

## **2017 Campaign and Beyond - Rule Changes for the CFC**

This document is intended to help guide stakeholders (e.g. agency heads, campaign coordinators, charity representatives, etc.) on the implementation of the new regulations for the 2017 Campaign (and beyond) for the Combined Federal Campaign (CFC). Direct quotes from the Federal Register by the Office of Personnel Management (OPM) will be *italicized*. If you wish to read the document in its entirety, please go to: (<https://www.federalregister.gov/articles/2014/04/17/2014-08574/solicitation-of-federal-civilian-and-uniformed-service-personnel-for-contributions-to-private>). (**IMPORTANT NOTE:** This link still refers to 2016 as the implementation date, however OPM has announced that they will not be implemented until 2017.)

Here is the summary that OPM provides for issuing the final regulatory changes for the CFC in 2017:

*“The Office of Personnel Management (OPM) is issuing final regulations concerning the Combined Federal Campaign (CFC). These final regulations are being issued in order to strengthen the integrity, streamline the operations and increase the effectiveness of the program to ensure its continued growth and success. They were designed in response to the recommendations of the CFC-50 Commission in the Federal Advisory Committee Report on the Combined Federal Campaign, issued in July, 2012. As such, we expect these regulations will improve donor participation, CFC infrastructure, and standards of transparency and accountability.”*

Before listing each of the regulatory changes, OPM states:

*“The proposed regulations include the addition of three (3) provisions intended to improve donor participation; revision of six (6) regulations regarding CFC infrastructure intended to improve efficiency and reduce campaign costs; and four (4) revisions aimed at improving standards of accountability and transparency.”*

Listed below is each regulatory change with a quick summary provided by the Pacific Northwest CFC. You are encouraged to use the link above to read any and each regulatory change in its entirety:

### **1. Campaign Solicitation Period**

- a. The current solicitation period runs from September 1<sup>st</sup> to December 15<sup>th</sup>. OPM noted that allowing the campaign to run into January would assist those employees who take leave during the month of December and return in January. *“This final rule stipulates that the Director will annually set the dates for the campaign period, but that it shall start no earlier than September 1 and end no later than January 15.”*

### **2. Immediate Eligibility**

- a. Currently new employees have to wait until the official solicitation period to contribute to the CFC. This new rule states that *“...employees would be provided information on the CFC at orientation and be able to make pledges within 30 days of being hired if hired outside of the solicitation period.”*

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## 3. Disaster Relief Program

- a. Currently only the OPM Director is authorized to allow for any kind of special solicitations to occur following any natural (or nationally recognized) disasters. This rule will “amend its regulations at § 950.102 to provide for the creation of a Disaster Relief Program that would be available to donors within hours after a disaster.”

## 4. Local Governance Structure

- a. OPM was looking to change the Local Federal Coordinating Committee (LFCC) to a Regional Coordinating Committee structure in order to pull from larger campaign zones for individuals who would be engaged in a leadership role to serve. OPM received a lot of opposition during the public comment period due to a perceived loss of a “local touch” from the campaign and decided that “...this final rule which merely amends § 950.103 to remove from the LFCC's responsibilities the selection of a PCFO. The title Local Federal Coordinating Committee (LFCC) is maintained.”

## 5. Electronic Donations

- a. “OPM proposed to modify § 950.102 to eliminate the use of cash, check and money order contributions.” This proposal was met with some opposition as eliminating giving methods could negatively impact the campaign. The intention behind this proposal was “to increase the efficiency of the administration of the CFC by eliminating burdensome paperwork, saving resources, and removing the possibility of the mishandling of cash.” However due to some of the points made in opposition, “this final rule removes only cash as a giving method.”

## 6. Training and Oversight

- a. In an effort to improve the governance of the CFC at the local level for LFCCs, the final rule will “modify § 950.104 to provide for additional training and oversight of the LFCC. The training would be conducted by OPM staff and would focus on oversight responsibilities, charity eligibility requirements, and how to select an organization to market the campaign and review/approve its reimbursable marketing expenses.”

## 7. Elimination of Paper Processes

- a. In an effort to “go green” and reduce costs of the CFC, “OPM proposed to modify § 950.104 to eliminate printing and distributing the Charity List in an effort to reduce paper processes. Rather, this list will be made available exclusively through electronic means.” This proposal was heavily opposed during the public comment period as it was cited that there are a number of Federal employees who still do not have access to the internet at their agency. It was determined that “this final rule which retains the current requirements pertaining to the contents and format of pledge forms and charity lists as well as the information that must be contained within an individual charity listing remain in effect for both printed and electronic pledge forms and charity lists.” **OPM has since stated that the printed charity listing and pledge forms are due to be eliminated by the 2022 Campaign.**

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## 8. Streamlining Campaign Administration

