

Review of Comments Submitted Regarding Proposed CFC Regulations



A Report in a Series on the Combined Federal Campaign

A MILLION DONORS CHOOSE

WORKPLACE GIVING ALLIANCE

July 8, 2013

Workplace Giving Alliance
125 Washington Street, Suite 201
Salem, MA 01970

Review of Comments Submitted Regarding Proposed CFC Regulations

This report was researched and written by the staff of the Workplace Giving Alliance*, whose opinions are expressed herein. An earlier version of this report was released on June 24, 2013

July 8, 2013

* The Workplace Giving Alliance is a trade-name for Human & Civil Rights Organizations of America, Inc. The Alliance includes 13 federations that share administrative staff to provide services to over 500 not-for-profit organizations in the Combined Federal Campaign and in state and municipal fundraising campaigns.

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July 8, 2013

Dear Colleague:

Two weeks ago, we published an initial review of some of the comments submitted to the U.S. Office of Personnel Management regarding the agency's proposed regulations for the Combined Federal Campaign. Today, we expand our review, providing a snapshot of the issues raised by 110 LFCC and PCFO leaders, large and small charities, federations, employee representatives, vendors and others.

It is now clear that the draft regulations generated substantial concern in many quarters. Those who commented often expressed support for OPM's effort to update the administration of the CFC, but most of those who wrote argued that OPM should reconsider one or more aspects of the proposed new design for this longstanding charity program.

As we did in a preliminary way two weeks ago, we seek in this expanded report to capture the arguments that were made for or against different aspects of the proposed regulations. We have not conducted a scientific survey, and we have certainly not read every one of the more than 1,300 comments that OPM has now released. We recognize that it will fall to government staff to weigh the value of the arguments that have been offered. We seek only to highlight what these arguments appear to be.

Over more than half a century, the CFC has raised billions of dollars in support of thousands of local and national charities. We support the government's efforts to improve this program. We hope our compilation and review of submitted comments can assist this effort.

Sincerely,



Marshall Strauss
CEO, Workplace Giving Alliance
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Section 1: Introduction

This report reflects our analysis of 110 comments submitted to the U.S. Office of Personnel Management regarding their proposed regulations for the Combined Federal Campaign. On June 24, 2013, we published an initial review of some of these comments. We expand on that report below.

On April 8, 2013, OPM released draft regulations that would substantially modify the Combined Federal Campaign. Among many changes, OPM proposed to:

- Replace the current LFCC-PCFO structure with a new system of Regional Coordinating Committees (RCCs) backed up by one or more new Central Campaign Administrators (CCAs)
- Eliminate the use of the printed directory and pledge card, moving to an on-line pledge system
- Institute an upfront, non-refundable application fee to provide the funds needed to administer the program around the country.

OPM invited reactions from the public, offering more than one path for submitting comments. The deadline for such comments was June 7, 2013.

Many who wrote used a government website designed specifically to handle such feedback on proposed regulations. Others wrote directly to OPM. Overall, we now understand that more than 1,300 comments, from individuals and organizations, were submitted during the time allowed.

While individuals generally wrote solely on their own behalf, organizations such as federations often commented jointly. In some instances, organizations submitted more than one comment – as part of a joint statement or letter and then separately.

We have reviewed 110 of the submitted comments. We have sought to capture the arguments offered by local campaign leaders, participating charities and federations, vendors and other interested parties. We list in Appendix A the individuals and organizations whose comments we are reflecting in this report.

Government Source Documents

Some of those who submitted comments referred to the CFC-50 Commission's recommendations and compare the content of those recommendations with that of OPM's proposed regulations. We provide here a link to that report:

