiliated Agencies Find Increasing Support from Federal Employees



Some non-United Way CFC Participants:

- Black Women's Development Collective (NY)
- Brown Lung Association (SC)
- Center for Public Representation (WI)
- Chicano Action Center (CA)
- Gentle Dragon Childcare Center (WA)
- Rosa Parks Community Center (MI)
- Save Our Cumberland Mountains (TN)
- Union of Senior Citizens (RI)
- United Handicapped Federation (MN)

1978

THE NEW YORK TIMES, SUNDAY, DECEMBER 17, 1978

Open Policy Is Asked On Charity Solicitation

WASHINGTON, Dec. 16 (UPI) — Policies that allow United Way programs to monopolize charitable solicitation at employees' places of work should be repealed and opened to all nonprofit, tax-exempt organizations, according to a report by the National Commission on Neighborhoods. The 130-page report was prepared for the commission by the National Committee for Responsive Philanthropy, a group that seeks to improve the "charities establishment."

"Though some United Ways have been very supportive of neighborhood groups, much remains to be done," Joseph Timilty, chairman of the National Commission on Neighborhoods, said as the report was made public Thursday. The report concluded that United Ways had "a virtual monopoly of workplace solicitation and are now using tough tactics, both fair and foul, to eliminate legitimate competition for workplace charitable donations," but it did not spell out what those tactics were.

A United Way spokesman said the group did not exclude other organizations from seeking payroll deductions for their charitable efforts.

1988

THE WASHINGTON POST

SATURDAY, JANUARY 2, 1988

Federal Charity Drive Opened to More Groups

By Judith Havemann
Washington Post Staff Writer

The 10-year battle over the nation's most important charity drive, the Combined Federal Campaign, has ended in legislation that permanently opens the annual fund-raising event to nontraditional charities and reduces the dominance of the United Way.

The \$130 million federal campaign, which solicits 4 million civilian and military workers in the largest workplace drive in the country, is significant not only because of the money it raises. The CFC establishes patterns that are widely copied by state and local governments, according to Bob Bothwell, executive director of the National Committee for Responsive Philanthropy.

The Combined Federal Campaign has been embroiled in political controversy since at least 1971 and has been under almost continuous legal attack for a decade from charities excluded from the drive.

"We're hopeful that this will bring stability to the program," said Rep. Steny H. Hoyer (D-Md.), sponsor of the legislation. "It should alleviate the uncertainty among federal workers, the apprehension among charities and the politicking of OPM and Congress."

"This is a hybrid of good and bad," said Hugh Hewitt, general counsel of the Office of Personnel Management.

"It does not lock in any charities, and it requires all charities to keep their level of administrative expenses low."

In many ways, the deal represents a capitulation to nontraditional charities whose inclusion was championed by members of Congress over OPM's intense objections.

"This is a big victory for politics," said Bothwell, who fought for the nontraditional charitable groups. "Everybody got something they wanted and nobody got everything."

But Donald Devine, the former OPM director whose efforts to exclude the advocacy groups have kept the courts busy for several years, described the compromise as a "true tragedy, but the inevitable result of throwing in into Congress."

"The basic idea of a charity drive is to unite everybody behind causes everybody

can support. Anything that undermines that consensus hurts participation. If you let in groups people don't like, it is terribly difficult to rebuild that consensus.

"The drive was noncontroversial when it began. It is so politicized now that it is discouraging, but that's the way the world is."

Devine and others say that the inclusion of controversial charitable groups has cut the participation rate from a high of 81.3 percent in 1966 to what OPM estimates will be a low of 55 percent in the 1987 drive under way.

But Bothwell said that the dramatic decline in the proportion of employees who contribute resulted from a different cause.

In the 1970s, he said, some supervisors were soliciting contributions from subordinates under the implied threat that a failure to contribute would be a black mark against the worker.

A successful court suit curbed this practice, he said, and OPM implemented rules directed at coercion in 1979. The participation rate dropped from 72.8 to 59.4 in a year.

