

5-15-95

Jane's King

re: Combined Fed. Campaign

action: Respond to King

Jennifer O' 5/15
Please respond
(acknowledge) to
King. This was lost.

Thanks.

(John - keep copy.
Make file "Combined
Federal Campaign - '96 R"



OFFICE OF THE DIRECTOR

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

file
CFC

MAR 22 1995

INFORMATION

MEMORANDUM FOR HAROLD M. ICKES

ASSISTANT TO THE PRESIDENT FOR POLICY AND POLITICAL
AFFAIRS AND DEPUTY CHIEF OF STAFF

FROM:

JAMES B. KING
DIRECTOR

SUBJECT:

Combined Federal Campaign

A large, stylized handwritten signature of James B. King is written over the "SUBJECT" line and extends into the right margin.

Call
Cushy
-statsI. SUMMARY

In a February 23, 1995 letter, House Civil Service Subcommittee Chair John Mica asked OPM to implement the Combined Federal Campaign (CFC) eligibility standards proposed by the Reagan Administration that would limit participation to organizations that provide direct human health and welfare services. The regulations were blocked by Congress in 1986. (See letter attached.)

II. DISCUSSIONBACKGROUND

The Combined Federal Campaign (CFC) was established by President Kennedy to limit year-round solicitation of federal employees, and instead provide charities an annual opportunity to seek support from federal donors.

In the beginning the CFC was relatively non-controversial with participation limited to "traditional" charities that *provide* direct human health and welfare services. In the late 1970s, less "traditional" groups that *affect* human health and welfare services (e.g. political advocacy groups and legal defense funds) succeeded, primarily through litigation, in becoming participants in CFC.

In 1982-83, the Reagan Administration attempted to adjust the definition of human health and welfare agencies by excluding advocacy, legal defense and other non-"traditional" groups. The Supreme Court upheld Reagan's Executive Order, stipulating that exclusions be done even-handedly, without discriminating for or against any particular political viewpoint. In 1986, Congress blocked OPM regulations implementing the E.O.

Harold M. Ickes

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COST ISSUES

- The costs Rep. Mica cites represent staff time dedicated to promoting the CFC, not cash/appropriated funds.
- The costs he cites are OPM 1988 figures and are significantly inflated, we believe.
- There would be no significant savings in reducing the number of participating organizations. Whether 100 or 1,000 the administrative costs are roughly the same. Costs for items like printing and distribution of brochures are *not* paid by the Federal government.

ORGANIZATION PARTICIPATION ISSUES

- Whoever tries to change this program (by limiting participants) will run into tremendous opposition from the many advocacy, legal defense and other non-"traditional" groups participating in CFC.
- Is it the place of government to limit the options of its citizen-employees in deciding to make charitable contributions? (Opponents might counter, "We're not limiting their options. They can make contributions on their own, without help from the government.")
- There is anecdotal evidence to suggest that Reagan Administration officials were targeting groups like Planned Parenthood.

We will complete an interim response to Rep. Mica in a few days. It may be of interest to you and I'll show it to you. Our plan is to answer his specific questions, but take no immediate action on implementing the 1986 restrictions without seeking additional information from the affected groups. This would provide an opportunity for those groups to make their points without casting OPM or "the government" in the role of advocate.

Among the options we will consider are:

- Run the CFC without the accompanying promotional effort. Most of the costs involved are tied up in efforts to urge employee participation in the CFC (these costs are in staff hours, not cash). This option would likely result in decreased donations.
- Replace CFC with a Charity Allotment Program. In this case, employees could contribute to *any* 501(c)(3). An allotment mechanism is already in place. There would be no need to create a new bureaucracy, but employees would have to do all of the work of obtaining and providing an organization's information to their payroll offices. This would likely result in a dramatic drop in contributions, at least in the short run.
- Privatize the CFC. "Does the Federal government need to be in this business?," might be a fair question. After shutdown costs, this option takes the program off the budget and gets the government out of the business of supporting *all* of the organizations.
- Make no change to CFC.

