Huddleston Consulting Group

 **$27.00**

**“Hidden Treasures”**

**The Combined Federal Campaign**

**(CFC) Special Report**

Your Guide to High Leverage, Low-Risk, Subsidized Non-profit Fundraising

by Bill Huddleston

 MPA in Non-profit Management,

George Mason University

![MCj02381790000[1]]()

## HUDDLESTON CONSULTING GROUP

Fairfax, Virginia

Phone: 703-560-1825

BillHuddleston@verizon.net

www.cfcfundraising.com

 **Table of Contents**

 **Page**

**Why This Special Report?** 2

**About the Author** 2

**Introduction**  3

**Part I – What is the CFC?** 4

 ***“FISH WHERE THE FISH ARE”*** 4

 What is workplace giving? 4

 Prospect Research 5

 How Much Revenue Can a CFC Charity Receive? 5

 CFC Case Study – South Hampton Roads Non-Profits 6

 Who are the potential CFC donors to Your Non-profit? 8

 U.S. Government – Monolith or Mosaic? 9

**Part II – Fundraising Benefits 9**

 Workplace Giving is Subsidized Fundraising 9

CFC - The Most Donor Friendly Means of Donating 10

 CFC Revenues = Unrestricted Revenues 10

 CFC Donors are Multi-year Donors 11

 More Leverage Than Other Means of Fund-Raising 11

 Less Red Tape Than Almost Any Grant 12

 CFC is Low Risk Fundraising 12

 CFC is a Fixed Cost Campaign 12

**Part III – Benefits Beyond Fundraising 13**

CFC Special Events – Charity Fairs 13

 Project Management Opportunities 14

 Using the CFC for Market Research 14

 The Paradox of Workplace Giving 15

**Part IV – Navigating the CFC 15**

 How the CFC is Organized – Who Runs What? 15

 CFC Eligibility Requirements 16

 What the Federal Donor Sees 16

 CFC – The Only Legal Way to Solicit Federal Employees 17

 CFC - Not Just for the Big Guys 18

 The CFC is a Government Program – There is jargon (surprise!) 19

 Federations – Local, National & International 19

 CFC Timelines – Non-profit Participation 20

**What’s Next? – Free Consulting Session Offer 22**

**Why This Special Report?**

 Even if you have heard of the Combined Federal Campaign (CFC), you can search in vain in the non-profit fundraising books trying to find answers about simple questions, such as “What is it?” and “What are its benefits?” If you can find some CFC information, much of what is mentioned in some of the well respected non-profit fundraising books is too minimal to be valuable – two paragraphs about a $250 million dollar program is hardly enough information on which to base a decision. Why is the CFC a “Hidden Treasure”? – because the government doesn’t have a marketing department is the flip, but accurate answer. This report shows what some of the obvious, as well as some not so obvious, benefits that are available to non-profits that participate in the Combined Federal Campaign. If you are responsible for the financial health or leadership development of a non-profit, this report will provide you with some valuable information that you can not find anywhere else.

**About the Author**

**Bill Huddleston**, earned his Master of Public Administration in Non-Profit Management from George Mason University, served in the Federal sector for over 25 years, and has worked extensively with local and national non-profit organizations as well. He has served as the Chief Operating Office (COO) for a national non-profit that is in the Combined Federal Campaign, where he dramatically expanded the role of the CFC in their “development toolkit.”

During his Federal career he served in many CFC roles including deputy campaign manager, communications chairperson, and loaned executive, and received the National Capital Area CFC Directors Award. He also lectures to university audiences on non-profit management and fund-raising.

He specializes in creating information resources and consulting about the CFC.  Bill is on the faculty of the Center for Nonprofit Advancement in Washington, D.C. Bill makes his home base in Fairfax, Virginia with his wife and children and presents workshops, seminars and teleseminars to assist nonprofit leaders on how to tap into the resources of the CFC. The motto of the Huddleston Consulting Group is “Bringing You the CFC in plain English. Please contact Bill via e-mail at BillHuddleston@verizon.net or by phone at 703-560-1825.

Copyright

All rights reserved. No part of this special report may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording or by information and retrieval system without written permission from the author, expect for the inclusion of brief quotations in a review.

Copyright © 2009 by Bill Huddleston**Introduction**

In these times of extraordinary economic stresses, the question that almost all non-profits face is “How can we generate enough revenue to provide our services to our clients?” Indeed, that was the same question that many non-profits were asking in the boom times as well. For any non-profit, one of the fundamental challenges is to generate revenue that is reliable and predictable, and ideally in the non-profit world, unrestricted.