OPM contends, however, that "no effective anticoercion rules" have existed to date, and the controversy surrounding that possible inclusion of unpopular causes in the drive is the only thing that could be responsible for the drop.

At the same time the total contributed each year has risen, which the advocacy groups attribute to increased interest generated by a greater selection of charities.

The compromise calls for:

■ Allowing the participation of charities that provide broadly defined health and welfare benefits.

■ Eliminating the practice of allowing federal workers to write in the names of charities.

■ Barring charities that spend more than 25 percent of their income on administrative expenses.

■ Tightening rules against coercing employees to give.

■ Spurring competition among charities to administer local fund drives.

■ Gradually reducing the percentage of undesignated gifts—those not earmarked for a specific charity—that go to the United

Legislation Reduces United Way's Dominance

Way.

■ Allowing the government to release the names contributors to the charities, unless the worker bars it.

■ Dividing the undesignated contributions according to the following formula after a two-year phase-in period: United Way, 82 percent; the International Service Agencies (such as Save the Children and CARE), 7 percent; the National Voluntary Health Agencies (such as those working in the areas of heart, cancer, etc.), 7 percent; others at the discretion of the board of directors of each local fund drive, 4 percent.

The campaign has been embroiled in political controversy since at least 1971 and has been under almost continuous legal attack for a decade from excluded charities.

The United Way of America was in some ways the biggest loser in the deal. The United Way is the national charity organization that last year raised \$2.7 billion for the largely traditional charities that often provide direct services to the poor and needy.

So-called nontraditional and advocacy charities often use lobbying or litigation in an effort to achieve their aims.

The United Way has been receiving about 90 percent of the undesignated contributions under a system it largely administered because it runs the federal charity drive in most cities.

"As you know there has been a lot of controversy because of a per-

ception of a conflict of interest," said James Johnson, senior associate with the United Way of America. "We think a formula for the division of receipts will be to everybody's benefit."

"We wanted the write-ins dropped because they are almost impossible to administer, and we wanted a formula [for distribution of undesignated receipts] and we got one that would not hurt us for two years. We had no choice but to accept [the 82 percent] if we wanted some stability in the campaign," Johnson said.

The United Way was not the only disappointed group.

"It was a very tough pill for us to swallow to be excluded" from receiving an automatic share of the undesignated contributions, said Durwood Zaelke, director of the Washington office of the Sierra Club Legal Defense Fund. "It was a very big compromise for us, but the compromise allowed the measure to proceed."

Zaelke represented a group of national service agencies who had sought not only the right to participate in the drive, but a portion of the undesignated receipts as well.

Under the compromise, they must compete for 4 percent of the funds against some popular local charities, among others.

The International Service Agencies, a federation of 34 groups providing health and welfare benefits overseas, are "pretty pleased" with the compromise, according to Richard Leary, executive director of the International Service Agencies. "It has some very good points. I think it will work and the numbers [contributions] will be very good. The allocation of the undesignated contributions is not controlled by one of

the beneficiaries, and we are pleased with that."

An aide to Hoyer said, "A lot of ill will had built up, but everybody's bottom line was fairly compatible, and over many meetings we negotiated an agreement among the federations."

He said that although OPM never signed off on the agreement, the administration was eager enough to end write-ins and tighten up accounting procedures that it did not oppose the compromise in the end.

Devine described the effort as "not very good legislation."

"It's a poor way to make law, writing into the legislation specific percentages for specific groups rather than having objective criteria" to use in giving out the undesignated contributions, he said.

Further, he said that the legislation raises public policy questions by making it theoretically possible for churches and colleges to participate. "It equals my worst fear, turning it from a charity drive into a general solicitation mechanism."

Last May, OPM wrote in the Federal Register, "In the more than a quarter century since the CFC began, it has grown from a noble idea, well-launched, into a bureaucratic nightmare . . ."

OPM Director Constance Horner appointed a task force that conducted hearings across the country, and Hewitt said she still plans issue its recommendations.