www.opm.gov/combined-federal-campaign/cfc-50-commission/2012-report.pdf

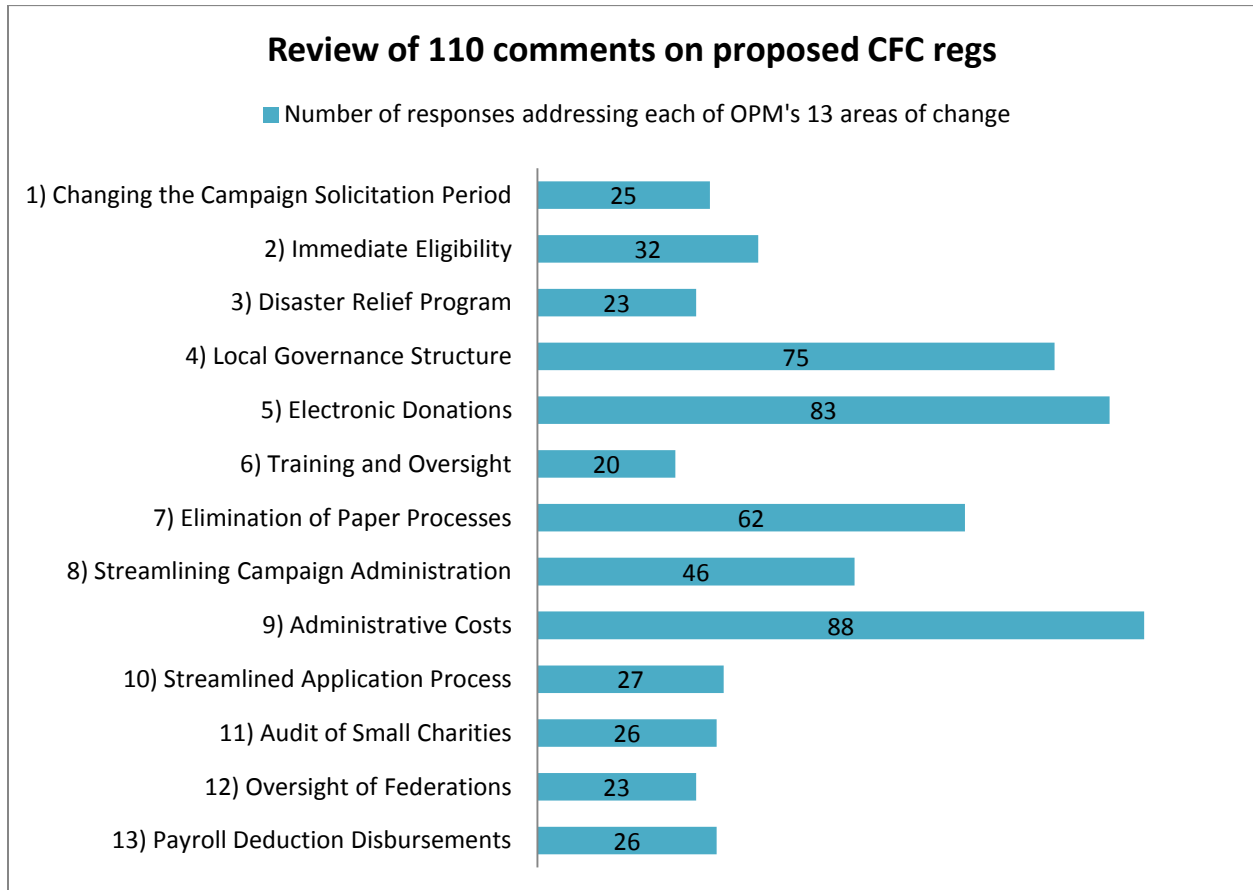
In addition, some who commented referred to OPM's stated goal in proposing new regulations, which was *"to strengthen the integrity, streamline the operations and increase the effectiveness of the program to ensure its continued growth and success."* We provide a link to the proposed regulations here:

www.federalregister.gov/articles/2013/04/08/2013-08017/solicitation-of-federal-civilian-and-uniformed-service-personnel-for-contributions-to-private

Our Method

OPM organized the proposed regulations around 13 categories, ranging from changing the campaign solicitation period to adjusting payroll deduction disbursements. We used these categories for our own review.

The graph below shows OPM's categories and the number of comments within our sample that addressed each category.



We note that the above categories sometimes overlap. In addition, those submitting comments did not always organize their own material in parallel to the 13 topics. Still, we found that it helped to sort the comments by category, and our report offers summaries of what was written about each one.

Not all comments dealt with every category. Some who wrote went beyond the OPM categories, seeking to express concerns regarding the process by which the regulations were developed. Others offered fresh ideas, not reflected in the draft regulations. Comments tied to the 13 categories are discussed in Section 2 of this report. Comments that fell outside the 13 categories are addressed in Section 3.

We acknowledge that the CFC federations comprising the Workplace Giving Alliance submitted their own joint comment on June 6, 2013. We have reflected the points we made to OPM in this report but have sought to give them no greater weight or visibility than the comments offered by others.

We emphasize that our review does not attempt to be quantitative or scientific. We have not counted the number of comments in favor of a regulatory provision or the number opposed. We have not sought to calculate the degree of support or opposition to a provision, though on occasion we do observe that a provision received widespread support or opposition. When we do so, we make a special point of articulating the “minority” point of view.

Our primary objective is to identify the *arguments* in favor and in opposition so that those involved in this effort to update the CFC can be more fully informed. While the comments reviewed for this report include less than 10% of the total number, we believe that they provide a valuable snapshot of reaction to the proposed regulations.

Section 2: Initial Review of Comments

We turn now to our initial review of the submitted comments, organized by OPM's 13 categories.

1. Changing the Campaign Solicitation Period

One of OPM's proposals is to shift the campaign solicitation period, beginning the CFC on October 1 and allowing it to run through January 15.

To many, the shift in the campaign solicitation period was non-controversial and was generally supported without further comment. Some who supported a later schedule for the campaign argued that it would reduce the conflict with the start of a new fiscal year. The most common reason for supporting the shift was:

- A revised end date of January 15 could increase contribution rates by allowing donors who did not give before the traditional holiday leave to give after the first of the year.

