

BACKGROUND & DETAILS

Proposed CFC Changes Will Shrink Federal Employee Giving

Background

Your organization is a member of America's Charities' family of charitable federations (America's Charities, Children First, Health First or Community First). Our work on your behalf includes applying to the Combined Federal Campaign (CFC), to state and local government workplace giving campaigns, and gaining access for you to be able to participate in the growing private sector workplace giving environment. We provide many other services, but for the purpose of this document, we will focus on the CFC, the federal government's workplace giving drive.

The CFC was established by Presidential Executive Order 51 years ago by then President John F. Kennedy. The CFC's mission as stated in that Executive Order is: "*...to lessen the burdens of government and of local communities in meeting the needs of human health and welfare; (and) to provide a convenient channel through which Federal public servants may contribute to these efforts ...*"

In 2011 the U.S. Office of Personnel Management (OPM), which is responsible within the Federal government for managing the CFC, convened a special commission known as the CFC50 Commission to find ways to revitalize the campaign, using its 50th Anniversary as a focal point. In recent years the CFC has seen a drop in both participation and giving, and the Commission's stated mission was to develop recommendations to strengthen "*the integrity, the operation and effectiveness of the Combined Federal Campaign to ensure its continued growth and success.*"

The Threat

The U.S. Office of Personnel Management (OPM) released proposed CFC regulation changes in the Federal Register on April 8, 2013 with a 60-day public comment period ending on June 7, 2013. We encourage you to [review the Proposed Rule in the Federal Register](#). OPM cites the recommendations of the CFC50 Commission as the primary reason for these changes. While many of the proposed changes go beyond the Commission's work, the important thing to focus on is the real and imminent threat that the proposed changes pose to you and all participating CFC charities unless we act soon with a unified voice.

While these proposed changes would not affect the upcoming fall 2013 CFC, they do threaten the financial support you receive annually from federal employees starting in 2014. **In order to mitigate that threat we have to mount a challenge now!**

To that end America's Charities has joined forces with a growing list other major federations, including Community Health Charities, EarthShare, Global Impact, Christian Service Charities and United Way Worldwide, to respond with a unified voice. A group of us has also engaged an advocacy firm that is helping finalize strategy, and target audiences and messages to reach key Congressional leadership and other influential individuals in a position to help stop these proposed new rules.

Again, it is vital we act in unison with a clear and concise message and within a strategically executed timetable. As a preamble to that, here is a summary of the primary areas of concern in OPM's proposed new CFC regulations and the implication of those changes for you.

MAJOR CONCERNS

1. Charities will be required to pay an upfront fee. OPM is proposing that all participating CFC charities pay an upfront fee of unknown amount that will change annually and is non-refundable should you withdraw from or not be accepted into the campaign. Depending on the amount of the fee (which is unknown at this time, but indications are that it could be substantial) you may find yourself needing to

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seek board approval. Because the amount would not be known until as late as October 31st each year, it could very likely create problems with your planning and budget cycle. And the increased administrative burden and accounting challenges could impact your Administrative and Fundraising Rate (AFR). The timetable for implementing the fee appears to be campaign year 2015 which, in effect, we begin working on with you in the fall of 2014.

Since the CFC50 Commission was formed some 18 months ago, OPM has touted the idea that the “burden” to fund CFC costs should reside with the participating charities, with a goal of telling the Federal employee donor that “100% of their contribution goes directly to charity”. Under current rules the cost to manage the campaign (which is about 10 cents of the dollar raised -- quite respectable) is taken from the Federal employees’ contributions before the funds are forwarded to you, the charity. If the proposed changes are implemented, 100% of those funds would go directly to you. However, each year, you will have to write a check to the Federal Government upfront to reimburse them for the cost of running the campaign. **So while the proposed new rule would mean it is technically true that 100% of the contribution goes to charity, what it hides from the donor is the fact that charities still have to pay the government the same amount or more out of charitable funds.**

It is unfair and unprecedented in the CFC to ask a charity applicant to pay a fee in advance of the campaign, especially one that is non-refundable, against an unknown return.

2. Many current giving options will be eliminated and will result in a dramatic drop in giving.

OPM has proposed eliminating paper pledges in favor of electronic and online giving. Electronic giving is currently used by only 22% of donors. Non-electronic forms of giving are particularly important to military personnel, Postal Service employees and many others who do not have access to technology and who are generous supporters of the campaign. OPM has also proposed eliminating cash and check gifts - cash donations are currently over \$27 million of the nationwide campaign. Additionally OPM is calling for the use of a technology platform that does not yet exist in the Federal government at a time when Federal spending is being cut. This means they will likely be looking to your proposed up-front fee to fund the new technology build-out and other CFC infrastructure.

While generally supportive of the appropriate application of technology to enhance employee engagement and workplace giving, we know through our extensive experience in the private sector, that over-reliance on technology replacing the human element of fundraising, will result in a dramatic drop in giving. Federal employees should be able to contribute to the charities they choose in the manner they do now or until such time that all federal employees have easy access to the technology needed to be able to give on-line or electronically.

3. Local leadership and involvement in the CFC will be drastically reduced.

Under the current rules which have worked extremely well for decades, Federal employee volunteers are engaged in all aspects of the campaign. This includes hiring a local charity to manage the fundraising and distribution of funds, promoting the campaign, reviewing and approving local charity applications. The proposed changes discontinue this and move to a centralized/regional structure that we believe will result – without considerably more input, planning and sophisticated strategy – in a drop in participation and giving. We understand that some streamlining may be in order, but **not** a wholesale reorganization without concern for engagement at the local market level.

In summary it is important to remember that the CFC was created by Presidential Executive Order to lessen the burden of government by giving Federal employees a cost effective way to donate money through their workplace to meet the health and human care needs of communities. The dollars that you

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receive from Federal employees are unrestricted and have a multiplier effect as they leverage many hundreds of millions of additional dollars and resources.

OPM's proposed changes are radical in nature. They do not appear to take into consideration many serious consequences for participating charities. There are clearly better ways to achieve the goals of increased efficiency **and** increased growth and participation as those two objectives are not mutually exclusive. **But, without your help, the new rules will go into effect.** We believe you will see a dramatic drop in your CFC contributions, with added and unnecessary risk and administrative burden for you as a participant.

PLEASE TAKE THESE NEXT STEPS:

Brief your key stakeholders (internal staff, board directors, friends of the organization) on these proposed changes and prepare them for our follow-up Call to Action. This document is designed to share with those stakeholders, but is not for public or broad distribution.

Review your connections to Congressional leaders, Congressional Caucus members and other Washington influencers, with a focus on those individuals serving on the [House Committee on Oversight & Government Reform and its Subcommittees](#) as well as any senior administration officials. **Provide us with the contacts you have.** Send information to JBrown@charities.org by Friday, May 3.

Please wait for us to send you more specific instructions within the next two weeks. In the meantime, contact us if you have questions, or suggestions for blocking these proposed changes:

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Conclusion

As you know America's Charities works behind the scenes on your behalf throughout the year. Now it's time to raise our collective voice. We need your help to ask OPM to reconsider these proposed new rules which will not only hurt charities but the communities they serve.

Thank you in advance for your support in this critical effort!



Steve Delfin
President & CEO