Others see it differently. "For too many years the CFC has been treated as a political football," said Sen. Dennis DeConcini, (D-Ariz.), who with Sens. Mark O. Hatfield (R-Ore.) and Barbara A. Mikulski (D-Md.) worked to resolve the issue. "We have finally taken a step in the right direction."

NCRP is Praised (and Blamed) for Role in CFC Struggle

"In reviewing the history of the CFC, it is very clear that the CFC simply would not be the opportunity it is for our organizations today without the unwavering dedication of the NCRP during the past ten years."

Elvis J. Stahr
President Emeritus
National Audubon Society

"Because of NCRP's work, millions of dollars have been donated to a wide range of charities previously excluded."

Julius L. Chambers
Director-Counsel
Legal Defense Fund
(NAACP LDEF)

"We sincerely appreciate NCRP's work to bring about an open campaign. The financial benefits of the CFC have helped us sustain our program efforts."

Evelyn K. Moore
Executive Director
National Black Child
Development Institute

"It is no exaggeration to say there would probably be no CFC controversy, with all its attendant . . . confrontations, . . . without NCRP."

Reagan Appointee Donald Devine
Former Director
Office of Personnel Management

"Though the battle could not have been won without all our organizations' support, . . . NCRP played a most crucial role in helping gain this victory for our side."

Margaret E. Kuhn
National Convener
Gray Panthers

"From every point of view — the constitutional protection against discrimination, the importance of openness in the free marketplace of ideas, the right to freely choose a recipient of charity, and the long-term interests of the nation in new ideas and diversity — it is right and proper that the United Way not have exclusive access to the gifts of employees at work."

Joan Claybrook
President
Public Citizen

Social Justice and Environmental Organizations Work for Change Thanks to CFC Contributions

Legal Defense Fund

With the help of contributions received in the 1981-87 Campaigns, staff attorneys at LDF (NAACP Legal Defense and Educational Fund) have litigated dozens of class action discrimination lawsuits on behalf of minority Federal employees against the Office of Personnel Management.



The Federal PACE Exam for mid-level administrators effectively excluded blacks and Hispanics from advancing in Government services. The LDF took on the case, and with victory came the elimination of the PACE Exam and the chance for thousands of minority Government professionals to rise in the Civil Service ranks.

"We are always on the edge of a deficit," says Steve Ralston, LDF attorney. "The \$300,000 annually has been very important to us over the years."

My Sister's Place

Optimists at My Sister's Place, a shelter for battered women in Washington, D.C., hoped for \$35,000 from its listing in the local CFC. United Way's consideration of a \$20,000 grant was tempting, but funding from United Way would have prevented the shelter's participation in the CFC. It remained unaffiliated, and when the results of the Campaign were announced, Federal employees had given the shelter more than \$80,000 this first year.



"We are extremely grateful for CFC contributions," says Executive Director Barbara Mills. "We can be less dependent on Government funding, and can continue the quality and variety of services we offer to women and their families."

Children's Defense Fund

Thanks to Children's Defense Fund action in Texas, the State will save an estimated \$14.6 million this year by requiring competitive bidding for suppliers of nutritional food supplements for low income children and pregnant women.



This savings will allow an estimated additional 42,000 recipients to participate in the program.

Federal employees, by their contributions of \$200,000 annually through the Combined Federal Campaign, have provided what CDF Development Division Director Robbie Ross calls "an important source of unrestricted funds that allows the Children's Defense Fund to respond to needs and developments as they occur."

Alaska Conservation Foundation

The Alaska Conservation Foundation has channeled \$600 from Federal employees to preserve the Arctic National Wildlife Refuge. ACF made grants to a legal defense group, a native community organization, and a grassroots mobilization effort, and together they have fought off oil and natural gas development within the refuge.



But the Alaska Conservation Foundation received more than donations from the CFC. Along with several other social change groups, ACF is a member of Alaska Community Shares. The CFC is a source of inspiration for Community Shares President Jim Stratton: "The CFC brought into focus the opportunities in workplace fund-raising for us. Now we're moving together into other workplace charity drives."