- a. Currently any 501(c)3 organization can apply to be the Principal Combined Fund Organization (PCFO) to administer the campaign. United Way of the Columbia-Willamette is the current PCFO of the Pacific Northwest CFC. In conjunction with the LFCC, the PCFO is responsible for hiring the person(s) in charge of running the campaign; these tasks include, but are not limited to, developing the marketing materials, developing/running the trainings, collecting/distributing the funds, and providing the customer service. *“OPM proposed to modify its regulations at § 950.105 to eliminate the PCFOs. In their place, OPM proposed to consolidate responsibilities for back office functions and establish one or more Central Campaign Administrators (CCA). The CCA would either perform these functions itself or would set up regional receipt and disbursement centers. OPM further proposed that the LFCC may engage a “marketing firm” to continue outreach to Federal, Postal and military personnel, functions currently coordinated by the PCFOs.”* OPM changed the term “marketing firm” to “Outreach Coordinator” (OC) to accurately reflect the pool of candidates the LFCC can choose to hire; from an individual to an entity. **The Outreach Coordinator will not process donor pledges, disburse funds to charities, complete the agreed-upon procedures (AUP), assist in the local application process, or arrange fundraisers (as fundraisers disappear after the 2016 Campaign).** The OC does not have to come from a 501(c)3 institution nor does it have to be hired by an LFCC; rather the LFCC can choose to hire an OC with a budget determined by OPM for that CFC. *“Other than the addition of the definition of the Outreach Coordinator, this final rule adopts the proposed change without revision.”*

## 9. Administrative Costs

- a. Currently the costs of the campaign are covered by a portion of donor contributions; the percentage varies from each CFC region. Although this practice of reimbursing costs is not uncommon in the non-profit sector, *“OPM maintains that more transparency with respect to administrative overhead would be beneficial to the program, to the donors, and to the charitable organizations that receive donations through the CFC. Accordingly, OPM proposed that the cost of the campaign previously outlined in § 950.106 instead **be recovered through application fees paid by the charitable organizations that apply for participation in the CFC.** This section also proposed how the fees will be collected and the permissible uses of the fees. Additionally, upfront application fees would require that charities properly adjust for campaign costs in their own accounting, something that the current process of cost deduction does not reflect.”* This rule was the most commented on during the public comment process and was opposed for reasons stemming from not knowing how much the fees will be prior to setting a budget (for the charity), to the potential loss of numerous smaller charities who may not apply due to the introduction of a fee system, thereby reducing the number of choices for a donor. OPM conceded that some of these issues may be barriers but the economics of not having to process the applications of charities who do not receive any funds from the campaign (around 20% in 2012) are a barrier removal from the current system. *“Therefore, this final rule enacts a*

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nonrefundable application/listing fee intended to cover the fixed costs of the campaign. The amount of the fee will be determined by the Director of OPM and announced prior to the application period. In no case will the application fee exceed an amount equivalent to the previous campaign period's budgeted costs divided by the number of participating charities, nor will it be greater than 125% of the previous year's application fee (except in the first year of this final rule).” **In addition to the non-refundable application fee and listing fee there will be a possibility for a “distribution fee” if determined necessary by OPM.**

## 10. Streamlined Application Process

- a. Currently the application process requires charities to apply annually with a full set of financial documents. This triggered OPM to propose with the rule “to modify the regulations at § 950.201 to reduce the burden on charities that have previously been admitted to participate in the program. Thus, these charities would be required to produce a more limited specified set of documents, via a reduced application form, to be admitted for the subsequent two years.” This proposal is unchanged in its form for the final rule.

## 11. Audit of Small Charities

- a. “OPM proposed to modify its regulations at § 950.203 to waive the audit requirement for national organizations reporting less than \$100,000 in annual revenue to the IRS. In addition, OPM proposed that an organization with annual revenue of at least \$100,000 but less than \$250,000 not be required to undergo an audit, but have their statements reviewed by an independent certified public accounting firm. This would remove a disproportionate burden on small charities.” This proposal is unchanged in its form for the final rule.

## 12. Oversight of Federations

- a. “OPM proposed to strengthen its regulations regarding federations to increase accountability and transparency. OPM proposed changes to § 950.301 to specify that federations provide a copy of each member organization's application, require dates upon which disbursements must be made to members, add additional reporting requirements, and prohibit deductions of dues/fees from the disbursement of CFC contributions. Additionally, invoicing member organizations for federations' services rendered would require that charities properly adjust for campaign costs in their own accounting, something that the current process of federation fee deduction does not reflect.” This proposal is unchanged in its form for the final rule.

## 13. Payroll Deduction Disbursements

- a. “OPM proposed changes to former § 950.90 to require payroll offices to either distribute funds to the charities directly or, if funds are transmitted to the CCA, provide more detailed reports.” OPM did make one change to the final rule “to require payment to CCA(s), not directly to designated charities.”

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