

# Campaign Chronicle



The weekly newsletter of the Cincinnati Metro Area CFC

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## Small CFCs plagued by excessive overhead

Of the many reasons Federal employees give for not giving through the Combined Federal Campaign, the most prevalent is that of campaign cost. In reality, the Cincinnati Metro Area CFC has one of the lowest levels of campaign costs in the country. This isn't to say, however, that many feds don't have a valid point with regard to campaign costs. While the problems brought to light in the following article aren't present in Cincinnati's campaign, they are still hard to ignore.

By **Elise Castelli**  
*Federal Times*

One in 10 Combined Federal Campaigns apply excessive amounts of donations they collect — typically between 20 percent and 30 percent — toward overhead costs.

By comparison, overhead costs for all CFC campaigns on average eat up about 10.5 percent of CFC pledges. [Overhead costs for the Cincinnati Metro Area CFC were 8.9 percent in 2008.] The overhead costs of the United Way, which tints private-sector giving campaigns similar to CFC, averaged 14 percent of what was donated last year, according to the Forbes charity listing. That matches the national average reported by Forbes in its 2009 giving guide.

CFC campaigns with costs exceeding 20 percent tend to be small. Their pledges in 2008 averaged \$219,866, as compared to the \$1.1 million average pledge amount for all CFC campaigns.

The Lauderdale County CFC in Mississippi, in 2008 had the biggest amount of donations going toward overhead costs: \$10,500, or 75 percent, of the \$13,994 it raised. Officials from that campaign did not return numerous calls for comment.

Mark Lambert, national director of the CFC at the Office of Personnel Management, said he would follow up with the campaign to determine the cause of its high costs. The campaign could end up merged with a larger CFC nearby so donors will be assured more of their dollars are going to charities.

### EXCESSIVE COSTS

Twenty-four local campaigns of the Combined Federal Campaign had excessive operating costs, defined as costs exceeding 20 percent of contributions, in 2008. The five campaigns with the highest operating costs as a percentage of pledge revenues (more are listed inside):

Campaign	Pledges	Operating costs as percent of pledges
Lauderdale County, Miss.	\$13,994	75.0%
Volusia-Flagler-Putnam, Fla.	34,952	30.0
San Bernardino, Calif.	523,850	28.6
Southwest Colorado	17,705	26.3
Cape Fear Area, N.C.	46,013	25.3

SOURCE: Office of Personnel Management GRAPHIC BY MARCIA STAIMER

CFC overhead costs typically include audits, mandated by OPM, that aim to ensure no fraud has taken place. Other costs include the printing of pledge cards and charity guides, advertising, outreach events, staff training, and incentives for donors.

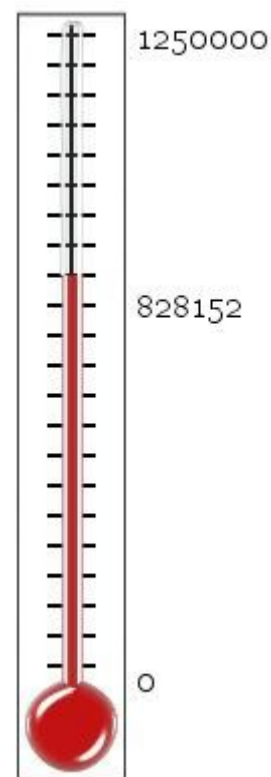
Some small CFCs blame the OPM mandates for eating into the donations they do raise.

OPM rules, for example, require that all CFC campaigns, no matter how large or small, must audit themselves annually. Costs for the audits vary depending on how big the campaigns are. For the Southwest Colorado CFC, the audit costs \$3,000 and makes up about three quarters of its overhead costs, said Tim Walsworth, president and CEO of the United Way of Southwest Colorado, which manages the campaign for the government. In 2008, Southwest Colorado CFC spent \$4,650 on budgeted overhead costs, more than 26 percent of the \$17,705 it raised.