War Battle Opens CFC

JUDICIAL

August 2, 1976: The National Black United Fund (NBUF), twice denied admission to the Campaign, files a lawsuit alleging discrimination. (The suit will be tied up in court for four years).

February 20, 1980: In a decision critical to future CFC litigation, the U.S. Supreme Court rules that asking people to make a gift to a charity is a form of free speech protected by the First Amendment.

July 6, 1980: Judge Barrington Parker rules in U.S. District Court that the National Black United Fund (NBUF) had been illegally excluded from the CFC, finding that the CFC is a "forum and platform where First Amendment rights may be exercised." Judge Parker also says that the way in which United Way "has dominated" the CFC is "quite troubling." This decision is appealed not by the Government but by United Way.

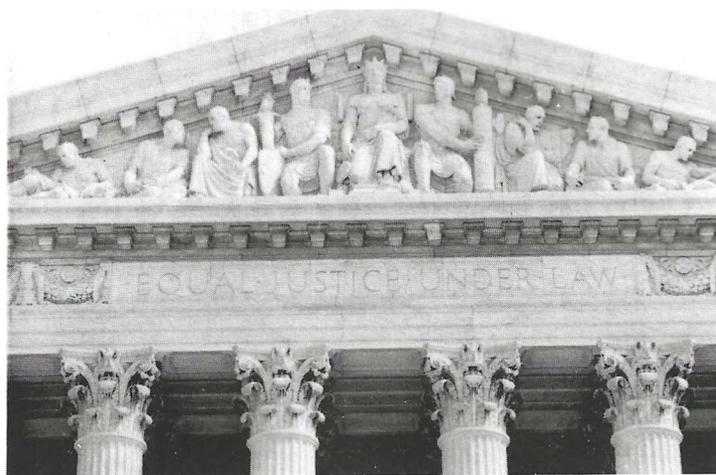


Judge Barrington Parker

January 15, 1981: U.S. District Judge Gerhard Gesell finds in NAACP LDEF's and PRLDEF's favor that requiring eligible charities to provide "direct health and welfare services" is vague, unjustified, and unconstitutional.



Judge Gerhard Gesell



July 15, 1983: U.S. District Judge Joyce Hens Green, in a second lawsuit brought by the NAACP LDEF and PRLDEF, finds that the restrictions in the new executive order are unconstitutional infringements on the right to free speech in a "limited public forum." She is the third Federal judge in three years to declare exclusion from the CFC to be illegal.

September 15, 1983: One day after OPM Director Donald Devine excludes Planned Parent-

ACTION



Walter Bremond, founder of the National Black United Fund, the first plaintiff charging illegal exclusion of nontraditional charities from the CFC.

October 1979: NCRP, NBUF and other organizations request a Congressional inquiry into the Combined Federal Campaign.

Fall 1979: NCRP and the United Way lobby the House Subcommittee; Chair Pat Schroeder calls this action "the most intensive imaginable."

Spring 1980: Responding to the proposed rules which ignored the Subcommittee's recommendations, NCRP lobbies the Carter Administration for more inclusive final regulations.

August 1980: Despite the new, more open rules, the NAACP Legal Defense and Educational Fund, Puerto Rican Legal Defense and Education Fund and other activist charities are denied participation; they subsequently file suit against the Government. The NAACP Special Contribution Fund, however, is admitted to the CFC as the first independent national minority charity. Also, hundreds of local nonaffiliated charities are admitted for the very first time.

Summer 1981: The Natural Resources Defense Council (NRDC) threatens a lawsuit charging illegal exclusion.

Fall 1981: As a result of the legal decisions and lawsuit threat, OPM admits NBUF, NAACP LDEF, PRLDEF, NRDC and four other legal defense funds, plus 13 other national charities, expanding national charity participation by nearly 50%. Advocacy charities are admitted for the first time to some local CFC's.

December 1981: NCRP finally obtains OPM Director Devine's proposed Executive Order, shares it with the media, and it provokes wide scale criticism.

