

Congress of the United States
Washington, DC 20515

April 15, 2014

The Honorable Sylvia Matthews Burwell
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Ms. Burwell:

On April 8, 2013, the Office of Personnel Management (OPM) published a proposed rule that would amend regulations governing the Combined Federal Campaign (CFC). OPM received approximately 1,400 comments during the public comment period which ended on June 7, 2013.¹ The Subcommittee on Federal Workforce, the U.S. Postal Service, and the Census held a hearing to review the proposed rule on July 10, 2013. Through their comments and testimony, a number of charities, donors, and watchdog groups raised significant concerns with several aspects of the proposed rule, especially with respect to charity application fees, electronic pledging and donations, and the local governance structure of the CFC campaigns.

We understand that OPM recently transmitted its recommendations for a final rule to the Office of Management and Budget, which is reviewing them as part of the interagency clearance process. Although OPM made some revisions based on the comments it received, CFC stakeholders continue to express concerns. As your office reviews OPM's recommendations for the final rule, we write to urge that every reasonable consideration be given to the concerns stakeholders have raised.

The CFC is the largest workplace charity program in the world and now encompasses 200 campaigns and more than 20,000 participating charities. More than 850,000 federal employees contributed more than \$250 million to the CFC in 2012.

We commend efforts to increase accountability and transparency regarding the administration of the CFC. The final rule proposed by OPM would extend the solicitation

¹ Office of Personnel Management, *Solicitation of Federal Civilian and Uniformed Service Personnel for Contributions to Private Voluntary Organizations*, 78 Fed. Reg. 20820 (Apr. 4, 2013) (proposed rule) (online at www.federalregister.gov/articles/2013/04/08/2013-08017/solicitation-of-federal-civilian-and-uniformed-service-personnel-for-contributions-to-private).

period, enable new employees to donate immediately after being hired instead of requiring them to wait until the next campaign period, and create a disaster relief program to enable employees to begin contributing to relief efforts within hours of a disaster. These provisions would enhance employees' access to the CFC and appear to have widespread support among CFC stakeholders.

However, other provisions continue to raise substantial concerns for CFC stakeholders, including proposals for: (1) non-refundable charity application and listing fees; (2) electronic pledging and donation procedures; and (3) charity support organization operations.

OPM's proposed final rule requires a charity seeking to participate in the CFC to pay a non-refundable application fee. A charity approved to participate would be required to pay an *additional* nonrefundable annual listing fee. Under the proposed rule, OPM would divide the prior campaign period's costs by the number of participating charities. There is no indication in the rule that the fees assessed to a charity might vary depending on the size of a charity or other unique characteristics. Charities and watchdog groups agree that the charity application fees may disproportionately affect smaller charities and make it more difficult for them to participate in the CFC. As a result, although the rule was intended to increase donor participation, it could have the opposite effect.

Charities, donors, and watchdog groups are also concerned that requiring employees to submit donation pledges online—rather than by check, cash, money order, or paper pledge—may substantially reduce the amount of contributions the CFC will raise. In the 2012 CFC, 10% of all donations—\$27 million—were made via cash, check, or money order rather than through payroll deductions, and about 80% of donors made paper pledges rather than online pledges.²

CFC stakeholders are also concerned about provisions that would substantially limit the local nature of the CFC and change the way charity support organizations and federations conduct their operations. The proposed final rule would eliminate nonprofit Principal Combined Fund Organizations, which administer local campaigns on a day-to-day basis, and transfer their functions to Outreach Coordinators and Central Campaign Administrators.


Finally, the proposed rule would prohibit federations from deducting their fees before remitting CFC contributions to their members. This rule would have a significant impact on the CFC as 60% of charities participate in the CFC through federations. Currently, most federation members prefer paying their share of federation expenses by having the expenses deducted from the distribution of campaign contributions. The proposed rule would require federations to issue invoices to each of their members. Stakeholders believe that this practice may increase administrative costs and decrease transparency as federation fees, if separated from CFC expenses, may not be included in records that would be accessible to OPM.

It is in the federal government's interest to ensure that any changes to the CFC will not negatively impact the program's ability to serve those in need in our communities, while at the same time promoting efficiencies that help reduce unnecessary costs by modernizing the

² Office of Personnel Management, *Report C-17 CFC 2012 Pledge Report* (Apr. 18, 2013).

administration of the CFC. We therefore ask that OMB carefully consider the public comments submitted on the proposed rule prior to issuing a final rule. OMB also may want to consider pilot testing some of the changes to gauge the potential impact on the CFC.

Sincerely,

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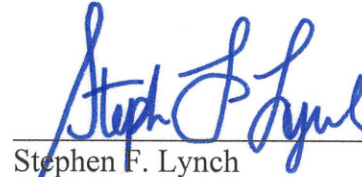
Darrell E. Issa
Chairman

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Elijah E. Cummings
Ranking Member

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Blake Farenthold
Chairman
Subcommittee on Federal Workforce,
U.S. Postal Service, and the Census

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Stephen F. Lynch
Ranking Member
Subcommittee on Federal Workforce,
U.S. Postal Service, and the Census

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David G. Reichert
Member of Congress