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Grassley Expresses Concern Over Federal Charitable Giving Program

WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, is expressing concern that management changes to the federal employees’ charitable giving program will undermine accountability from charities to donors and potentially discourage donations.

Grassley continues a broad-ranging effort to strengthen charities overall by protecting them from those who would use them for personal gain and holding non-profits accountable for the generous tax breaks they receive.

Grassley outlined his concerns about the Combined Federal Campaign in a letter to President Bush. The text follows here.

March 9, 2007

The Honorable George W. Bush
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am writing to you about concerns I have regarding the management of the Combined Federal Campaign (CFC) by the U.S. Office of Personnel Management (OPM). During your Presidency, you have been a strong voice in encouraging Americans to support our nation’s charities. I am pleased to have worked with you to change the tax laws and provide additional incentives to encourage charitable giving.

It is because of your leadership in this area that I am writing to you to express concerns about

the direction of the CFC. The CFC was responsible for providing over \$268 million pledged to charities in 2005. This is big money that can be a big help to our nation's charities. I recognize the importance of the CFC, and that is why I was proud to serve as the keynote speaker last year for the CFC leadership conference.

However, OPM is now taking steps that potentially undermine the CFC, discourage charitable giving by federal employees, and harm our nation's charitable sector. First, OPM is eliminating the requirements that CFC charities have overhead of 25% or less – now for overhead the sky is the limit. Second, OPM has eliminated the requirement that financial audits be submitted with the applications to the CFC from organizations with under \$250,000 in annual revenue. Recent headlines regarding misfeasance at charities highlights the need for more, not less, understanding of how charities are spending donations. Third, OPM is implementing a disruptive change in the way the charity giving numbers are assigned, replacing the long-standing numbering system with randomly-assigned codes. CFC contributors use these numbers to designate which charities will receive their donations. CFC campaign managers and volunteers overwhelmingly support an alternative that is easier for donors to understand, because experience has shown that recoding will cause great confusion for givers and will mean that donations do not go to the intended charities.

I am very concerned that OPM in issuing this guidance ignored the vast number of comments from CFC campaign managers and participating charities who want to ensure that CFC charities are engaged in best practices. It is especially frustrating that OPM's actions come at a time when there is wide recognition that steps need to be taken to encourage charities to engage in best practices. For example, the Internal Revenue Service (IRS), under the leadership of Commissioner Mark Everson and Deputy Commissioner Steve Miller, have put forward for public consideration best practices for charities. In addition, the Panel on the Nonprofit Sector – a coalition of our nation's leading charities – has put forward extensive guidance on the best practices charities should take.

By contrast, OPM is sending exactly the opposite message – that there is no need for charities to be accountable to the public trust that comes with receiving charitable donations. I would ask that you give consideration to the CFC not only retaining previous best practices but also updating these standards to reflect the best of current practices. As one example, the BBB Wisegiving Alliance has standards that have been met by hundreds of charities already. These are reasonable and achievable goals for most CFC charities to meet. Such standards will give federal employees the peace of mind that their money is going to help do good for their community – and not going to unscrupulous individuals to do well for themselves. In addition, promoting such standards will be a great step forward in strengthening our nation's charities – one of the legacies of your Presidency.

Finally, I worry that OPM's actions reflect a continual downgrading of the CFC as a priority at OPM. I have been informed that when you first took office, the CFC reported directly to the Director of OPM. It is my understanding that the CFC is now overseen by an attorney in the office of the General Counsel and that the program is managed by an Acting Director who is also a lawyer without a background in charities and charitable giving. I know that this is not reflective of your priorities. I would ask that you consider whether it would make sense to transfer the important work of the CFC to the Corporation for National and Community Service (CNCS). The CFC would seem to be a more natural fit with the work and mission of the CNCS.

I appreciate your time and attention to this matter. As you may know, eligibility and compliance review of charities for participation in the upcoming CFC campaign is already underway. Therefore, I would ask that your administration please make the consideration of the points raised in this letter a priority.

Cordially yours,

Charles E. Grassley
Ranking Member

cc: Chairman Max Baucus
Senator Susan Collins
Chairman Henry Waxman
Linda Springer, OPM
David Eisner, CNCS