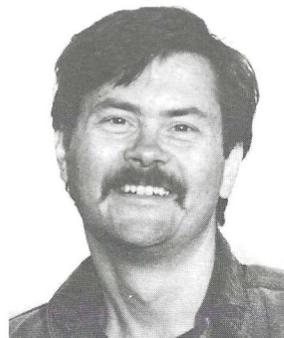
January-March 1982: NCRP fans the media interest and seeks Congressional help to fight the "legitimate charities" proposal.



Jim Abernathy, Co-founder of NCRP and the inspiration for NCRP's Congressional action on the CFC.

May-June 1982: NCRP coordinates a vigorous media, grassroots and Congressional lobbying campaign to quash Devine's proposed regulations.

July 23, 1982: Fifty-one national charities are added to the Fall CFC as a result of the improved regulations, including many minority, environmental, women's and other progressive public interest groups (and six conservative public interest groups as well). This nearly doubles the number of participating national charities (to 116).



Tim Saasta, NCRP media activist, 1978-86, forced White House to overrule Devine, 1982.

February 1983: NCRP organizes the Coalition to Expand Charitable Giving, coordinator of the efforts of 59 national organization and labor unions against the Administration's attempt to eliminate activist charities from the CFC.

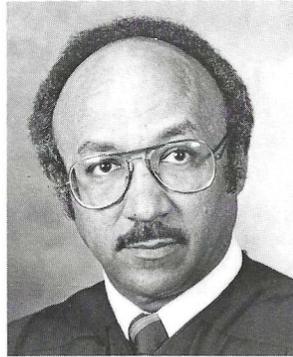
September 1, 1983: One hundred fifty-five national charities are approved for inclusion in the 1983 CFC, nearly quintupling the number which had participated





Judge Joyce Hens Green

February 17, 1984: The U.S. Court of Appeals upholds the July 1983 ruling by U.S. Judge Joyce Hens Green forbidding the Federal Government from excluding the legal defense funds of women's, civil rights and environmental groups from participation in the CFC. Judge Harry T. Edwards's decision states that a tax-exempt group cannot be excluded "simply because the speaker has been viewed unfavorably by the Government."



Judge Harry T. Edwards

July 2, 1985: The U.S. Supreme Court overturns two lower court rulings and permits the Administration to bar advocacy groups from the CFC. Writing for the majority in the 4-3 decision, Justice Sandra Day O'Connor concludes that the CFC is not a "limited public forum," as the lower courts had found, but is in fact a "nonpublic forum." The Government is entitled to include and exclude provided that its rules are "reasonable" and not "merely a pretext for viewpoint discrimination." In a strong dissent, Justice Harry Blackmun insists that the exclusion of activist charities is "on its face, viewpoint-based discrimination." The case is remanded to U.S. District Court Judge Joyce Hens Green to hear more evidence on the possibility of viewpoint discrimination. (This will never happen, as subsequent events eventually leave this issue unresolved as the case becomes moot.)



Justice Harry Blackmun



Justice Sandra Day O'Connor

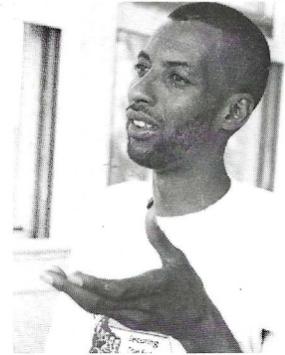
Steve Ralston, NAACP Legal Defense Fund attorney in the second and third lawsuits charging illegal exclusion of nontraditional charities from the CFC.

Spring-Summer 1984: NCRP and the Alliance for Justice lead a campaign to combat the proposed regulations; traditional charities also join the fight.

Fall 1984: Surprisingly, Devine's new rules work much better for nontraditional and advocacy charities than any previous set of rules — both at national and local levels.

July 1985: NCRP, for the first time, turns to Congress for legislative help.

July 1985: NCRP, ACLU, Children's Defense Fund and others vigorously lobby the Senate Governmental Affairs Committee concerning Horner's nomination, seeking leverage on CFC rules.



Raymond Brown, NCRP's persevering and effective CFC lobbyist 1983-87.

