



Colorado
NONPROFIT
Association

May 30, 2013

Mr. Keith Willingham
Director, Combined Federal Campaign
U.S. Office of Personnel Management, Room 6484A
1900 E Street, NW
Washington, DC 20415

Dear Mr. Willingham,

Thank you for the opportunity to submit comments on the proposed changes to rules for the Combined Federal Campaign (CFC). I am writing on behalf of Colorado Nonprofit Association, the collective voice of Colorado's nonprofit community and a membership organization representing 1,371 nonprofits in the state. Our mission is to lead, serve, and strengthen Colorado's nonprofit community to improve the quality of life in Colorado. 144 of our nonprofit member organizations (nearly 11 percent) participate in the CFC. We are not only submitting these comments on their behalf but we have encouraged them to submit comments too.

We understand that these rules originate from the findings of the July 2012 CFC 50 commission and were proposed in April 2013 to streamline operations and increase transparency, accountability, and efficiency. Additionally, OPM states that "while these proposals would make significant changes in the operation of the CFC, OPM remains committed to ensuring the broad participation of a multitude of charities in the CFC, and to preserving the local character, sense of community, and employee involvement that has been a hallmark of the CFC." We agree that these goals are essential to the success of the CFC.

While there are several positive changes in the rules, we have concerns that other changes could undermine the program's goals of broad participation by charities, employee involvement, and community-based character.

Federation Fees: Section § 950.302 prohibits federations from deducting fees or charges from the disbursement of CFC funds to member organizations. 136 Colorado Nonprofit Association members (94 percent) participate in CFC through local federations. Federations are a convenient and effective way for employees to make charitable contributions and for charities to receive donations. Federations have reported that prohibiting fee income would significantly impair their ability to help their members participate in the CFC and to fulfill application and reporting requirements. This change would likely reduce both charities' effectiveness as fundraisers and their participation in the CFC.

Application fee: Section §950.107 proposes an application fee on participating charities to pay for regional marketing. While an application fee would have a limited effect on larger charities, we are concerned that this could create a barrier to entry for smaller charities. Since the fee is non-refundable, small charities run the risk of paying the fee and not seeing any return on that investment eighteen months later. To be a successful participant in CFC, charities must already work hard to achieve name recognition and raise funds. This additional pressure could discourage some charities from applying or continuing to participate in the CFC.

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According to a 2013 survey by the Intermountain CFC with 182 responses, nearly 64 percent of respondents indicated they would drop out of the program rather than pay a fee of more than \$100. While this Section indicates that the Director would determine the fee structure annually, it does not indicate any limit on fees or establish a fee structure.

Electronic Pledges: Sections § 950.401, 950.402, and 950.502 would eliminate all paper contributions from cash, check or money orders and allow pledges to be received online only. While we recognize that electronic giving is becoming popular among donors and helps reduce administrative costs, these changes would limit donors' options for giving. Paper pledge forms allow donors to give immediately at special events and workplace meetings where they are most inspired to give. Removing this method of pledging could reduce overall giving.

In addition, some federal employees may lack reliable access to computers with internet capabilities necessary to make a gift. Intermountain CFC reports that the majority of donors in the region still use paper forms. It seems premature to require all donors to give online when most are still choosing to use paper forms.

Centralized Administration: Sections § 950.103, 950.104, and 950.106 take steps to centralize administration and marketing by the CFC by eliminating Local Federal Coordinating Committees (LFCC) and having the Regional Coordinating Committee exercise oversight. These Sections also replace Principal Combined Fund Organizations (PCFO) with Central Campaign Administrators to conduct application, marketing, and pledging processes. We expect that these changes would significantly reduce administrative costs but could also weaken local connections between federal employees, participating charities, and the LFCCs and PCFOs.

In our experience, donors often give to a local charity because they are aware of the charity's impact in their community. The LFCCs allow federal employees to help coordinate local fundraising efforts through the CFC. Also, by hiring and working with PCFOs, federal employees and charities have local points of contact to facilitate giving, market locally, and help ensure fulfillment of program responsibilities. We are concerned that these centralization efforts could undermine the community-based character of the program.

Beneficial Changes: Despite our concerns about some of these changes, the proposed rules include some beneficial changes including the following:

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Payroll Deductions after Hire: Section § 950.102 would allow new federal employees to make a payroll deduction within thirty days of hire. New employees will be provided with information about the CFC campaign much earlier in their first year on the job and can make an immediate contribution. We think this change will encourage more giving by federal employees.

Audit Thresholds: Section § 950.203 changes audit requirements for participating CFC charities. Under the proposed rules, organizations with annual revenues between \$100,000 and \$250,000 can have their financials reviewed by an independent certified public accountant. Full audits can be expensive for small charities, so this change could help them save money and encourage more small charities to participate in the CFC. Although most states and many foundations require audits of charities above certain budget thresholds, these requirements generally apply to charities with annual budgets higher than \$250,000. With this proposed change, CFC audit thresholds will affect more charities that are already required to have full audits.

Verification Application: Section 950.201(a)(2)(c) allows charities to submit a verification application for two years following submission of a full application. This will reduce annual reporting requirements for charities participating in the CFC.

Gifts to Any CFC Charity: The proposed rules would allow any federal employee to give to any CFC participating charity whether they are international, national, or local. This allows federal employees to give to any local CFC charity even if they don't live in the communities served by that charity.

We hope that you will consider both our concerns about the proposed rules as well as the changes that we expect to be beneficial for participating charities. On behalf of the nonprofits we represent, we appreciate the work of the CFC in facilitating support of the nonprofit sector from federal employees and hope the program continues to be a valuable, generous, and inclusive service to Colorado's communities.

Sincerely,

A handwritten signature in black ink that reads "Renny Fagan".

Renny Fagan,
President and CEO