Comments Submitted Regarding Proposed CFC Regulations: Initial Review

A Report in a Series on the Combined Federal Campaign

A MILLION DONORS CHOOSE

WORKPLACE GIVING ALLIANCE

June 24, 2013

Workplace Giving Alliance
125 Washington Street, Suite 201
Salem, MA 01970
Comments Submitted Regarding Proposed CFC Regulations: Initial Review

This report was researched and written by the staff of the Workplace Giving Alliance*, whose opinions are expressed herein.

June 24, 2013

* The Workplace Giving Alliance is a trade-name for Human & Civil Rights Organizations of America, Inc. The Alliance includes 12 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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Helping a Million Donors Choose: Online Search in the CFC – May 2013

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Child Aid International, Inc.
Child Aid USA, Inc.
Children and Youth Services, Inc.
Health and Human Services Charities of America, Inc.
Human & Civil Rights Organizations of America, Inc.
Jewish Aid Worldwide: America, Israel and Beyond, Inc.
Mental Health and Addiction Network, Inc.
Partners for a Better World, Inc.
Peace and Reconciliation Charities, Inc. (DBA: Military and Civilians United for Peace)
Village by Village, Inc. (DBA: Build a Better World)
June 24, 2013

Dear Colleague:

In early April, the U.S. Office of Personnel Management published draft regulations for the Combined Federal Campaign. OPM allowed the public two months to submit comments; many hundreds of organizations and individuals did so.

Though the period allotted for comments ended on June 7, discussion about the future of the CFC has not abated. We understand that a subcommittee of the House Committee on Oversight and Government Reform will convene a hearing this week to consider the proposed changes to the CFC. Journalists and others continue to follow developments closely.

We offer this initial review of the comments submitted to OPM to assist those concerned about the future of the CFC. We do not suggest that our work is comprehensive. We have only been able to review a relative handful of the submitted comments, but we believe they offer an insight into the issues and concerns that have been raised. As we are able to read the many other comments that were submitted, we hope to offer updates to this report.

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
Salem MA
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Section 1: Introduction

This report reflects our analysis of comments which we were able to gather and review as of June 21, 2013. On June 22, 2013, the government released hundreds of comments they had received. We have not yet reviewed these newly published documents but believe the sample we considered provides a useful initial overview of the issues people and organizations have been articulating.

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 understand that more than a thousand 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.

Below is a list of the 35 comments we reviewed for this initial report. We indicate the author and attempt to note when a comment was submitted on behalf of more than one organization. We have posted all 35 comments on our website so that readers can review the original source material we used.

1. American Civil Liberties Union
2. American Lung Association
3. American Postal Workers Union
4. America’s Charities
5. Campaign Service Center
6. CFC Nexus
7. Coastal Carolina CFC
8. Colorado Nonprofit Association
9. Community Health Charities Member Charities
10. Concerned Citizens for Animals
11. Emerging Leadership Council for the CFCNCA
12. Federated Campaign Stewards
13. Greater Los Angeles Federal Executive Board
14. Hope Stone
15. 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
16. Independent Sector
17. Intermountain CFC
18. James P. Huber Veterans Foundation
19. Karl Howard
20. Patrick Maguire
21. Maryland Nonprofits (representing more than 1400 member organizations)
22. Vincent Marzullo, Chair, LFCC of Rhode Island and Southeastern Massachusetts
23. Medical Research Charities
24. Million Dollar Roundtable Advocacy Committee (representing a consortium of 56 large campaigns)
25. National Committee for Responsive Philanthropy
27. Primary Children’s Medical Center Foundation
28. Southern California CFC
29. Surgeons of Hope
30. Ten National Federations and Large Nonprofits:
31. J. Woodfin Thomas, Chair, Maricopa County LFCC [Arizona]
32. United Way of Eastern Upper Peninsula [Michigan]
33. United Way of Northern Utah
34. United Way Worldwide
35. 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
Source Documents
Some authors refer 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:


Some authors refer to the objectives of the CFC as outlined in executive orders. We provide links below:

www.presidency.ucsb.edu/ws/?pid=58865
www.presidency.ucsb.edu/ws/?pid=58865

Finally, some authors refer 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:


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

Here are the categories, as ordered by OPM in the draft regulations. We place next to each one the number of comments that addressed that topic.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number of Comments</th>
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<td>1. Changing the Campaign Solicitation Period</td>
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<tr>
<td>13. Payroll Deduction Disbursements</td>
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We note that these 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 our review 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 has 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 5% of the total number, we believe that they provide a valuable initial 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. The most common reason for supporting the shift was:

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

Some who commented expressed concern, citing possible ramifications of the shift:

- 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.

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 lacks 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.
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; two authors did note a lack of detail in the proposal and wished to withhold final judgment until it was clear how the program would be implemented.

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 larger campaign regions 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.”

Among those who opposed this change, much of their argument rested on 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.
- 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 travel, training and additional staff hires.
- The loaned executive program – a result 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.
• Agency staff and Federal Executive Boards may not want or be able to accept the functions that were previously administered by the LFCCs.

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 online gifts. The stated goal is to “eliminate burdensome paperwork” and reduce waste.

An exclusively electronic donation system would mean elimination of the printed charity booklet in favor of a centralized on-line search tool discussed in Elimination of Paper Processes (#7 below). Additionally, the paper pledge card that donors currently use to select their charities would be replaced by an on-line system.

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 donations 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.

• 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.
- 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
- Reinforce a tendency to move away from the community 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 the approach OPM proposed to take on training urged the CFC to 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 now proposes to eliminate these tools in favor of on-line resources.

Those submitting comments tended to discuss the pledge form in connection with the move to electronic donations. Readers interested in comments about paper pledge forms are referred to Electronic Donations (#5 above). Comments summarized below pertain to 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.
• It is important to have materials to hand out at events.

• An exclusively on-line system will require 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 offered 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 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 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.

A concern was also expressed that the requirement that the CCA be a 501(c)3 organization would limit the potential applicants for the role.

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**

One comment, representing numerous national and local federations, did support the introduction of an application fee. These federations recommended a flat fee for all applicants, whether national, international or local. They 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.

The federations supporting this provision 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 disincentive.

**In Opposition**

Those who submitted 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 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 the interest of employees 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. They do not speak to the opposite scenario – that fewer charities than anticipated charities, 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.

We also note that one comment focused on the proposed Section 950.202, dealing with charity eligibility requirements. The writer 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:

- 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 Concerns and Recommendations

The invitation to comment on the draft regulations led to substantial discussion of the process by which the regulations had been developed and additional ideas not explored in the regulations. We consider these here.

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 do 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.

Recommendations Beyond the Regulations

Those who submitted comments occasionally offered ideas that went beyond the draft regulations. Again, 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.