Fall 1985: Independent Sector joins the battle and opposes the new rules as chilling charities' free speech on public policy matters. NCRP reconvenes and expands the group of advocacy charities which were crucial to the 1985 victory; it becomes the CFC Working Group, the force behind future lobbying efforts.

Spring 1986: NCRP and others trigger an avalanche of calls and letters to Congress from one thousand charities nationwide. The CFC Working Group, co-led by the Sierra Club Legal Defense Fund, runs an aggressive lobbying campaign in support of the second Hoyer-Hatfield Amendment.

July-September 1986: NCRP and the CFC Working Group continue working Congress with an eye toward a third Hoyer-Hatfield Amendment.

Fall 1986: \$138 million is contributed by Federal employees, an increase of \$56 million (68%) since 1979, the last year prior to the expansion of the CFC to include nontraditional charities. An estimated \$8 million goes to activist social justice and environmental charities.

January 1987: Discussions break down between the CFC Working Group and OPM. NCRP and the CFC Working Group seek support for a fourth Hoyer-Hatfield Amendment.

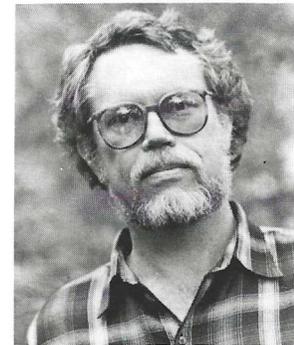


July 1987: International Service Agencies (ISA), not wanting the CFC to continue operating under 1984 rules, proposes to NCRP and the CFC Working Group to develop a permanent legislative solution regarding eligibility for advocacy and nontraditional charities, and other key CFC issues.

September 1987: United Way and the National Health Agencies join the legislative discussions.



Robert O. Bothwell, NCRP Executive Director throughout the entire CFC battle.



Durwood Zaelke, Director, Washington Office of the Sierra Club Legal Defense Fund and a key organizer of the CFC Working Group.

March 1988: NCRP incites a stampede of comments to OPM and Congress from organizations nationwide which NCRP and the CFC Working Group corral into swift Congressional response.

Photo Credits: Capitol: Architect of the Capitol; President Reagan: Karl H. Schumacher; Judge Green: Chase Studi

Advocacy and Nontraditional Groups Now Included

Tortuous Twelve-Year

LEGISLATIVE

October 1979: The House Subcommittee on Civil Service, chaired by Rep. Pat Schroeder (D-CO), holds four days of hearings on the CFC. Seventy witnesses testify; exclusion of charities and charges of employee coercion dominate the testimony.

December 20, 1979: The Subcommittee issues a formal report to the executive branch, noting that "numerous legitimate charities have been excluded," and recommends changes in the CFC to admit charities that "address the needs of the deprived segments of society."

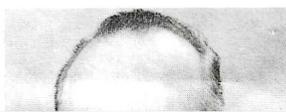


Rep. Patricia Schroeder (D-CO)



Rep. Barney Frank (D-MA)

March 25, 1983: The House Subcommittee on Manpower and Housing, chaired by Rep. Barney Frank (D-MA), holds the first of three hearings on the restriction of access to the campaign.



EXECUTIVE

September 6, 1957: President Eisenhower signs an Executive Order creating the "Uniform Federal Fund-raising Program," with three separate campaigns for United Way, the Red Cross, and for International Service Agencies and National Health Agencies. About \$2 million is raised.

March 8, 1961: President Kennedy signs an Executive Order declaring health and welfare agencies and "such other national voluntary agencies as may be appropriate" to be eligible.

Fall 1964: The three separate fund-raising campaigns are consolidated into one Combined Federal Campaign and payroll deductions for contributions are started.

February 12, 1980: The Carter Administration proposes new rules that ignore most of the Subcommittee's recommendations. Local non-United Way charities would be eligible for the first time, but only if they are approved by the United Way.