The Madoff scandals, where some non-profits had to cease operations because 100% of their funds were with one entity (that turned out to a corrupt Ponzi scheme) brings home the validity of the message, “Don’t put all your eggs in one basket.” Of course the more modern economic term for this concept is to make sure you have “diversified revenue streams.”

In this special report I cover one of the “hidden treasures” in the non-profit world, a special type of fundraising that is available to non-profits that can generate reliable, predictable revenues that are also “unrestricted.” If you are new to the non-profit world, “unrestricted” means “three times as valuable” as restricted revenues. Also, and almost unique in the non-profit world, this particular type of fundraising is “high leverage, low-risk and subsidized.” What is this “hidden treasure?” -- It is the Federal government’s workplace giving campaign, the Combined Federal Campaign or CFC -- as it is generally known.

The CFC has been around for years, and just like some of the small old-fashioned and still healthy banks that did not get into credit default swaps or sub-prime mortgages which are two of the financial instruments that helped create the current financial mess, the CFC just keeps chugging along, raising millions of dollars every year that go to thousands of local, national and international non-profits that the Federal CFC donors care about. Why should your non-profit consider adding the CFC to your “development toolbox” – after all, it’s not the latest web-based widget for giving? There’s an old and irrefutable answer to that question – ***“Because it works.”***

 The CFC may or may not be a good fit for your particular non-profit, but you need to have the information to make that determination, and this report is designed to reveal some of the “hidden treasures” of the CFC. This report is organized into four sections: Part I - What is the CFC?; Part II - Fundraising Benefits; Part III – Benefits Beyond Fundraising, and Part IV - Navigating the CFC, so let’s get started.**PART I – What is the CFC?**

How Your Non-profit Can Benefit from America’s

Largest Workplace Giving Campaign --

The Combined Federal Campaign (CFC)

***“FISH WHERE THE FISH ARE!”***

“Grandpa, You’re such a great fisherman, what’s your secret?” asked the young girl on her first fishing trip. “It is a secret, but I’ll tell you if you promise to keep it a secret.” “Okay, I will, I promise!” she replied. “Come closer, I need to whisper this so others don’t hear” said the grandfather, “It is a simple secret, ***fish where the fish are!****”*

This fundamental principle applies to donor acquisition, solicitation and cultivation as well. The mission of the Combined Federal Campaign (CFC) is “to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective in providing all federal employees the opportunity to improve the quality of life for all” (by donating to CFC charities that the employees choose to support through their gifts). The Combined Federal Campaign is a unique “fishing hole” in the non-profit world in that the CFC is a mandatory, completely voluntary fund-raising program for non-profits, which I know sounds contradictory. It is mandatory because ***every Federal agency in the U.S. government must conduct a CFC campaign each fall***. It is voluntary because all of the campaign activities, as well as donor participation are completely voluntary, and there are many safeguards in place to guarantee this.

The Combined Federal Campaign (CFC), established in 1960, is the largest and most successful workplace giving program in the world. Through it, Federal public servants have donated more than $250 million annually for the past five years, generating $1.2 billion of unrestricted funds to thousands of local, national and international non-profits.

***What is Workplace Giving?***

In workplace giving, the actual solicitations are performed during the day by the employees of the sponsoring organization, while at work, hence the name “workplace giving.” In the CFC, annual campaigns are conducted each fall where employees can fill out a pledge card and designate which charities they want to support. More than 90% of the funds raised are designated to specific charities, and most employees use payroll deduction to make their gifts.

In terms of ***actual giving, if the CFC were a foundation, it would be the 10th largest foundation in the USA*.** CFC monies are unrestricted, reliable and predictable, and it has less red-tape than almost any grant.

***Prospect Research***

Keeping with the fish analogy think of the CFC campaign as a “stocked pond of potential donors.” You still need to know how to catch a fish, but there are basic, fundamental steps that if you take them, will increase your changes of success. There is a potential donor pool of 2.2 million Federal public servants that can be solicited each fall for charitable contributions by their co-workers who are CFC volunteers. The average Federal public servant is a GS 10-12 which equates to an annual salary of between $40,000 to $60,000 dollars. Many Federal employees, regardless of pay scale, are extremely generous, and use the CFC as their preferred vehicle for giving to charities they care about.

***How Much Revenue Can A CFC Charity Receive? Zero to $6.6 Million!***

The question that all non-profits want answered is, “How much revenue can we receive through the CFC?” The honest answer is, “It depends.” It depends upon the level of awareness that the Federal public servants have about your non-profit, the number of your current supporters who have a Federal connection, and whether they engage in word-of-mouth marketing about your non-profit to their Federal friends and co-workers.