Some expressed concern with the proposed shift. Arguments included:

- A donor's payroll allotments might not begin until sometime after the first or second payroll period in the new year, thereby diminishing the overall contribution.
- A shift in the campaign season may adversely affect participation levels or total donations.

Some who commented suggested that OPM *extend* the campaign by one month instead of *shifting* the campaign, so that the full campaign season would run from September 1 – January 15. Some of the reasons given are cited below:

- The CFC -50 Commission recommended *extending* the campaign end date to January 15, but was silent on changing the start date.
- A longer campaign would capitalize on both year-end charitable giving and federal personnel schedules.
- Some agencies want to start in September.

One comment within our sample suggested that the CFC season be started *before* September 1 and end before the year-end holidays.

2. Immediate Eligibility

Under current regulations, new federal employees must wait until the next scheduled campaign cycle to pledge through the CFC. OPM proposes to provide new employees with information on the CFC at their orientation and permit them to make pledges within 30 days of being hired, regardless of whether they begin employment during the CFC solicitation period.

Those who supported the proposal argued that it would meet the goal of greater effectiveness and allow employees to immediately give to the charities of their choice upon hire.

Some who commented expressed concern about the change's possible adverse affect on the "efficiency" of the campaign for the following reasons:

- The proposal lacked detail regarding how out-of-season pledges would be processed.
- Processing and tracking pledges made by new hires would require constant reconciliations between pledges and payroll deductions.

Some who commented argued that HR personnel in various agencies might find the additional CFC tasks burdensome and noted as well that these staff would require additional training, a further expense to the government.

3. Disaster Relief Program

The CFC has historically launched special solicitations when a disaster occurs to which federal employees wish to respond with financial support. Currently, the OPM Director must authorize each of these solicitations individually. OPM now proposes to create a standing mechanism for disaster relief solicitations so that they can be launched almost immediately upon news of a disaster.

Most of those who commented on the proposed regulations did not address this provision. A handful expressed support. On the other hand, some who wrote noted a lack of detail in the proposal and wished to withhold final judgment until it was clear how the program would be implemented. Some expressed concern that the selection of charities to benefit from this provision might not be equitable and would represent still one more time-consuming administrative process.

4. Local Governance Structure

The CFC is currently managed on the local level through Local Federal Coordinating Committees (LFCCs) comprised of federal volunteers who select Principal Combined Fund Organizations (PCFOs), review applications, approve campaign expenses, and oversee the PCFO's CFC functions.

OPM proposes to replace the LFCC system with a Regional Coordinating Committee (RCC) structure. In a separate section of the regulations, *Streamlining Campaign Administration* (#8 below), OPM also explains that they propose to eliminate PCFOs, allowing the new RCCs to hire firms that would provide marketing support. Back office systems would be centralized and managed separately.

RCCs will cover campaign regions larger than the current CFC zones and, to quote the proposed regulations, be comprised of "Federal inter-agency organizations, such as Federal Executive Boards and Federal Executive Associations, or personnel assigned to the military installation and/or Federal agency identified as the lead agency in that region."

Those who opposed this change noted repeatedly the benefit of person-to-person contact encouraged by the existing governance structure. Among the points made:

- OPM is not acting in accordance with Executive Order 12866.
- Mergers of CFC zones have often been followed by a reduced participation rate and higher cost.
- Some zones are working well and at low costs. Why undercut a system that is now effective and efficient?
- The current system allows employees to volunteer as well as donate. By reducing the local dimension of the campaign, there would be less opportunity for such contributions of time.

- Agency heads are more engaged with the CFC when they are given leadership roles; federal workers want to give more when they see the higher-ups engaged with the campaign; elimination of LFCCs would decrease leadership support on a local level since only one or two agency heads would potentially serve on an RCC; reduced local leadership will result in decreased donor engagement and participation.
- The new system will be overwhelmed by applications.
- Creation of an RCC will increase expenses due to the need for additional travel, training and staff hires.
- The loaned executive program – an aspect of the LFCC structure – provides training and experience to federal workers in management skills, public speaking, and networking.
- Federal employees currently have a strong sense of ownership and stake in the success of the campaign, which encourages participation and word-of-mouth marketing for the CFC.
- The CFC-50 Commission did not recommend this change.
- There has been no analysis or proposal of how the new regions would be defined or implemented. Though there is the suggestion that the new system would involve FEB personnel, it is not clear if the new RCC zones would be set to follow FEB geographic boundaries.
- Agency staff and Federal Executive Boards may not want or be able to accept the functions that were previously administered by the LFCCs. The government might find that substantially fewer federal employees will be willing to volunteer for what might become an expanded CFC role.

Some alternative proposals were suggested, including:

- Leaving the LFCC/PCFO structure in place and finding other ways to audit for waste and inefficiency, such as training retired federal workers to serve as “watchdogs” of some of the largest CFC campaigns.
- Regionalizing local campaigns in ways that honor the demographics and culture of a particular region; condensing local zones into larger zones, but not eliminating PCFOs entirely.
- Piloting the administrative changes before fully implementing them.

