Chairman Farenthold, Ranking Member Lynch and Members of the Subcommittee:

Thank you for allowing me the opportunity to appear before you today to discuss the Combined Federal Campaign (CFC).

Background

The Federal workplace giving program started in the 1950s under President Dwight D. Eisenhower. Back then, there were four distinct campaigns operating in the Federal workplace. Although a great program, it was considered expensive and disruptive to Federal employees because of multiple solicitations throughout the year. In 1961 President John F. Kennedy, by an Executive Order, directed the Chairman of the Civil Service Commission to manage the program. The main four groups of charities could not agree on a way to consolidate into one solicitation. It was not until 1964 that solicitations were "combined" to form the CFC for the Federal government. Today, Federal civilian, Postal, and military donors make pledges during...
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one campaign season. Pledges are used to support eligible non-profit organizations that provide human health and welfare service benefits throughout the world. The CFC is managed and overseen by the Office of Personnel Management (OPM) to ensure the campaign is effectively and efficiently administered and that campaign components meet Federal requirements.

Currently, the CFC has over 160 local campaigns throughout the United States and one overseas. Each campaign is managed by a Local Federal Coordinating Committee (LFCC) and administered by a Principal Combined Fund Organization (PCFO). The LFCC is comprised of a group of Federal employees that act as a de facto board of directors. Some of the responsibilities of the LFCC include organizing the local campaign, developing a local campaign governance structure, encouraging Federal agencies to appoint Federal employees to serve as loaned executives, reviewing local charity applications, selecting and overseeing the PCFO, ensuring the distribution of contributions are in accordance with regulations, ensuring participation by employees is free of coercion, and authorizing PCFO reimbursements of campaign expenses.

The PCFO administers the local campaign under the direction and control of the LFCC and the Director of OPM. Some of the responsibilities of the PCFO include preparing pledge forms and charity lists, training loaned executives, developing campaign marketing strategies and materials, maintaining a detailed schedule of CFC administrative expenses, keeping and maintaining CFC financial records and accounts, and submitting to an audit of collections and disbursements.

Although participation and annual contributions from the CFC declined from 2011 to 2012 with campaign contributions totaling $272.7 million and $258.3 million, respectively, the CFC is still the world’s largest annual workplace charity campaign. Since 1961, Federal employees, Postal, and military donors have pledged over $7 billion to national and local charities. The number of
participating charities has significantly increased with an estimated number of over 24,000 nonprofit charitable organizations worldwide. The charities supported through the CFC range from community groups to large, well-known charities.

**CFC-50 Commission**

In 2011, the CFC celebrated its 50th anniversary. At that time, the former Director of OPM John Berry announced the formation of a Federal Advisory Committee, known as the CFC-50 Commission (Commission). The Commission was established to review the present structure and the current processes of the CFC. In addition, the Commission was tasked with developing recommendations on ways to improve the CFC in order to ensure the program’s continued growth and success. The Commission convened in September 2011 and was comprised of 28 members, including Federal employees who served on LFCCs; directors of PCFOs; Federal, Postal and military personnel from multiple agencies, including the Government Accountability Office; the OPM Office of the Inspector General; charitable watchdog groups; leaders of charitable organizations; and representatives from the National Active and Retired Federal Employees Association and Young Government Leaders.

On July 20, 2012, the Commission issued 24 recommendations on strengthening the integrity, the operation, and the effectiveness of the CFC. The Commission’s recommendations focused on four main areas: donor participation; infrastructure; standards of transparency and accountability; and an Inspector General Taskforce.

First, the Commission identified several ways to improve donor participation. For instance, the Commission recommended allowing new employees to make immediate pledges, allowing
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retirees to be solicited, and establishing a voluntary disaster relief program. Second, the Commission recommended ways to address the rising costs of the CFC. Some of the cost-related recommendations included creating a central website that lists all national and local charities, and reducing paper processes currently used in the program. Third, the Commission recommended better procedures for meeting the needs of donors and charities in order to increase transparency and accountability. The Commission suggested the inclusion of a tiered process for application requirements and a streamlined application process. Finally, the Commission recommended improving overall oversight of the CFC’s use of funds.

