Charity Response to Proposed Changes to the Combined Federal Campaign (CFC)
May 21, 2013

The CFC was established by Executive Order by John F. Kennedy and reaffirmed by every administration since. The CFC’s objectives as stated in Executive Order 12404 are:

“... to lessen the burdens of government and of local communities in meeting 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 Office of Personnel Management convened the CFC50 Commission to develop recommendations to strengthen

“... the integrity, the operation and effectiveness of the Combined Federal Campaign to ensure its continued growth and success”.

On behalf of the thousands of national and local charities we collectively represent we commend the Office of Personnel Management (OPM) for its commitment to revitalize the CFC. The ongoing success of the CFC is critical to thousands of local, national and international charities that rely on the financial contributions of federal employees to provide charitable programs and services that are needed more than ever in light of federal budget cuts.

While there are aspects of OPM’s proposed changes that are promising, we believe strongly that any positive impacts will be overshadowed by recommendations that will result in fewer charities able to participate, and decreases in support for those that do. This will in turn impact services to local communities, including federal workers, and their families, as charities have to cut back on service delivery.

For over three decades our organizations – or the members of our coalitions - have been strong partners with the CFC. Our staff and member charity volunteers have been instrumental in helping federal employees make educated decisions about giving. In partnership with federal employee volunteers and federal agencies, we have helped grow the CFC and make it the nation's premiere and the world’s largest employee workplace giving campaign. As charity participants in the CFC ourselves, we have given significant time, expertise and funding for many years to make possible the work of the CFC Foundation, including managing the annual training workshops for federal employees and campaign managers.
Our primary concern is that the draft regulations call for sweeping changes to the campaign, but lack specificity, which could lead to unforeseen impacts. This puts the largest workplace giving campaign in the world at risk at a time when charities are already vulnerable. We outline our major concerns below. The lack of detail on proposed implementation and timelines also makes it very difficult to respond to the changes in an informed manner, and to suggest alternatives. For these reasons, we call on OPM to hold on implementation of any of the proposed changes and to reconvene with all major stakeholders for a fresh discussion of challenges and a fresh approach to solutions.

1. **Loss of local “ownership” of the campaign.**

In the current configuration, federal employee volunteers are engaged in all aspects of the campaign from hiring a local charity to managing the fundraising, to promoting the campaign, to reviewing and approving local charity applications. This gives federal employee volunteers a strong sense of ownership and a stake in the success of the campaign.

The proposed regulations seek to eliminate the Local Federal Coordinating Committees (LFCCs) that provide oversight. Local charity management (PCFOs, currently under the supervision of LFCCs) would be eliminated in favor of regional marketing organizations. This would dramatically diminish the role of local federal employee volunteers to the detriment of the campaign, as control would instead be placed with OPM in Washington, DC. While we recognize the current system may benefit from efficiencies, the proposed changes seem an over-reaction.

Local ownership of the campaign allows local managers to use the CFC for leadership development and training as federal employees are given unique management opportunities apart from their routine duties and gain exposure to other federal agencies and community-based charities. In the private sector employers have realized that even during tough economic times, employee engagement around community, giving and volunteering is a low-cost way to create employee loyalty, connect to community and to be socially responsible. Many CFC volunteers report that their involvement with the campaign was one of the most meaningful chapters of their federal service.

The proposed changes, including over-reliance on technology, will eliminate much of this personal interaction, which we know from decades of experience will result in less participation and substantially less giving.

2. **Major Changes with Lack of Organizational Details and Timelines**

The proposed CFC regulations lack specificity on numerous critical operational details. These include:

- No details have been provided on the proposed upfront and non-refundable fees for charities to participate in the campaign, including the amount of the fees, how they will be assessed and adjusted each year, and who will collect and process them. With the added time and expense involved in invoicing and collecting the upfront fees, we are concerned this will increase administrative costs of the campaign, make those costs opaque to the donor, and pass the burden on to the charities. Our member charities are also concerned that the upfront fee will increase their cost of fundraising.