April 11, 1980: The Administration issues more conciliatory final rules: local non-United Way charities do not need United Way approval; and a new category of charities is made eligible: National Service Agencies, which will later include many activist and minority charities. Also, employee coercion is forbidden.



President Ronald Reagan



President Jimmy Carter

October 22, 1981: In a proposed Executive Order submitted to the White House, Office of Personnel Management Director Donald Devine calls for a CFC limited to "legitimate charities" providing health and welfare services; any group that lobbies, litigates, or "provides abortion counseling" would be excluded.

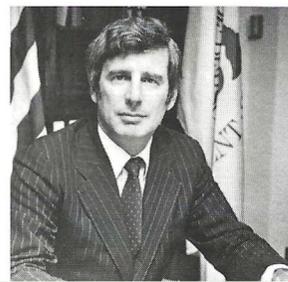
March 23, 1982: Responding to Congressional and media criticism, President Reagan signs an Executive Order that abandons Devine's eligibility proposals, but puts local United Ways in charge of local CFC campaigns and all undesignated contributions.

May 11, 1982: Undeterred by his failure to elicit an Executive Order restricting eligibility, OPM Director Donald Devine proposes new rules that would oust all local charities not affiliated with United Way or National Health Agencies, as well as many national, minority, women's, environmental and other activist charities.

July 2, 1982: The White House orders Devine to back down; he acknowledges that the proposed rules were "overly restrictive."

September 15, 1982: In a secret memo to the White House, United Way of America asks the President to "limit eligibility...to charitable agencies providing direct, human care services in the fields of health and welfare."

February 10, 1983: President Reagan signs a new Executive Order to exclude groups that do any "advocacy, lobbying and litigation," and include only providers of "direct health and welfare services to individuals."



June 23, 1983: OPM proposes rules implementing (but modifying) the February Executive Order, requiring charities to spend at least 85% of their income on 14 specific health and welfare services in order to be eligible, but allowing them to spend up to 15% on lobbying, advocacy, litigation and public education.

September 1983: OPM Director Donald Devine holds hearings to determine national eligibility for the 1983 CFC.





Sen. Dennis DeConcini (D-AZ)

Summer 1984: Responding to grassroots outcry, eighty-eight members of Congress sign letters to President Reagan. Sen. Dennis DeConcini (D-AZ), concerned that the new rules would not be adequately helpful to contributors, obtains Congressional help to urge OPM to distribute to all Federal workers traditional brochures describing charities previously supported.

July 1985: Rep. Steny Hoyer (D-MD) takes the initiative and gains House of Representatives' support for an appropriations bill amendment which would force OPM to run the CFC under existing (1984) rules or to include all charities which participated in previous campaigns. Senator Hatfield (R-OR), Chair of the Senate Appropriations Committee, and Senator DeConcini ready to seek approval in the Senate. This "Hoyer-Hatfield Amendment" is the first legislative action concerning the CFC.

July 1985: Horner's Senate Governmental Affairs Committee confirmation hearing turns into a virtual forum on the CFC. Ranking Democrat Thomas Eagleton of Missouri tells Horner, "the CFC seems to be the major issue of your nomination." Sen. Carl Levin (D-MI) threatens to hold up the nomination unless Horner agrees to continue running the CFC under the 1984 rules. (He wants to head off a purge of activist charities based on the Supreme Court decision.)



Rep. Steny Hoyer (D-MD)

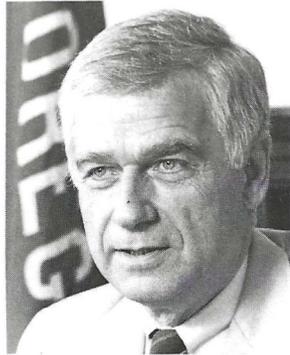
Spring 1986: Rep. Hoyer and Sen. Hatfield sponsor a second appropriations bill amendment, this one forcing OPM to rescind the April regulations inspired by the 1983 Executive Order.

July 2, 1986: Congress enacts a second Hoyer-Hatfield Amendment. OPM is allowed to run the 1986 CFC once again under the 1984 rules or to include all charities which participated in previous campaigns.