 The amounts raised for non-profits in the CFC range from zero (admission to the CFC is a “ticket to play” not a guarantee of any result) to $6.6 million dollars annually for the American Red Cross, but that again is not as helpful as taking a look at one region’s CFC results, so let’s look at one, the South Hampton Roads, Virginia CFC.

**South Hampton Roads (Virginia) CFC Case Study**

(Regional CFC Example)

 Using the 2005 campaign results from the South Hampton Roads CFC in Virginia let’s take a look at the range of gifts. There were 1824 charities that participated; including local, national, and international non-profits, and it raised a total of $5,461,036, which ranked it seventh in size in the nation. There are more than 40 regional CFCs that raise at least $ 1 million annually. The table below shows the range of revenues received by the charities in the South Hampton Roads campaign.

**South Hampton Roads CFC 2005 Campaign**

Designated Gifts to CFC Charities

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Range Of Revenue** | **Number of****CFC Charities** | **% of Number** **of Charities** | **Total****Dollars Donated** | **Average Revenue per CFC Charity** |
| $ Zero – no gift | 91 | 5.0% | Zero | N/A |
|  $1- $199 | 347 | 19.0% | $ 29,014 | $ 84 |
|  $200- $ 499 | 288 | 15.8% | $ 97,229 | $ 338 |
|  $500- $ 999 | 302 | 16.6% | $ 220,144 | $ 729 |
|  $1000-$1,999 | 282 | 15.5% | $ 399,659 | $ 1,417 |
| $2000-$ 4,999 | 299 | 16.4% | $ 913,353 | $ 3,055 |
| $5000- $9,999 | 114 | 6.2% | $ 767,338 | $ 6,731 |
| $10,000 - $19,999 | 65 | 3.5% | $ 940,803 | $14,032 |
| $20,000 - $49,999 | 28 | 1.5% | $ 856,750 | $ 30,598 |
| $50,000- $100,000 | 4 | 0.2% | $ 268,270 | $ 67068 |
| $146,083 American Cancer Society (National Non-profit) | 1 | 0.1% | $146,083 | $146,083 |
| $164,737Children’s Hospital (Local) | 1 | 0.1% | $ 164,737 | $164,737 |
| **Totals:** | 1824 |  100.0% | $ 4,803,380 |  |

Total Donated: $5,461,036

Cost of Campaign $366,500

Total Designated to specific charities: $4,803,380

Amount Undesignated (split pro rata among the charities that received funds) $291,156 or 5%

Percent Campaign Cost: 7%, so in this regional CFC, it costs 7 cents to raise $ 1 dollar.

Number of Federal public servants (civilian and uniformed) solicited: 108,381

Number of CFC Donors: 33,053

Percent Participation: 30% (National average is 32%)

As you can see, there is a wide range of performance exhibited by the charities in the campaign, with 5% receiving no funds in this region (if they are a national charity, they may still have received funds elsewhere); 16% (347) receiving less than $199, and 288 receiving between $200-499 but after this, the numbers start to get interesting. More than 300 charities (302) received revenues of between $500-999; another 282 received between $1000-1999; and 299 charities received between $2000-4999 for total revenue in these three categories of more than $1.5 million dollars ($1,533,156). These 883 charities that received between $500 and $4999 comprised 48.4% of the charities in the South Hampton Roads CFC campaign.

The next category had CFC revenues of $5000 to $4999 and has 299 charities in it, 114 charities received amounts ranging from $5000 to $9999, and 67 charities received between $10,000 and $19,999 for a total of $1.7 million dollars ($1,708,141).

There are 28 charities that received gifts from $20,000 to $49,000 and four that received revenue from $50,000 to $100,000. The two largest recipients are identified individually, including a national charity ---the American Cancer Society, and one local charity, Children’s Hospital of the King’s Daughters, that received the largest amount.



This chart illustrates the range of revenues that a non-profit can receive. The actual results depend upon two factors – how well the CFC donors identify with your non-profit; and how well your non-profit understands how to run an effective CFC workplace giving campaign. And while the “mean average” gift could be calculated it would be meaningless, because it would not show that 695 charities received gifts of between $1000 to $10,000 and an additional 101 received even greater amounts, including the two charities that received revenue well above $100,000.

***Who are the Potential CFC Donors to Your Non-profit?***

 Federal public servants, including members of the uniformed services, perform every activity you can possibly think of from delivering your mail, to walking on the moon (Neil Armstrong was a civilian NASA employee), to protecting our nation, to providing care for our veterans, and many, many other functions. By law, every Federal agency must conduct a CFC campaign each fall, at all of its locations.

