Independent Charities of America
Share The American Way

May 1, 2013
Via email

Commentary & Recommendations
Proposed New Combined Federal Campaign Regulations
RIN 3206-AM68

The Honorable Elaine Kaplan
Acting Director
Office of Personnel Management

Dear Ms. Kaplan:

The undersigned CFC federations hereby collectively submit the following comments and recommendations regarding the proposed new CFC regulations published in the Federal Register April 8, 2013.

We applaud OPM's decision to modernize the campaign to make it a more efficient and effective giving vehicle for Federal employees and the charities they support. We offer our comments and recommendations in support of that effort.

The most important counsel we can offer is this: **Test. Test. Test.**

The proposed rules establish a campaign structure so fundamentally different – and the potential impact of campaign failure is so deleterious if the rules do not work as planned – that it would be imprudent not to test the new design first. We recommend testing the new system in one or two regions for at least two campaign cycles.*

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* Historically OPM has used pilot projects to very effectively test new concepts in the CFC. In the past several years, for example, OPM has tested credit card payments and universal giving. These were successful tests that led to OPM rolling out the concepts campaign-wide. On the other hand, in the 2000 CFC OPM conducted a pilot project for retiree access. When the project proved to cost more than it raised, OPM shelved the concept.

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Specific Issues:

1. **We support the concept of a charity application fee to underwrite the campaign expenses so that 100% of donors' contributions can be distributed to the charities the donors have selected.** That idea adds tremendous value to the campaign for givers and should encourage them to make the CFC their giving vehicle of choice. We are puzzled, however, why the method of calculating the fee is not stated. We recommend the calculation method be specified in the final regulations.

2. **We recommend the application fee be a flat fee only, not percentage-based on charity size or previous CFC campaign revenues.** There is no logic in having some charities pay more than others when every charity, regardless of size and regardless of local-national-international appellation, is receiving exactly the same service. An across-the-board flat fee for all charities would be small enough to not discourage charity participation for either local or national list charities.

3. **We recommend a procedure for accounting for pledge losses be included in the regulations.** In order to assure that pledge losses – pledges made but not fulfilled – are not deducted from the contributions of those donors who do fulfill their pledges, either

   a) Campaign budgets should include reserve funds to cover these losses; or

   b) CCA(s) should be required to issue revised designation reports with each disbursement that reflect the impact of cancelled pledges.

4. **The prohibition on accepting cash/check gifts is unnecessary.** It's the process by which they are handled that needs to be reformed. Ten percent of givers make contributions by cash or check, especially military givers. At a minimum, the CFC website should offer debit card and electronic check options in addition to credit cards and a recurring gift option for all of these (not just one-time gifts).

5. **We endorse the idea of moving to an all-online campaign, but the regulations should provide for flexibility rather than a "one size fits all" approach.** An all-online campaign sounds good until you consider how many federal employees don't have access to the web at work. Most major CFCs already offer online giving, but 84% of CFC givers still give by paper. The culture isn't ready for an overnight change (and an all-online campaign is not something the CFC-50 Commission recommended). Other campaigns that have switched from paper to all-online overnight, such as the DC One Fund, saw huge declines in participation and revenue and have since reverted to hybrid online/paper campaigns.* A basic tenet of workplace fundraising is to have the campaign be accessible to all and meet all donors where they are. Thus, we recommend allowing RCCs and agency heads to make local decisions for "on-demand" printing of a small number of paper brochures to post or share. (The CFC participating charities know the value of paper brochures. Why not give them what they want since they're paying for it?)

6. **Don't require online giving, but encourage online giving and pledging by providing incentives.** For example, the campaign could add a small partial added gift to the employee's gift/pledge if it is made online (funds provided for in the campaign budget). The human interaction that occurs between keyworker and giver during the pledge card transmission process back and forth is tremendously important. The workplace giving marketplace has spoken regarding "high tech" versus "high touch." A combination works best.

7. **Paper pledge cards need not be inherently inefficient if they are processed at the keyworker or coordinator level.** CFC Keyworkers should be able to enter data from the paper pledge cards they collect into the CCA database and get a printed or emailed "receipt" they can return to donors to ensure accuracy.

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* The DC One Fund, the workplace campaign for District of Columbia employees, dropped 79% in the three-year period after its all-online campaign was implemented, from $1,079,217 to $230,922. Since going hybrid (mix of paper and online) the campaign is beginning to recover. The City of San Jose employee fund drive dropped 41% after going all-online from $286,439 to $168,318. The campaign returned to a hybrid system (online, kiosks, paper). In both cases there were other contributing factors, but the negative impact of requiring an all-online system was substantial.

8. **We recommend OPM or the RCCs issue contracts for trustee organizations to represent the unaffiliated charities and require the unaffiliated charities to pay for those services themselves, just like the federated group member charities do.** The new rules do not take into account the additional costs incurred by the campaign to support the unaffiliated ("independent") charities. For example, when it comes to funds distribution to the national/international list charities, 10 percent of the transmittal cost covers 2,132 federated member charities versus 90 percent to cover the 453 independent organizations (That is, forty-two federations providing single points of contact for 2,132 members versus 453 independent organizations that must be contacted one-by-one). Other examples of independent-skewed costs include applications review, contact database management, and updating bank account IDs. To include these extra costs in the campaign budget is to, in effect, provide a subsidy for the independent organizations paid for with higher fees for all participating charities, and that is unfair.

   We note that two thirds of state employee workplace fund drives allow charities to participate *EXCLUSIVELY* through federations.

9. **Payroll offices should in no case be paying charities directly.** With 20,000 plus charities to keep track of getting the money to the right place would seem to be a burdensome, even impossible, task for them. Distributions should go to the CCA(s) first before going to the charities.

10. **There should be no requirement that the CCA be a 501(c)(3) organization.** We agree the CCA should not be a CFC participant to preclude conflict of interest, but there is no need to require the CCA to be a 501(c)(3) organization. Donors are not making gifts to the CCA. The CCA is merely an agent, no different than a bank from a legal or tax perspective. The requirement that the CCA be a charity drastically limits the universe of potential vendors, thereby limiting competitive bidding for the position.

Sincerely,

The Chief Volunteer Officers of:

ANIMAL CHARITIES of AMERICA	Donna Iaconti
CancerCURE of America Care, Understand, Research & End	
CHARITIES UNDER 1% Overhead	Nancy Caldwell Head
CHARITIES UNDER 5% Overhead	Thomas A. Laymon
Children's Charities of America	Jim Casimir
Children's Medical & Research Charities of America	Jeanne P. Young
Christian Charities USA	Wayne W. Hoffmann
CHRISTIAN CHILDREN'S CHARITIES	
CONSERVATION & PRESERVATION CHARITIES OF AMERICA	Davinder S. Khanna
DUO DO UNTO OTHERS: AMERICA'S EMERGENCY RELIEF, DEVELOPMENT, AND HUMANITARIAN OUTREACH CHARITIES	Karen Dempsey
Educate America! The Education, School Support and Scholarship Fund Coalition	

Health & MEDICAL RESEARCH CHARITIES OF AMERICA	
HISPANIC & LATINO CHARITIES OF THE U.S. AND THE AMERICAS	
HUMAN CARE CHARITIES OF AMERICA	Nancy Caldwell Head
JEWISH CHARITIES OF AMERICA	M. Bernice Donner
Local Independent Charities of America	
MILITARY FAMILY AND VETERANS SERVICE ORGANIZATIONS OF AMERICA	Nancy O'Brien
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WILD ANIMALS WORLDWIDE	
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