Fall 1986: Feeling the climate right, Rep. Hoyer and Sen. Hatfield sponsor a third Hoyer-Hatfield Amendment to insure that the next year's CFC (1987) will be run under the same concepts. It quickly passes.

Spring 1987: A fourth Hoyer-Hatfield Amendment (concerning the 1988 CFC) is proposed and passed in the House of Representatives, as pressure on OPM to reopen discussions.

July 1987: Sen. DeConcini and Rep. Hoyer develop the legislation with ISA's, NCRP's and the CFC Working Group's help.



Sen. Mark Hatfield (R-OR)

Fall 1987: The Senate passes the new CFC legislation without a hitch. Advocacy charities are to be eligible on the same basis as other 501(c)(3) charities; other nontraditional charities can participate as long as they provide human health and welfare services, benefits, assistance, or program activities; write-in contributions are to be eliminated; a national eligibility process is to be reinstated; undesignated contributions are to be significantly shared with national social action and environmental organizations and local alternative federations for the first time.

December 21, 1987: The permanent new CFC legislation, called the Hoyer-Hatfield-DeConcini Amendment, is passed by Congress as part of the omnibus fiscal 1988 spending bill. OPM makes no objections and President Reagan signs the bill. The *Washington Post* observes: "In many ways, the deal represents a capitulation to nontraditional charities whose inclusion was championed by members of Congress over OPM's intense objections." Former OPM Director Donald Devine calls the legislation a "true tragedy."

April 1988: Reps. Hoyer and Schroeder and Sens. Hatfield, DeConcini and Barbara Mikulski (D-MD) carry this grassroots outrage over the proposed regulations to OPM.



Former OPM Director Donald Devine

April 20, 1984: OPM Director Donald Devine proposes radically new regulations for the CFC. Instead of tough eligibility rules which would keep most charities out (and which had already been struck down in three courts), Devine proposes that almost any 501(c)(3) charity be allowed to receive CFC contributions. He would do this by relaxing the eligibility process on the local level and allowing write-in contributions for those which don't make the local eligibility lists. But he also proposes abandoning the national eligibility process and the traditional CFC brochure describing all eligible charities.

August 16, 1984: With Congress at recess and the Campaign about to start, OPM issues final regulations which resemble the vigorously protested proposed regulations of April, but which nod to Sen. DeConcini by allowing local Federal officials, if they choose, to issue brochures describing last year's CFC participants.



OPM Director Constance Horner

July 1985: Constance Horner is nominated to replace Donald Devine as OPM Director.

August 19, 1985: Horner is installed as OPM Director and orders OPM to run the Fall 1985 CFC under the 1984 rules.

August 1985: OPM, taking advantage of the U.S. Supreme Court decision, also immediately proposes major changes in eligibility rules for Fall 1986. Banned would be any charity spending more than 15% of its budget on litigation, lobbying or public advocacy. The President's restrictive 1983 Executive Order is finally to be implemented. Also, previous rules allowing write-in contributions to almost any 501(c)(3) charity would be eliminated.

April 4, 1986: OPM issues final regulations for the Fall CFC with no substantial changes from the original proposals.

Spring 1986: OPM and United Way lobby strenuously in Congress to support the new regulations.

Fall 1986: Hugh Hewitt, OPM's new General Counsel, opens up discussions with all major charities involved about how to create a more effective CFC.



September 8, 1987: An OPM CFC Task Force is convened; in a dramatic reversal of previous United Way policy, United Way Vice Chair Lisle Carter testifies that advocacy charities are welcome in the CFC, insisting that OPM's regulations should be no more strict on permissible lobbying than current law and IRS regulations for 501(c)(3) charities.

February 17, 1988: OPM proposes regulations which threaten to snag advocacy and other nontraditional charities on thorny technicalities: subjective criteria, hyperbolic definitions of fund-raising and public support, and a slippery appeals process.

May 26, 1988: Heeding this Congressional concern, OPM issues final regulations in reasonable conformance with both the letter and spirit of the permanent legislation.