***Every Federal public servant has chosen a career in public service, which means that they may very well understand your mission better than some of the members of the private sector.*** The individual jobs and mission vary widely, but they are often faced with solving intractable problems with not enough money (you know, just like the non-profit sector).

*89% of the Federal workforce is not in Washington, D.C.*

Many people do not realize either the actual size of the Federal government (there are 1.6 million civilian employees and 600,000 Defense department employees including the uniformed services), or the fact that 89% of Federal employment is outside of the Washington, DC, Maryland and Virginia region. What this means is that the Federal employment in your region may be larger than you realize, and that the CFC may be a viable fundraising tool for your non-profit.

 In any given locality, typically the three largest Federal agencies are Defense Department installations, Veteran’s Affairs facilities, and the U.S. Postal Service. The largest “Federal Regional Office” locations are Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Denver, San Francisco, Los Angeles, and Seattle, and more recently Miami, and of course there are many Federal facilities in many other regions as well.

***U.S. Government – Monolith or Mosaic?***

Many people tend to think of the government as a monolith, and in reality, it is much more of a mosaic. If your non-profit resonates with the Federal public servants in a given region, and you have done some of the necessary public awareness work so that people know who you are, the CFC can be an important component of your overall development portfolio. The CFC should never be 100% of any non-profit’s fundraising strategy, but it can be a very valuable and important means of generating a reliable and predictable revenue stream for your non-profit, so let’s take a look at the fundraising benefits of the CFC.

**PART II - CFC Fundraising Benefits**

The CFC is first and foremost a vehicle for non-profit fundraising, and there are many benefits to including it as one of the tools in your non-profit’s development toolbox. These benefits include:

● Workplace giving is subsidized fundraising.

● Most donor friendly means of donating to your non-profit.

● Generates a reliable, twelve month income stream.

● CFC revenues are unrestricted.

● Development of multiple year income streams.

● More leverage than any other means of fund-raising.

● Less risk than any other means of fund-raising.

● Less red tape than almost any grant.

● The CFC is a fixed cost campaign.

***Workplace Giving is Subsidized Non-profit Fundraising***

With all the hype about web-based giving, and using social networks for fundraising, much of the non-profit sector has forgotten, or never learned a few fundamental facts about workplace giving – namely, it is one of the few types of non-profit fundraising that is ***subsidized by the sponsoring organization***. The sponsor absorbs many costs itself that are not the responsibility of either the donor or the non-profit. Examples of the subsidized costs are the salary costs that are paid to the CFC volunteers who plan, manage, and conduct the CFC campaigns and solicitations each year, plus the space that is made available for charities at charity fairs – they pay no “booth rental fee” the way they would at a conference.

It is the “mutual fund” approach to fundraising, with the risk spread out over a number of Federal agencies and donors. The actual solicitations are performed by the Federal CFC volunteers who are asking their colleagues to support the campaign. By regulation, they can’t recommend any particular charity, but they can and do urge their co-workers to support the causes that the co-worker cares about.

***CFC - The Most Donor Friendly Means of Donating to your Non-profit***

If you stop and truly consider the charitable giving process from the donor’s perspective, not just the non-profit’s perspective, the CFC is ***the most donor friendly means of donating*** to any non-profit. The Federal public servant donor, with ***one*** ***pledge*** ***card*** and ***one* *transaction*:**

 ● Can donate to multiple charities with just one pledge.

 ● Gives money to the non-profit before it ever hits their checkbook.

 ● Accrues no interest charges from credit card donations.

● Makes a secure donation —their personal information is never on the Web, and government payroll systems are secure.

● Donors may remain anonymous if they wish -- CFC anonymous donors are some of a nonprofits best supporters, and a ***majority of the CFC donors*** choose this option.

***CFC Revenues = Unrestricted Revenues***

CFC revenues are unrestricted, and the general consensus in the non-profit world is that ***unrestricted funds are three times as valuable*** as restricted funds. In addition, CFC revenues are predictable, which is a huge benefit to cash flow planning and budgeting for your non-profit, especially in times of economic uncertainty. I know many non-profits whose Executive Directors say that their CFC funding keeps their doors open, because they know they will get the funds every month. If your local non-profit raises $20,000 through the CFC, how valuable is it for you to know that you will get a check for approximately $1600 of unrestricted dollars every month once the distribution process starts? (Note: Some CFCs pay quarterly).

***CFC Donors are Multiple Year Donors***

One fact that is easily overlooked is that with the Combined Federal Campaign, your non-profit is really developing multi-year donors. Since the CFC is an annual campaign, and with the way that the reporting mechanisms work, the results reported are for a given year. The reality is that most CFC donors are multiple year donors, and once they start donating to their favorite CFC charities they become loyal supporters who support their favorite charities every year, ***even if they remain anonymous to the non-profit itself.***  I have seen thousands of CFC pledge cards during my Federal career, and the reality is that most of the donors made minimal changes from year to year, once they became donors. There’s currently no reporting mechanism that allows for the reporting of multiple year gifts, but many CFC donors are loyal five and ten year donors to the charities they care about and support.