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ONE HUNDRED FOURTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

2157 RAYBURN HOUSE OFFICE BUILDING

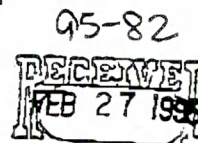
WASHINGTON, DC 20515-6143

February 23, 1995

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MINORITY—(202) 225-5061



The Honorable James B. King
Director
U.S. Office of Personnel Management
1900 E St., N.W.
Washington, D.C. 20415-0001

Dear Mr. King:

Recently, I have received a number of complaints about the presence of numerous advocacy groups and other organizations that do not directly benefit human health and welfare (e.g., those who do not provide or support such activities as care, education, or research on human health; disaster relief; or feeding, sheltering, or housing the poor) in the Combined Federal Campaign. I, too, am deeply troubled by their presence and am considering holding hearings and introducing legislation to remedy this problem. Accordingly, I am writing to ask for your support and cooperation in restoring the CFC to its rightful role of aiding traditional charities that do directly benefit human health and welfare.

The CFC resulted from the Federal government's efforts to reduce the burden numerous separate charitable solicitations at the Federal workplace imposed on it. This was done by providing a single, coordinated fund-raising drive. Until the 1980s, only a limited number of traditional charities participated in the CFC. Then, as a result of litigation, certain advocacy groups were allowed to participate. Subsequently, participation has exploded to the point that the list of organizations participating in the 1994 CFC for the National Capital Area consumed nearly 21 single-spaced, double-columned pages.

Many of the groups on the 1994 list are plainly advocates that try to advance a particular point of view through lobbying, litigation, or other activities. For example, on the list are the following: the Center on Budget and Policy Priorities, the Sierra Club Legal Defense Fund, the Firearms Civil Rights Legal Defense Fund, the NAACP Legal Defense and Educational Fund, the Heritage Foundation, the National Right to Work Legal Defense Foundation, Inc., and the Teamster Rank and File Education and Legal Defense Foundation. Other participating organizations,

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such as the Center for Investigative Reporting, the National Wild Turkey Federation, Inc., the Source Theater Company, and Trout Unlimited, however worthy their goals, do not provide direct benefits to human health and welfare.

As Thomas Jefferson said, "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves, is sinful and tyrannical." Yet that is precisely what the Federal government is doing to taxpayers by allowing advocacy groups to participate in the CFC. In 1988, the Report of the Director's Task Force on the Combined Federal Campaign acknowledged that the CFC is a subsidy for participating organizations and estimated the amount of that subsidy to be then "in the neighborhood of \$55-60 million" per year. American taxpayers simply should not be compelled to subsidize these advocacy groups.

It is time now to restore the CFC's pre-1980s status as a vehicle for solicitations by traditional charities providing direct benefits to human health and welfare. The Supreme Court, in a ruling on President Reagan's Executive Order No. 12404, has made it clear that advocacy groups and others may be excluded from the CFC through "viewpoint neutral" restrictions. OPM attempted to do this in 1986 by promulgating final regulations to restrict eligibility for the CFC to traditional charities concerned with human health and welfare. Unfortunately, Congress has prevented OPM from implementing those regulations.

If this Congressional bar is lifted, Mr. Director, will OPM take the necessary steps to implement the eligibility standards of those 1986 regulations and, if so, how long will it take you to do so?

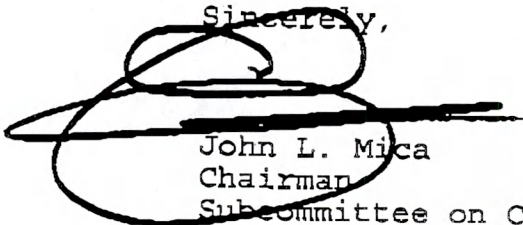
Please also provide me with the following information:

1. The total amounts collected and distributed by the CFC each year for the last five years.
2. A complete list of all organizations that have participated in the CFC over the last five years and the amount contributed to each through the CFC in each of those years.
3. The total cost to taxpayers of conducting the CFC in each of the last five years, following the methodology used in the 1988 Report of the Director's Task Force on the Combined Federal Campaign. (If you believe some other methodology would provide a more accurate picture of the taxpayers' burden in supporting the CFC, please also provide those figures for each of the last five years and a description of your methodology.)

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I look forward to working with you as we address this important issue, and I hope to have the Administration's support in restoring the CFC to the purpose originally intended for it: the support of "traditional charities" that directly benefit human health and welfare.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over the printed name and title.

John L. Milca
Chairman
Subcommittee on Civil Service