- There is also a concern that OPM intends to use fees from charities to supplement its budget for CFC operations. Even if it staffs up and streamlines the application process, OPM does not have the capacity to review more than 25,000 charity applications each year. This is where federations play a key and cost effective role in keeping the campaign accountable to donors.
• There are no details on how a central processing web site is going to be built, by who, when, who will be paying for it, and by what means. Given that OPM has struggled with the various payroll processors over the years, there is little evidence that the agency can accomplish this.

• Processing and tracking pledges made by new hires outside of the campaign period sounds good on the face of it, but would require constant reconciliations between pledges and payroll deductions, and thus present a burden on efficiency.

• OPM plans to directly hire local fundraisers in each CFC market yet it has no experience in managing fundraising professionals.

3. Elimination of current giving options, including cash and check.

While we strongly endorse the expansion of online giving options for federal donors, we know from experience that it is a critical mistake to eliminate traditional means of giving altogether. Many federal employees who give through the CFC do not have access to, or choose not to use, on-line giving. This is a reality for many members of the military, Postal Service employees, Park Services personnel, and others in similar settings and circumstances that are frequently without access to computers or cell phones.

In a recent survey conducted by the Million Dollar Roundtable (MDRT), of 41 campaign regions reporting $160 million in total pledges, the online portion was only $53 million or 33% of all pledges, and only 6 regions reporting have online giving participation over 50%. The longest running and largest online campaign, the National Capital Area (NCA) campaign, has only 45% online giving participation.

Just as importantly, many donors give cash or one time gifts; still others write checks or use credit cards. The CFC-Overseas, which is primarily military, first piloted credit/debit card giving in 2006 but last year only had 10-11% of their revenue from that giving option. For the 2012 campaign the two largest campaigns in the country (NCA and Overseas) had 18% and 16% respectively in cash and checks, totaling over $11m in donations. Obviously, taking away that option will have a huge impact on total giving.

We also need to increase participation in the campaign, and that will require attracting younger federal workers to the campaign. Experience indicates that it is absolutely critical to offer younger employees a strong and unified call-to-action that includes a variety of giving options that goes above and beyond a simple donation and that will deepen the emotional connection with the causes they care about.

4. Administrative Burden and Risk for Charities

The proposal of an upfront fee, against an unknown return, and that would be non-refundable under any circumstances, including withdrawal or denial, is patently unfair. Without more information charities will be forced to make expenditures without knowing the benefits, which is bad governance. Due to the way the campaign cycles work, a charity will have to pay the fee twice before it knows if it will see any return on the investment. This is the equivalent of a college of insisting on two years’ tuition fees upfront.

An upfront fee will also require many charities to seek board approval, increasing the administrative and planning burden on them. OPM’s proposal to not set the fee until October 31 each year makes it impossible for charities to budget in advance.

In short, the proposed upfront fee is directly counter to the goal stated in the Executive Order creating the campaign, “to lessen the burdens of government and of local communities in meeting the needs of human health and welfare”. 
In summary, we ask OPM to take a step back and seriously consider the long term impact of the proposed regulations. The undersigned represent federations, who are registered and tax-exempt 501(c)(3) participants in the campaign, were formed by their member charities to represent their interests in the highly specialized field of workplace giving. We have extensive experience in employee engagement and workplace giving outside of the federal workplace.

We recognize that the CFC has some flaws, and with participation at an all-time low, we understand that change is needed. However, the campaign currently raises comfortably over $250 million annually, with only a 10% overhead. We believe efficiencies can be introduced that fine tune existing processes, rather than overturn multiple aspects of the campaign all at once. This fine tuning can be accomplished without placing burden and risk on charities that choose to apply to the campaign. For example, efficiencies could be made by training certified volunteers to serve as intermediaries between the LFCC and PCFO; with a focus on tracking the campaigns that raise the majority of money.

We want to work cooperatively with OPM to begin a fresh dialogue that ensures any changes in the current regulations will not only promote efficiency but also result in greater charitable giving and employee participation and will grow the campaign.

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