***More Leverage Than Any Other Means of Fund-Raising***

The CFC is “prime the pump fundraising” -- it takes some effort to get it started, but once the revenue period starts it continues for the next 12 months automatically, reliably, and predictably.

For a CFC charity, one huge benefit they receive from the CFC is the amount of leverage they gain by having the Federal CFC teams raise funds to support them. For a local non-profit with that applies to the CFC, with that single application they are in every Federal agency in the region. For national and international non-profits, with one application they are in the more than 250 regional CFCs nationwide.

One example of the leverage in the marketing realm is that the campaign catalogs are printed with the CFC charity’s information, and ***delivered to every Federal employee in your region***, with the 25 word description you wrote, plus your non-profit’s URL. How much would it cost you to send a postcard with that information to every Federal employee in your region? Now granted, the catalog doesn’t have fancy graphics, and you still need to get the donor to read the description of your non-profit, but you would have that challenge with a postcard as well.

***Less Red Tape Than Almost Any Grant***

For a national or international non-profit with a small development shop that enrolls in the CFC, if it is able to generate $2000 from the 40 largest CFCs and $500 each from 200 smaller CFCs it will receive $180,000 of unrestricted revenue from its single CFC application. Also, compared to any grant, there is less after award red tape (since there is NONE) – Not bad for a government program!

***CFC Is Low-Risk Fundraising***

 While the CFC is not a no-cost method of fundraising, compared to most fundraising methods, it is extremely low-risk. For example, if your non-profit is using a hotel for a special event for fundraising, and the event is poorly attended (but not canceled) due to bad weather, your non-profit would still have to pay the hotel. With the CFC, even if you don’t raise any money, you have a limited downside risk, e.g. you’re not going to lose your shirt.

It will take some staff time to complete the annual application, but most of the other requirements your non-profit will have anyway as part of its normal operations (e.g. 990, financial audit if your non-profit has a budget greater than $250,000), etc.

***The CFC is a Fixed Cost Campaign***

One of the unusual aspects of the CFC that has the potential for a great amount of leverage, is that it is a ***fixed cost fundraising campaign***, which is different than most other types of non-profit fundraising. Almost all other fundraising campaigns are variable cost fundraising, e.g. if you increase the number of direct mail pieces you send out, your costs increase. Not so with the CFC, where CFC volunteers solicit 100% of the Federal workforce in a given campaign. What this means is that if your non-profit increases the number of its CFC donors, the percentage cost of the campaign decreases, which would result in higher revenues for your non-profit.

**Part III – Benefits Beyond Fundraising**

 In addition to the need for reliable revenue generation, one of the challenges that always faces the non-profit world is how to develop leaders, whether they are younger workers entering the workforce for the first time, or career switchers who are now embarking upon a non-profit career. In each case, in addition to fundraising, there are many other benefits that are available to non-profits that participate in workplace giving campaigns, including the Combined Federal Campaign. Once a non-profit learns about these opportunities that workplace giving campaigns present, it can use the CFC to generate significant benefits that are not so easily measured as dollars raised. These additional benefits of workplace giving include:

● Leadership Development

● Public Speaking

● Volunteer Recruitment

● Project Management

● Market Research about your non-profit

 ● Increase of public awareness of your non-profit

One benefit is the opportunity to use participation in the CFC as an integral part of the leadership development process for your non-profit’s staff. By participating in a CFC campaign, there are opportunities to practice many different skills, including leadership development, public speaking, customer service, project management, and market research about your non-profit.

***CFC Special Events – Charity Fairs***

In workplace giving campaigns there are campaign events known as “charity fairs.” In a charity fair, selected charities from the workplace giving catalog are invited to come to the organization’s offices, and staff a table with their representatives, give out their materials, and answer any questions that the potential donors might ask. One of the ***biggest “hidden treasures” of workplace giving campaigns*** is that they can be the ***ideal “practice field” for emerging non-profit leaders.***

Charity fairs are one of the best leadership development opportunities that exist in the non-profit world. Non-profits that have learned how to integrate workplace giving campaigns into their overall leadership development efforts can use them to provide low risk, high value opportunities to their staff in a number of areas, including project management, public speaking, and team building. For example, the skills that can be developed and practiced through participation in charity fairs include:

**Oral Communication** - public speaking skills –you can practice your “elevator speech” dozens of times in the course of a campaign.