5. Electronic Donations

OPM proposes to eliminate the use of cash, check and money order donations, shifting the CFC to on-line gifts. The stated goal is to “eliminate burdensome paperwork” and reduce waste.

As discussed in *Elimination of Paper Processes* (#7 below), the proposed regulations would eliminate the printed charity booklet and paper pledge card.

Electronic donation was one of the most widely discussed changes proposed by the new regulations. Some who commented supported the shift to electronic systems, citing the potential to improve efficiency, transparency and accountability for the campaign. Many of the same writers suggested a gradual transition to on-line giving, acknowledging it is the “way of the future.”

Others who commented opposed the elimination of cash, check and money order donations as well as the traditional paper methods of pledging. Overall, those writing to express concern suggested that an exclusively on-line system would lead to lower levels of CFC donations, and some cited examples of decreased participation in campaigns that had made such a change. Writers argued:

- Many federal employees do not have convenient or regular access to computers. Some employees cannot go on-line during the work day for security reasons.
- Some CFC donors have found the current on-line systems difficult to use.
- Donors, inundated with e-mail fundraising requests, would be more engaged in the CFC if they were offered a variety of giving options. On-line giving is impersonal; it is easier to delete an e-mail than it is to ignore a paper booklet and pledge card.
- Many employees attend agency fairs and fundraising events and choose to give using paper pledge cards and cash/checks during these events; these contributions could be lost.
- The proposal violates the Executive Order for the CFC that says all federal employees will have access to giving.
- Choice is essential to workplace giving. Donors should be able to give on their own terms, not be forced to give in a certain way. Restricted giving may dissuade donors from giving through the CFC and lead them to give directly to charities.
- Some donors do not trust on-line systems to protect their personal financial information.
- There are up-front costs required for website design, contracts with banks and credit card companies which would occur in the first year.
- Donors would need to be trained in the use of the e-pledge system.
- There is added risk in moving all data to a single electronic system; systems can fail or slow down; hard copies allow for comparison of data in the event of a problem or corruption of data.

Suggestions for alternative approaches included:

- OPM should have electronic applications instead of paper applications to reduce waste.
- The CFC should find innovative ways to encourage electronic donations without eliminating traditional giving methods. There are, moreover, ways to improve the efficiency and accuracy of a paper pledge card system.
- The government should at least offer debit card and electronic check options, with both one-time and recurring gift options.

6. Training and Oversight

OPM proposes to offer additional training to the local administrators of the CFC. As stated in the regulation summary: “The training will be conducted by OPM staff and will focus on oversight responsibilities, charity eligibility requirements, and how to select a marketing organization and review/approve its reimbursable marketing expenses.”

Expanded training received substantial support from those who chose to comment on this element of the proposed regulations. Some did express concern, however, that the training would:

- Add costs to the program (Some suggested that training be handled by webinar and similar systems to reduce such extra costs)
- Reinforce a tendency to move away from local communities and toward a more centralized system
- Require OPM staff to handle tasks and material with which they are less familiar.

Some of those who expressed reservations about OPM assuming a greater role in training urged instead that the CFC build on the skills and experience already present at the local level of the program.

7. Elimination of Paper Processes

The CFC currently provides a printed directory of eligible charities and a paper pledge form. OPM proposes to eliminate these tools in favor of on-line resources.

Those commenting on the loss of the pledge form tended to discuss this issue in the context of the proposed move to electronic donations. Readers interested in such comments are referred to *Electronic Donations* (#5 above). The comments summarized below pertain to the loss of the print directory.

We note that no one in our comment sample expressed support for the immediate and complete elimination of the print directory. Here are some of the concerns that we read:

- A significant portion of the federal workforce – one third or more – does not have access to the Internet on a regular basis. This is particularly true for postal workers. Also, many government employees, particularly in the military, work in secure facilities where Internet access is restricted.
- A print directory offers its own form of portability and ease of access, allowing employees to read it away from the office. Eliminating it, for example, will make it more difficult for employees who don't have Internet access at home to discuss possible charitable contributions with their families.
- It is important to have materials to hand out at events.
- An exclusively on-line system will require a well designed website with a substantially improved search capacity. Absent such improvement, donors will be frustrated in their search for charities.

8. Streamlining Campaign Administration

Currently, most local campaign administration is managed by Principal Combined Fund Organizations (PCFOs). OPM proposes to eliminate PCFOs in an effort to reduce overhead costs and consolidate responsibilities into one or more centralized back offices – Central Campaign Administrators (CCAs).

OPM further proposes that a Regional Coordinating Committee (RCC) as described in *Local Governance Structure* (#4 above) “may engage a marketing firm to continue outreach to Federal, Postal and military personnel, functions currently coordinated by the PCFOs.” Many authors were concerned that this change would decrease person-to-person contact with potential donors.