Proposed Rule

In order to implement many of the Commission’s recommendations, OPM issued a proposed rule amending the CFC regulations. The proposed rule focuses on the following thirteen key areas of change: 1) move the solicitation period from September 1 – December 15 to October 1 – January 15; 2) allow new employees to make a payroll deduction within 30 days of being hired; 3) create a disaster relief program that gives employees the ability to contribute to relief efforts within hours after a disaster; 4) reduce the responsibilities of the LFCCs (with the integration of agencies into the governance structure and expand the use of online tools) and change the name to Regional Coordinating Committees (RCCs); 5) realize savings by eliminating cash, check, and money order contributions; 6) provide additional training and oversight for RCCs; 7) realize savings by requiring the CFC Charity List be made available exclusively through electronic means; 8) eliminate redundant campaign administration functions by consolidating them into one or more Central Campaign Administrators; 9) recover administrative costs of the campaign from application fees paid by charitable organizations that apply, thus allowing for more donor contributions to go to the charities; 10) streamline the application process in order to permit...
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charities to submit a full application every three years rather than annually as currently required; 11) ease the financial reporting requirements for charities with less than $250,000 in revenues; 12) require federations to disburse funds to member charities on a specified cycle and prohibit federations from deducting dues/fees from CFC funds; and 13) standardize how Federal payroll offices provide donor pledge reports to campaigns.

Based on its experience administering the CFC, OPM concluded the proposed rule reflects changes that would improve the CFC for both donors and charitable organizations. Taken together as whole, these changes are needed to not only streamline operations but to increase program effectiveness, while ensuring its continued growth and success. OPM is reviewing comments from the proposed rule. While the proposals make significant changes, the proposals will result in more transparency, efficiency, and accountability for the CFC, while reducing costs.

Conclusion

I want to thank you for this opportunity to testify today and I am happy to address any questions you may have.
Mark Lambert

Mark W. Lambert was selected as the Associate Director for Merit System Accountability and Compliance (MSAC) in March 2012. As Associate Director for MSAC, Mr. Lambert carries out OPM's statutory oversight of the federal government's human resources programs and directs field operations in Atlanta, Chicago, Dallas, Philadelphia, and San Francisco. Through rigorous oversight and evaluation, Mr. Lambert and his team safeguard merit system principles and the rights of veterans and ensure that federal agencies operate effective human resources programs that deliver value to taxpayers. Mr. Lambert also leads three other OPM programs with broad impact: 1) the Office of the Combined Federal Campaign (OCFC), which is the world's largest workplace charitable drive; 2) Internal Oversight and Compliance (IOC), which serves as an internal OPM accountability function; and 3) the Voting Rights program, which helps protect every Americans' constitutional right to vote.

Prior to his appointment as Associate Director, Mr. Lambert held several other positions within OPM. From 2010 through early 2012, Mr. Lambert was the Director of IOC. IOC drives the resolution of audit recommendations, conducts program evaluations, and oversees the review of capital investments to strengthen OPM's risk management and operational performance. From 2002 through 2010, Mr. Lambert was part of the OCFC serving as the Director of that office from 2008 through 2010. The OCFC regulates and oversees the hundreds of local CFCs administered across the country to ensure their compliance with laws, regulations and OPM guidance. The CFC is the Federal government employees' workplace fundraising program which annually provides approximately 4 million Federal employees the opportunity to contribute to thousands of participating charities located across the nation and overseas. The CFC has raised over $6.5 billion dollars since it was established by President Kennedy in 1961. From 1989 through 2002, Mr. Lambert served with OPM's Office of the Inspector General (OIG). During this time with the OIG, Mr. Lambert obtained over 12 years of financial and performance auditing experience.
Mr. Lambert graduated with a Bachelor of Science degree in Accounting from Shepherd College in Shepherdstown, West Virginia. In 2008, Mr. Lambert graduated from the Federal Executive Institute in Charlottesville, VA and is a member of the Federal Executive Institute Alumni Association. Mr. Lambert is also a member of the Senior Executive Association, Institute of Internal Auditors and the Association of Government Accountants.