**Team Building** - the non-profit action officer can get practical experience in creating and leading a team, whether they are paid staff or volunteers.

**Listening Skills** – the non-profit team will have the opportunity to listen to hundreds of people in your community – what are they saying, what’s most important to them, etc. These are your potential donors and supporters – does your mission resonate with them, are they aware of your organization, etc.?

**Written Communication** – there are multiple opportunities to develop one’s writing ranging from simple memos to an analysis of the comments from the members of the community that were made at the charity fairs that is prepared for the executive and board leadership.

***Project Management Opportunities***

 One way to development the leadership potential of your employees, is to give them practical, real world applications that have results. The CFC campaign fits that description, and it is one that needs to be done while all the other projects are going on as well, so it does provide a practical exercise in dealing with multiple tasks.

***Using the CFC for Market Research***

If your non-profit participates in charity fairs and other CFC campaign events, use the fact that you sent either staffers or volunteers (or both) out to meet a potential donors and other supporters at these events. Have them use some of their time at these events to ask some questions of the visitors to their table in addition to giving the spiel about your non-profit. You obviously won’t have the opportunity to take a twenty-minute survey, but you can ask a few questions.

 Several that come to mind are: “Have you heard of us?” and “What do you know about the \_\_\_\_\_\_ issue/problem?” If no one has ever heard of your organization and they have never heard of the problem before, you have one type of public relations challenge. If they have never heard of your organization but are well versed in what the issue is, that is an entirely different type of challenge.

***The Paradox (and Benefit) of Workplace Giving***

The paradox of workplace giving for is that because the individual gifts are not huge dollar amounts (the average individual gift is $175), no one is going to “blow” a major gift presentation, but the non-profit staff member can gain experience in speaking to and listening to potential donors. Another advantage of the CFC as a training ground is that it is a set time each year (the fall), and it has a definite end point. This allows the non-profit staff to plan for, participate in, and then perform after action reviews of what worked, and what should be done differently next year.

From a risk management standpoint, the fact that the average gift is $175 also means that even if you lose a few donors, it will not have a severe impact on your overall CFC revenue. This is a huge benefit in a time when many non-profits are losing supporters because of the economic uncertainties, as opposed to any action on the part of the non-profit.

Part IV - Navigating the CFC

***How the CFC is organized – Who Runs What***

The Office of Personnel Management (OPM) has overall oversight and management responsibility. CFCs are organized regionally, and more than 50 generate at least $1 million annually. The Combined Federal Campaign is conducted in all three branches of government (Executive, Legislative and Judicial). The OPM Office of CFC Operations provides national direction and writes the overall regulations that govern the conduct of CFC campaigns. ([www.opm.gov/cfc](http://www.opm.gov/cfc))

One major misconception is that it is one large monolithic entity, managed from the top. The CFC is actually thousands of individual campaigns, all performing under the same set of regulations, but with much variety among the campaigns.

In order to participate in the CFC, a non-profit must be designated a 501(c)(3) organization by the Internal Revenue Service. The CFC has an “open admissions” policy in that if your non-profit meets the eligibility requirements, it is in. There is no “quota” for any particular type of non-profit, and the acceptance rate is 94%. The most frequent cause of the 6% that are not accepted is that the non-profit failed to submit a complete application.

**Eligibility requirements for a non-profit to participate in the CFC:**

(Source: OPM CFC website)

The Combined Federal Campaign (CFC) is open to all charitable organizations recognized by the Internal Revenue Service as tax–exempt under Title 26, United States Code, Section 501(c)(3) and defined as a public charity to which contributions are tax–deductible under 26 U.S.C. 170(c)(2). Applicant organizations must meet the eligibility and public accountability standards detailed in the United States Code of Federal Regulations, Title 5, Chapter 950.

Applicants must also provide a completed and signed copy of their IRS Form 990 for their most recent fiscal year. To participate in one of the 250 plus local CFC campaign areas, as opposed to being nationally eligible and participating in every campaign area, a charitable organization must be able to demonstrate that it has a "substantial" program presence within the campaign's (or an adjacent campaign's) geographical boundaries or within the state of the campaign. Charities may apply to participate in the CFC individually (as an "independent organization"), or they may be represented by a "federation."

***What the Federal Donor Sees***

Once accepted into the CFC, each regional CFC prepares their catalog of charities that includes the local CFC charities in their region, plus the national and international list. ***Every Federal employee in a given CFC location receives a copy of the regional CFC catalog***, which contains the 25 word description of all CFC charities. Some regions are now making their catalog available online, which has the advantage of being able to search for a particular charity or issue by keyword. Here is the listing for the American Cancer Society (in the printed catalog the listings are three columns wide; this text is in a larger format for readability).

