

NPHI BEST PRACTICES SERIES

ESTABLISHING AN NPHI FOUNDATION

CASE STUDY: CDC FOUNDATION

THE PROBLEM

As a government agency, CDC could not take full advantage of potential partnerships with and resources from the private sector that could support its mission. Over the years, many CDC directors dreamed of having a CDC Foundation to capitalize on private support.

THE SOLUTION

In 1992, the U.S. Congress authorized the creation of a 501(c)(3) – an independent nonprofit foundation to support CDC. The foundation was incorporated in 1994.

INITIAL CONSIDERATIONS

CDC learned from the experience of the National Institutes of Health (NIH) in establishing its foundation. The legislation authorizing the NIH Foundation, passed in 1990, required that a U.S. Congressional Committee approve the foundation governing board. It took 6 years for the NIH Foundation to begin work, in part because of delays in obtaining Congressional approval of the board. The CDC Foundation legislation instead required a separate organizing committee to create the foundation and nominate a board.

The question of how independent the foundation should be from CDC generated much discussion. Foundation leadership think the right balance has been struck, but keeping the balance is an ongoing concern (see “Challenges and Lessons Learned” below).

HOW IT HAPPENED: THE NEXT STEPS

Once legislation was passed, CDC assigned a full-time staff member to oversee the planning. One of her first actions was to develop a cooperative agreement with the Task Force for Global Health to convene an organizing committee and hire an attorney to prepare bylaws (i.e., governing rules -- mission, governing Board, officers, etc.) and articles of incorporation.

IMPACT

Since 1995, the CDC Foundation has provided \$662 million to support CDC’s work and launched nearly 900 programs around the world. The Foundation helps CDC pursue innovative ideas by providing funding and by helping CDC link to specialized expertise, information, leadership, and connections.

Definition of a “Foundation”

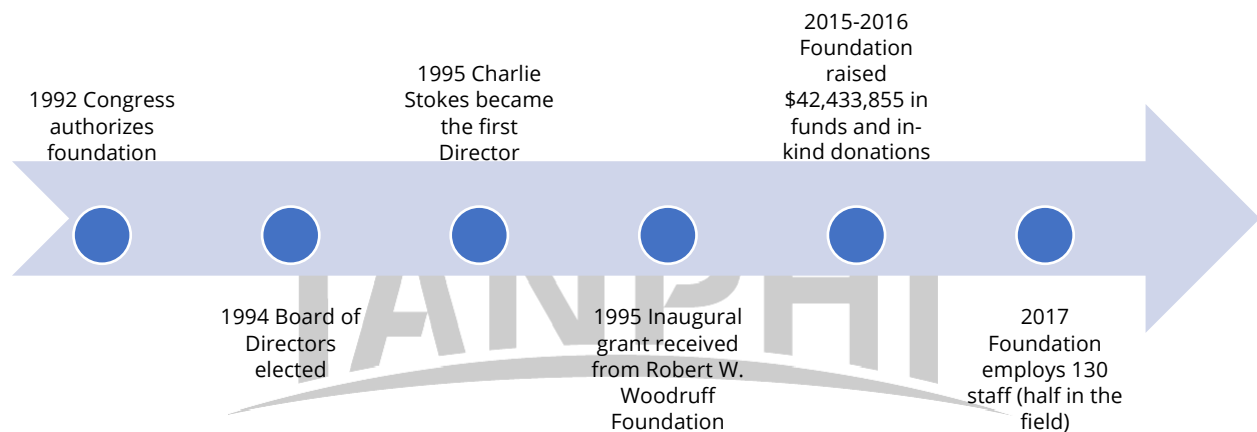
“Foundation” means different things in different countries and different contexts. The CDC Foundation is a 501(c)(3) nonprofit that raises money to support CDC’s mission; despite its name, it is not an endowed foundation.

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PRACTICAL ADVICE

- **Composition of the Board** - Nonprofits are governed by a board, whose composition, term limits, etc. are typically set forth in bylaws. The CDC Foundation recommends having an odd number of members on the board – at least seven members. It can be helpful to include not only one or two members from public health, but also representatives from business, philanthropy, and other sectors.
 - By law, the U.S. CDC Director and staff cannot serve on the board. CDC further ensures separation between the agency and the Foundation by excluding CDC alumni from the board.



- **Startup costs and staffing** - It takes money to set up a foundation. The U.S. Congress has appropriated \$500,000 annually for CDC Foundation expenses.
 - A foundation can start with one or two employees. The most critical initial staff functions are fundraising/relationships and finance/programs. The CDC Foundation includes three categories of staff: 1) financial staff to ‘manage the books’ and ensure that funds are spent in the manner intended, based on guidelines developed in advance, 2) fundraising staff with experience and expertise in development and partnerships/relationship building, and 3) staff to run programs.
- **Branding** – The CDC Foundation’s website emphasizes the ways that it complements CDC’s work. Its tagline is “Helping CDC do more, faster.” This captures the concepts of speed and efficiency, which are appealing to corporate donors.



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- **Fundraising** - Fundraising is a challenge when a foundation is new and is also a continuing priority. The CDC Foundation receives contributions from three types of private donors: 1) institutional, 2) corporate, and 3) individual. Individuals 'give the most with the fewest strings,' but this is the hardest money to get. Early emphasis should be on getting corporate money and demonstrating value. Individual donors are much more likely to give if corporations are investing.
- **Relationship with CDC (the "home agency")** - Establishing and maintaining a close but separate relationship between CDC and the Foundation requires grappling with complex ethical issues. The Foundation raises money and creates linkages on behalf of CDC – in support of CDC's mission and priorities -- but CDC does not control the activities of the Foundation.
- CDC and the Foundation have developed a series of guiding principles for partner collaboration, which describe requirements that must be met for the Foundation to accept funding, as well as areas of prohibition – e.g., types of organizations that the Foundation is prohibited from partnering with.
- A risk related to having a foundation support the mission of CDC is the potential perception that fewer public funds are necessary since there are private contributions to CDC's mission. In the United States, private funds cannot supplant public money. Another potential risk is that the nonprofit becomes a competitor of the home agency.
- **Ethical challenges** – A significant ethical danger is that individuals in the home agency see the nonprofit as an opportunity to get money for themselves or their families. Ethical guidelines should clearly articulate that staff and family members cannot profit.
- **Board composition** - New CDC directors are sometimes surprised that they cannot appoint members to the board. However, having all non-CDC board members provides opportunities for a broad range of individuals to engage with CDC and helps ensure independence.
- Corporate board members can be the hardest to recruit. They often know little about public health to start, but soon become excited by the work that CDC and the Foundation are doing. Once they understand CDC's impact, they are often helpful in recruiting new corporate board members.

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SUCCESS FACTORS

- Strong supportive leadership from two CDC directors (Dr. William Roper at inception; Dr. David Satcher at launch)
- Legal authority and funds to support operations from US Congress
- Early development of a cooperative agreement with the Task Force for Global Health for planning, and use of an organizing committee
- Excellent first Board Chair

HOW WE GOT THE STORY

This case study was developed through an in-depth interview with Ms. Martha Katz, a founding figure in the establishment of the CDC Foundation, supplemented with information from the Internet.

Note that the experience of US CDC reflects US policies, structures, and authorities and may not be entirely transferable to other countries.