Many of those who commented on this proposed change expressed support for improvements that would increase the efficiency of the campaign, but a number of those who commented argued that the elimination of the current system would undermine the CFC due to a possible loss of institutional memory and reduced connection to the local scene. Arguments included:

- PCFOs understand their local communities and can market the campaign in a way that makes sense for their local area; an outside marketing firm could be impersonal and have a one-size-fits-all approach to donor outreach.
- Federal employees are more likely to donate when they have face-to-face contact with a CFC “keyworker.”
- Donors may perceive an outside marketing firm negatively because their donations are supporting highly paid companies that do not have a vested interest in the CFC. The PCFO is a non-profit entity and thus shares a common philanthropic vision with the CFC to minimize expenses; a marketing firm would be more likely to want to increase its own profits.
- Marketing firms would not have the knowledge base to adequately train volunteers.
- PCFOs have established relationships with non-profit organizations in their local regions. PCFOs provide substantial support to charities as they apply. If this support is removed, many more charities will initially be rejected, and the number of appeals will substantially increase, creating a new bottleneck in the campaign’s administration.
- PCFOs currently have access to campaign outreach/marketing as well as historical pledge data; under the new proposal these functions would be split between the CCA and marketing firms, resulting in higher administrative cost and a more complicated procedure for answering questions.

The proposed regulations require that a CCA be a 501(c)(3) organization. The regulations also would preclude any organization assuming a CCA role from being included in the charity list presented to federal employees. Some of those who commented argued that it was unnecessary to require that the CCA be tax exempt since it would merely be providing back-office services. Some argued that an organization taking on the role of CCA be permitted to participate as a CFC charity.

9. Administrative Costs

Operational expenses for the CFC currently are paid up front by PCFOs and then recovered from donated funds when they begin to arrive. OPM proposes to fund operations by charging participating charities an application fee. OPM states that the proposed change “shifts the expense of the campaign from the donor to the charities” and will bring “more transparency with respect to administrative overhead.”

The proposed application fee would be set by the OPM Director each year no later than October 31, based on estimated costs for the year ahead. The fee would be due no later than the application deadline and would not be refundable even if OPM denies the application.

This topic received more comments than any other. We, therefore, provide a more substantial discussion of the arguments offered. While we generally are not counting the number of pro and con opinions on the proposed regulations, in this case we do feel that it is appropriate to note that the preponderance of comments opposed OPM’s suggested change.

In Support

A repeated argument in favor of a flat application fee was that it would be equitable, charging each charity the same amount for essentially the same service – a listing in the CFC.

Several comments argued that it would be advantageous to distribute 100% of donations to charities, increasing the likelihood that donors would elect to give through the CFC.

Those supporting a flat fee argued as well that spreading campaign costs over so many participants would keep the fee low enough that few charities would view it as a major hurdle to their participation in the program.

In Opposition

Those who submitted negative comments on this provision of the draft regulations offered concerns that fell into four categories:

- A lack of transparency about campaign costs
- A possible decline in participation by charities and donors
- An increased administrative burden on charities
- A possible revenue shortfall

A lack of transparency about campaign costs

A number of comments touched on the claim that 100% of donations would go to charities under the proposed system. Comments included points such as:

- The claim lacks transparency because the government would bill charities in a way not visible to donors.
- Donors who are aware of the fee will realize that a portion of donated money would be used to pay it.
- Charities are already paying operating costs with money withheld from their donations, and the proposed change would simply shift payment from the end of the cycle to the beginning.

Concern was expressed that OPM could structure the fee to cover costs beyond CFC operations, such as hiring additional staff.

Concern was also expressed that the draft regulations do not say whether the fee will be the same for all organizations, or use some kind of sliding scale, or combine the two approaches. It was also noted that the regulations do not indicate who will collect the fees or explain how the money will be processed.

A possible decline in participation by charities and donors

Concerns were expressed that the fee would decrease participation in the campaign by both charities and donors.

Regarding charities:

- Multiple writers reported that they had surveyed local charities in their CFC administrative zones. In many cases, well over half of the responding charities said they would not pay a fee of more than \$100. These included many organizations with annual revenue greater than \$250,000 and a multi-year history of CFC participation.
- It was noted that many charities experience swings in pledge amounts from one year to the next, which will lead them to be cautious when considering whether the fee would be a worthwhile investment.
- It was also noted that charities would have to pay the fee two years in a row before learning whether the first year's investment had paid off.

A number of those submitting comments remarked that the disincentive of the application fee would be greater for small charities, and that this could have a marked effect in sparsely populated areas. Some estimated that well over half of local charities would drop out of the campaign in areas now included in small administrative zones.

Regarding donors:

Some who commented expressed the concern that reducing the pool of charities from which donors can pick would undercut employee interest in the campaign. Some wondered whether donors would continue to give through the CFC if charities they had supported dropped out of the campaign.