**10570 American Cancer Society (800)ACS-2345 www.**

 **Cancer.org EIN#131788491** We are accelerating

 progress against cancer in every community by

 saving lives, helping those touched by cancer, and

 empowering people to fight back against cancer.

 20.4% E,G,H

Every CFC charity has an entry in the same format, their unique 5 digit CFC code, their phone number and URL, EIN number, and the 25 word description that of the non-profit that they wrote. The percent figure at the bottom is their ratio of administrative expenses, which is calculated from their application. The letters refer to the non-profit taxonomy code, and each charity selects up to 3 the codes they wish to be listed under. This list of types of non-profits gives you an idea about the wide range of non-profits that are enrolled in the Combined Federal Campaign:

A Arts, Culture, and Humanities

B Educational Institutions & Related Activities

C Environmental Quality, Protection & Beautification

D Animal Related

E Health – General and Rehabilitative

F Mental Health, Crisis Intervention

G Disease, Disorders, Medicinal Disciplines

H Medical Research

I Crime, Legal Related

J Employment, Job Related

K Food, Agriculture, and Nutrition

L Housing, Shelter

M Public Safety, Disaster Preparedness & Relief

N Recreation, Sports, Leisure, Athletics

O Youth Development

P Human Services – Multipurpose and Other

Q International, Foreign Affairs, National Security

R Civil Rights, Social Action, Advocacy

S Community Improvement, Capacity Building

T Philanthropy, Voluntarism & Foundations

U Science & Technology Research Institutes,

V Social Science Research Institutes, Services

W Public, Social Benefit: Multipurpose, Other

X Religion Related, Spiritual Development

Y Mutual/Membership Benefit Orgs., Other

Z Other

***CFC - The Only Legal Way to Solicit Federal employees***

Even though there are a lot of Federal employees in places besides Washington, D.C. why can’t you just get a government phonebook and call them? ***Because that is against the law***. There is ***only one way*** to solicit Federal employees for charitable purposes while they are at work—the CFC:

Source: Code of Federal Regulations (CFR 950):

Combined Federal Campaign

(a) The CFC is the only authorized solicitation of employees in the Federal workplace on behalf of charitable organizations. A campaign may be conducted during a 6 week period, as determined by the LFCC, from September 1 through December 15 at every Federal agency in the campaign community in accordance with these regulations. Except as provided in this section, ***no other solicitation on behalf of charitable organizations may be conducted in the Federal workplace.*** *(emphasis added).*

***CFC - Not Just for the Big Guys***

One misconception about the CFC that many non-profits have is that “It’s only for the big guys.” In reality, there is a wide range of size among all the CFC charities, including approximately 1500 national and international charities that are listed in all CFCs. In addition, the more than 250 regional CFCs list a total of more than 20,000 local non-profits (some local charities may be in more than one CFC if they provide services in a wide area).

In 2007 the CFC regulations were changed significantly, which had the effect of opening up the CFC to thousands of non-profits that would not have qualified previously. The changes also streamlined many of the processes, especially for smaller non-profits.

As the chart below indicates, a significant percentage of the funds raised (37%) go to local non-profits. The impact of the CFC in different regions is actually understated, because some of the funds collected by the national organizations are used in local communities. For example, the Community Health Charities is a national organization, but some of the monies that they receive go back to the local communities where they provide services.



***The CFC is a Government Program --- There is Jargon (surprise!)***

***Federal Board of Directors and Campaign Management Contractors – (Just what the heck does “LFCC” stand for anyway?)***

The actual responsibility for the management and conduct of the CFC campaigns is designated to the Local Federal Coordinating Committees (LFCCs), the “Board of Directors” and the community agencies that provide year-to-year management and administration and financial services for the local CFC campaigns. These contractors to the government are known as the Principal Combined Financial Organization (PCFOs) and the majority of the PCFOs are the local United Ways. The PCFO for the two largest CFC campaigns – in the Washington, D.C, region - National Capital Area CFC and the Overseas CFC – (which serves DOD personnel stationed anywhere in the world) is the non-profit Global Impact.

National and International charities apply once to the Office of Personnel Management, and with this one application, are then automatically in the more than 250 regional CFCs. If you are a small, national or international non-profit, this amount of leverage for your efforts is huge. Compare the effort required to apply to the CFC to applying for 250 grants with different application procedures, and I think you’ll see what I mean.

The regional Local Federal Coordinating Committees (LFCCs) have the responsibility to evaluate the local CFC charities each year in order to be included in the CFC catalog of charities. This charity evaluation function can not be delegated to contractor, (the PCFO), it is by regulation a duty of the Federal LFCC personnel. The LFCCs are the “Board of Directors” for the local CFCs and have oversight and governance responsibilities over the Principal Combined Fund Organization (PCFO).

***Federations – Local, National & International***

In all three categories: Local, National and International there are special types of organizations, called “Federations,” which are umbrella organizations that put together charities with a common theme, for example, health charities, arts charities, environmental charities, sports charities, or medical research charities. Charities that choose to join a Federation pay a portion of their proceeds to the umbrella organization, which submits the organization’s application to the CFC and often creates marketing materials that include all members of the Federation.

 Federations have their own membership structure and fee requirements, in addition to the OPM CFC requirements. There are national, international, and local federations. Examples of national federations include America’s Charities, or the Children’s Charities of America. There are many different local federations, for example in many regions, the local arts and music charities may belong to a local federation of the arts. A local federation may be an affiliate of a larger organization, e.g. the Community Health Charities of Texas for example.

 The advantage of belonging to a federation is that they handle the application process for your non-profit to the CFC, and they also create joint marketing materials, including brochures and other information that lists all of their members with the 5 digit CFC codes numbers. The disadvantage is that this service does have a cost, but for many non-profits it is still well worth it because of the Federation’s expertise and experience in workplace giving campaigns. Many federations also have the option of enrolling your non-profit in other workplace giving campaigns, such as the ones for the state employees or public school employees and teachers in your region.

***CFC Timelines – Non-profit Participation***

There are two timelines for the CFC, one for the Federal agency conducting a CFC campaign, and one for the non-profit that is a participant in the CFC campaign. It is important to learn where your non-profit can play a part in the process, and where it can not – because it is against the regulations.

Between late summer and early fall, the Federal agency CFC campaign managers are selected. This is often done on a rotational basis, however at the next lower level of the campaign leadership (office, division or bureau) there is often much greater continuity from year to year.

The CFC Timelines chart that is on the next page shows when some of the more common campaign activities take place, and in which organization (Local Federal Coordinating Committee (LFCC); Principal Combined Fund Organization (PCFO); the CFC Non-profits; the Office of Personnel Management (OPM); or the local Federal agency the activity is occurring.

**CFC TIMELINES**

**DATE NON-PROFIT FEDERAL**

|  |  |  |
| --- | --- | --- |
| January each year | National & International applications to OPM | Once accepted, all National & International charities are automatically in all 300 CFCs. |
| February/March/ April each year (varies by location) | Local Applications due to LFCCs |  |
| March 31st/ April 1st | Disbursements from prior year campaign begin. | Books from fall’s campaign are closed by March 31st. |
| February to June |  | LFCCs review and approve local applications as well as initial appeals (if any). |
| May/ June/July/August | Prepare campaign materials for charity fairs. | OPM reviews any National & International appeals, as well as second level local appeals. |
| June | PCFO develops local list. | OPM develops and distributes national /intl. list to PCFOs |
| July/August/September | Contact PCFO for inclusion in speaker’s bureaus, charity fairs. |  |
| August – September | Some charities participate in the Loaned Executive (LE) training program by making presentations or holding open houses. | Loaned Executives Selected, detailed to CFC HQ and begin training. Agency Campaign Managers selected. |
| September |  | Campaign is planned, CFC teams recruited, Keyworkers are trained. |
| September 1 – December 15th**SOLICITATION PERIOD** | Non-profits will typically be invited to Kickoff events and charity fairs – some may at atypical times, e.g. midnight shift changes. | Solicitation period, this is the only time that CFC solicitations may take place. Campaigns typically run 6-10 weeks.  |
| December 15th – February  |  | Campaign Closeout Events |
| April | Disbursements begin, if a small amount, non-profit will receive a onetime check, if larger, checks are distributed monthly.  |  |
| May | Non-profits receive list of names of CFC Donors who have released their names. |  |

The CFC is the world’s most successful workplace giving campaign for multiple reasons including face-to-face communication, dedicated volunteers, and the efforts of non-profits that make a difference every day. This report has outlined many of the benefits of the CFC, in both fundraising and leadership development arenas.

**What’s Next for Your Non-profit?**

CFC Products and Teleseminars

 I am dedicated to bringing the CFC to the non-profit sector in plain English, and I wish you every success with it. My CFC e-book products, which will be available soon, will also be on the CFCfundraising website, as well as audio products.

 Please send me an e-mail with your questions/comments about the CFC or this report and I will be glad to steer you towards your next step.

Thanks very much.

Bill Huddleston, 1-703-560-1825 BillHuddleston@verizon.net