An increased administrative burden on charities

It was noted that an upfront, non-refundable application fee could represent a greater administrative burden for participating charities. For example:

- The proposed fee could add to charities' administrative overhead. (In the current system, overhead expenses are deducted before charities receive donations, so no related administrative or fundraising expense needs to be shown on their Form 990.)
- Higher overhead would hurt charities' ratings from organizations such as the Better Business Bureau's Wise Giving Alliance or Charity Navigator, and these lower ratings would discourage donations far beyond the CFC.
- Depending on the fee amount, charities might have to seek board approval.
- Setting the fee so late in the year could create planning and budgeting challenges for many charities.

A possible revenue shortfall

It was noted that the need to raise funds to cover projected CFC expenses could put pressure on the CFC to meet certain "sales" targets in terms of the number of applications processed. The regulations speak to the scenario in which more money is raised through application fees than is needed to fund the annual budget. It was noted that they do not speak to the opposite scenario – where fewer charities than anticipated apply, generating less money than had been sought.

10. Streamlined Application Process

For a charity to participate in the CFC, it currently must submit a complete application every year. OPM proposes to modify this requirement. The new regulation would require a charity to submit a complete application only every three years. In the two intervening years, the charity could submit a somewhat abbreviated “verification application.”

Among those offering comments on this provision there was general support. Some authors did note the following:

- OPM should work with charities and federations to implement this change.
- The efficiencies associated with this change should not be overestimated because OPM would still need to receive and review several documents from every charity that applies to the CFC.
- Depending on what materials are required in the 2nd and 3rd years, streamlining may be minimal for charities.

We also note that some comments focused on the proposed Section 950.202, dealing with charity eligibility requirements. The writers expressed the concern that OPM might be proposing tighter eligibility criteria that would make it more difficult for advocacy organizations to participate in the program.

11. Audit of Small Charities

OPM seeks to reduce the burden on charities tied to the need to submit audited financial statements. OPM proposes that applicants with annual revenue below \$100,000 not be required to provide an audit. Additionally, OPM proposes that charities with revenue between \$100,000 and \$250,000 only be required to submit a review by an independent certified public accountant.

Most who wrote agreed with the spirit of this change – to remove a financial and administrative burden on small charities. Comments included:

- Some charities who found the cost of an audit to be prohibitive to their entry into the CFC would be able to participate.
- The cost of audits had increased in recent years; these funds could be going towards programs and services rather than to accounting firms.

One writer suggested that OPM take the easing of the audit requirement even further, and allow organizations with up to \$400,000 in revenue to submit a review in lieu of a full audit.

Some authors offered a warning, asking OPM to protect standards of accountability and transparency for non-profits entering the Combined Federal Campaign:

- Waiving the audit requirement entirely for organizations with less than \$100,000 in revenue increases the risk of fraud.
- Lowering the threshold for a full audit may decrease donor trust in the government’s “vetting” of non-profits.

12. Oversight of Federations

OPM proposes to require that federations provide copies of their member applications, require that distributions to member charities be made on a quarterly basis (in June, September, December, and March), and require additional reports from federations. The draft regulations also prohibit “deductions of dues/fees from the disbursement of CFC contributions.”

Some who commented expressed support for the above, noting their belief that these changes would increase transparency and accountability.

Opponents of these provisions argued that:

- Local federations should be treated differently from national federations.
- Increased paperwork would be burdensome without commensurate benefits.
- The government would be inserting itself into a private sector relationship involving federations and their members.
- Since CFC costs would be separately invoiced, charities would experience an increase in their reportable fundraising costs.

13. Payroll Deduction Disbursements

OPM proposes to “standardize and improve how payroll offices provide donor pledge reports” and “require payroll offices to either distribute funds to the charities directly or, if funds are transmitted to the CCA [Central Campaign Administrator], provide more detailed reports.” OPM notes in the proposed regulations that the current system “adds to the administrative costs of the campaign....”

Those who submitted comments on this provision were generally supportive of efforts to improve the reporting of pledges and transfer of contributions. More than one comment expressed dissatisfaction with the current system.

Some who commented expressed their concern that government payroll offices may not be up to the task of generating accurate reports or correctly transferring contributions directly to charities. More than one writer argued that the CFC should arrange for contributions to flow through the proposed Central Campaign Administrator, if this entity is ultimately created.

Section 3: Additional Topics and Recommendations

The invitation to comment on the draft regulations led to substantial discussion of the process by which the regulations had been developed. In addition, some who wrote addressed topics not reflected in OPM's 13 categories, sometimes offering ideas that went beyond the proposed regulations. These concerns, additional topics, and new ideas are considered here.

Concerns Regarding Process

While comments frequently expressed support for OPM's effort to improve the CFC, those who wrote often offered observations regarding the process by which the regulations had been fashioned. For example, writers sometimes indicated their sense that they had not received adequate opportunity to participate in the deliberations of the CFC-50 Commission.

We do not propose to review here all of the concerns expressed regarding process. We offer a sample of points made by various writers:

- The proposed regulations focused entirely on efficiencies and not on revitalizing the CFC, the latter being an objective stated by the CFC-50 Commission in its report and implied in the draft regulations themselves.
- Decisions were made behind closed doors and did not involve discussions with various stakeholders.
- No data was cited as a basis for proposed changes, and there appears to have been no analysis of their likely impact. Lack of detail, moreover, made it difficult to evaluate the impact of proposed provisions.
- The draft regulations went beyond CFC-50 Commission recommendations. In addition, recommendations made by the commission in its report were sometimes not incorporated within the draft regulations.
- Some changes may conflict with existing executive orders.

Finally, those who submitted comments more than once suggested that OPM reconsider the speed with which the agency may be hoping to implement the proposed regulations. It was argued that the regulations represent a substantial revision of a system that has been in effect for years, and the concern was offered that all of the ramifications may not have been fully explored.

Additional Regulatory Issues

Management and Fundraising Costs

The CFC publishes an "overhead" figure for each participating charity which reflects an arithmetic calculation using figures found on that organization's most recent Form 990 (charities that do not file a 990 with the IRS supply these numbers when they submit a "pro-forma 990" to the CFC). The figure compares management and fundraising costs with the organization's total *revenue*.

One comment, representing the opinion of a group of federations, argued that it would be more appropriate to compare management and fundraising costs with total *expenses*.

Anti-Discrimination Provision

Section 950.110 of the proposed regulations states, “Discrimination for or against any individual or group...is prohibited in all aspects of the management and execution of the CFC.” The passage drew several comments.

Those supporting OPM’s language welcomed what the writers characterized as a strengthening and updating of the agency’s anti-discrimination policy. Those expressing concern with the language worried that it might make it more difficult for faith based organizations to participate in the CFC.

Campaign Events

Section 950.502 of the proposed regulations states, “No costs for food or entertainment at a special event may be charged to the CFC.”

A number of those involved in the administration of the CFC expressed concern that this provision would undermine efforts to engage federal employees in the CFC and would ultimately reduce the amount of money raised.

Recommendations Beyond the Regulations

Those who submitted comments occasionally offered ideas that went beyond the draft regulations. We offer a sample of the points made.

- The CFC would benefit from more local input and administration, not less.
- Changes should be introduced in phases and possibly tested on a regional basis. Results should be monitored and programs adjusted accordingly.
- The CFC should develop a “trustee” system which would administer “independent” charities, whether national or local. In doing so, the CFC would be distributing costs to these charities as well to those who participate through a federation.
- The threshold for federation membership should be reduced from 15 to 10.
- The CFC should develop a *Federal Season of Sharing* through which employees would report their non-CFC donations as a way to demonstrate the full extent of government workers’ philanthropy.
- The CFC should invite federal employees to nominate charities to the program, making it easier for such charities to participate.

Appendix A: Comments Reviewed

More than 1,300 comments were submitted to OPM by June 7, 2013. We reviewed 110 of these for this report. They included comments submitted by LFCC and PCFO leaders, charities, federations, employee representatives, and others. We list below the comments we reviewed, providing a link to each original document to allow readers to review the material in detail. In some cases, comments reflected the opinion of multiple authors, which we note.

Note: Most of the links below go to the government website used for comments by OPM (www.regulations.gov). The links prepared for our initial review (June 24, 2013) continue to take the reader to our website (www.wg-alliance.org).

1. [Action for Boston Community Development](#)
2. [Alaska CFC LFCC](#)
3. [Alzheimer's Association](#)
4. [American Civil Liberties Union](#)
5. [American Foreign Service Association](#)
6. [American Lung Association](#)
7. [American Postal Workers Union](#)
8. [American Red Cross, National Headquarters](#)
9. [Americans United for Separation of Church and State](#)
10. [America's Charities](#)
11. [amfAR, The Foundation for AIDS Research](#)
12. [Arizona Combined Federal Campaign](#)
13. [Army Heritage Center Foundation](#)
14. [Arthritis National Research Foundation](#)
15. [Autism Speaks](#)
16. [Blinded Veterans Association](#)
17. [Campaign Service Center](#)
18. [Cancer Research Foundation](#)
19. [Center for Health, Environment & Justice](#)
20. [Center for Neighborhood Technology](#)
21. [CFC Nexus](#)
22. [CFC of the Red River Valley](#)
23. [Chesapeake Bay Area CFC LFCC](#)
24. [Chief Petty Officer Scholarship Fund](#)
25. [Children's Leukemia Foundation](#)
26. [Christian Legal Society](#)
27. [Cleveland Federal Executive Board](#)

28. [Coalition for the Homeless](#)
29. [Coastal Carolina CFC](#)
30. [Coastal Georgia CFC LFCC](#)
31. [Colorado Nonprofit Association](#)
32. [Colorado Science & Engineering Fair](#)
33. [Community Health Charities Member Charities](#)
34. [Community Shares of Colorado](#)
35. [Concerned Citizens for Animals](#)
36. [Dallas-Fort Worth Federal Executive Board](#)
37. [Dress for Success Worldwide](#)
38. [EarthShare](#)
39. [Emerging Leadership Council for the CFCNCA](#)
40. [Federal Employee Education & Assistance Fund](#)
41. [Federal Employee Support for CFC Charitable Giving](#)
42. [Federal Executive Board National Network](#)
43. [Federated Campaign Stewards](#)
44. [Feed the Children](#)
45. [Gateway CFC](#)
46. [Global Impact](#)
47. [GLSEN](#)
48. [Greater Chattanooga Area CFC LFCC](#)
49. [Greater Los Angeles Federal Executive Board](#)
50. [Greater Mississippi CFC LFCC](#)
51. [Greater Olympic Peninsula CFC LFCC](#)
52. [Habitat for Humanity International](#)
53. [Hawaii-Pacific Federal Executive Board](#)
54. [Heart of Alabama CFC LFCC](#)
55. [Heart of Arkansas United Way](#)
56. [House of Ruth](#)
57. [Hope Stone](#)
58. [Humane Society of the United States](#)
59. [Independent Charities of America and related federations:](#)
Animal Charities of America; CancerCure of America; Charities under 1% Overhead, Charities under 5% Overhead; Children’s Charities of America; Children’s Medical & Research Charities of America; Christian Charities USA; Christian Children’s Charities; Conservation & Preservation Charities of America; Do Unto Others: America’s Emergency Relief, Development and Humanitarian Outreach Charities; Educate America; Health and Medical Research Charities of America; Hispanic & Latino

Charities of the U.S. and the Americas; Human Care Charities of America; Jewish Charities of America; Local Independent Charities of America; Military Family and Veterans Service Organizations of America; Military Support Groups of America; Sports Charities USA; Wild Animals Worldwide; Women, Children and Family Service Charities of America

60. [Independent Sector](#)
61. [Intermountain CFC](#)
62. [James P. Huber Veterans Foundation](#)
63. [Karl Howard](#)
64. [Kansas City Federal Executive Board](#)
65. [Patrick Maguire](#)
66. [Make-A-Wish Colorado](#)
67. [Marine Corps University Foundation](#)
68. [Maryland Nonprofits](#) (representing more than 1400 member organizations)
69. [Meals-on-Wheels Greater San Diego, Inc.](#)
70. [Mentors International](#)
71. [Vincent Marzullo](#), Chair, LFCC of Rhode Island and Southeastern Massachusetts
72. [Medical Research Charities](#)
73. [Million Dollar Roundtable Advocacy Committee](#) (representing a consortium of 56 large campaigns)
74. [Multiple Sclerosis Association of America](#)
75. [Muscle Shoals Area CFC](#)
76. [NAACP](#)
77. [National Association of Letter Carriers](#)
78. [National Committee for Responsive Philanthropy](#)
79. [National Federation of Federal Employees](#)
80. [National Gay and Lesbian Task Force](#)
81. [National Wildlife Federation](#)
82. [NCMI](#)
83. [Nonprofit Roundtable of Greater Washington DC](#) (representing 314 nonprofit members)
84. [Northern Lights CFC](#)
85. [Northwest Harvest](#)
86. [Operation First Response](#)
87. [Primary Children's Medical Center Foundation](#)
88. [Ronald McDonald House Charities, Inc.](#)
89. [Seattle Federal Executive Board](#)
90. [Southeastern North Carolina CFC LFCC](#)
91. [Southern California CFC](#)

92. [Surgeons of Hope](#)
93. [Susan G. Komen](#)
94. [Ten National Federations and Large Nonprofits:](#)
America's Charities, Christian Service Charities, Community Health Charities of America, EarthShare, Global Impact, Human Service Charities of America, Independent Sector, National Black United Fund, United Way Worldwide, YMCA of the USA
95. [Trevor Project](#)
96. [Trails and Open Space Coalition](#)
97. [J. Woodfin Thomas](#), Chair, Maricopa County LFCC [Arizona]
98. [United Negro College Fund](#)
99. [United States Conference of Catholic Bishops](#)
100. [United States Postal Service](#)
101. [United Way of South Hampton Roads](#) [Virginia]
102. [United Way of Eastern Upper Peninsula](#) [Michigan]
103. [United Way of the National Capital Area](#)
104. [United Way of Northern Utah](#)
105. [United Way Worldwide](#)
106. [Volunteer Youth Nepal](#)
107. [WETA TV & FM](#)
108. [Women's Research & Education Institute](#)
109. [Workplace Giving Alliance:](#)
Animal Welfare Fund, Arts Federation, Child Aid International, Child Aid USA, Children and Youth Services, Health and Human Services Charities of America, Human & Civil Rights Organizations of America, Jewish Aid Worldwide, Mental Health and Addiction Network, Peace and Reconciliation Charities, Village by Village
110. [Wounded Warriors Emergency Support Fund](#)