"If I didn't have to do the audit, my costs would be down to 9 percent," Walsworth said. "No charity, including my United Way that manages the Southwest Colorado CFC, should ever mind being audited and we don't mind, but it just costs so much because we're held to the same standards as a CFC 10 times as big as us."

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## Going for the Goal



The Cincinnati Metro Area CFC would like to thank the following for their sponsorship of the 2009 Campaign:

**Government Employee  
Insurance Company  
(GEICO)**

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Federal Executive Board**

## Costs

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Another level of auditing for smaller campaigns ought help ease the burden, Walsworth said. The audit poses similar problems for the Cape Fear Area CFC in North Carolina. That campaign's audit accounts for \$8,000 of the \$11,650 it spent in 2008. Overall, overhead costs accounted for more than 25 percent of the \$46,013 the campaign raised last year.

"A lot of the costs are out of our control," said Melissa Boehling, vice president of resource development for the Cape Fear Area United Way, which runs the Cape Fear Area CFC.

In addition to the annual audit, OPM regulations require the campaigns to print new pledge forms each year, meaning last year's overstock gets trashed, Boehling said.

OPM requirements for new pledge cards, new charity books and advertising cost the Southwest Colorado CFC another \$1,250 in 2008, Walsworth said. That means the more discretionary portion of Walsworth's budget — less than \$500 — is lean in the extreme. Training for CFC volunteers, incentives for donors and campaign events are kept to a minimum. And United Way of Southwest Colorado, unlike some campaign managers, doesn't charge the government for its expenses.

Such high cost-to-donation ratios are not unusual for smaller nonprofits, Walsworth said. "Smaller organizations have higher costs as a percentage of total revenue" because of economies of scale, he said. But where many nonprofits have the option to not do some things or to choose less costly alternatives, small CFCs do not because of OPM's requirements, he said.

### CFC mergers?

OPM has no rules regarding how much of a campaign's pledges should go toward overhead costs. But when costs are 20 percent or more, OPM tries to merge higher-cost campaigns with larger campaigns to help drive down the costs and maximize returns to charities, said CFC director Lambert.

"Mergers mean more efficiencies and more money goes to charities," because fixed costs, such as pledge card printing or financial

auditing, can be shared, Lambert said.

When mergers are not possible, OPM works with campaigns to develop cost-control plans. As a last resort, OPM may shut down a campaign, but such actions are rare because workers not covered by a local campaign cannot give to the CFC, he said.

The Southwest Colorado CFC is looking to merge with another campaign as a way to control its costs next year.

The 60 donors that contributed to the Southwest Colorado campaign represent 14 percent of the area's total federal workforce, many of whom work for the Agriculture or Interior departments. With a workforce that small, the campaign is looking to merge with a nearby campaign to share costs, particularly audit costs, said Toni Kelly, chairwoman of the local CFC coordinating committee. But the nearest campaign not hindered by Colorado's snowy mountain passes is 70 miles away in New Mexico.

Although Cape Fear is not seeking a merger, it is talking with nearby campaigns about how they can share costs for common items, such as pledge cards, Boehling said.

But in the end, the only real way to drive down costs is to increase pledges, Boehling said. "We need more people to step up," she said.

"In this recession we see an increased need for resources [in the community] and the only way to cover those is to have donations,"

## HIGH-COST CAMPAIGNS

Other local Combined Federal Campaigns whose operating costs were 20 percent or more of their pledge revenues in 2008:

Campaign	Pledges	Operating costs as percent of pledges
Long Island, N.Y.	\$777,900	24.8%
Greater Rochester, N.Y.	203,216	24.8
Northeast Louisiana	61,894	24.8
North Country, N.Y.	183,993	24.6
Kalamazoo Area, Mich.	95,107	24.0
Island County, Wash.	284,083	23.4
Taconic Valley, N.Y.	200,055	22.9
Central New York	236,510	22.4
Mid-Michigan	151,401	22.3
Fort Campbell, Ky.	559,707	22.2
Lancaster County, Pa.	54,987	22.2
Rowan/Tredell, N.C.	44,485	21.5
Niagara Frontier, N.Y.	480,694	21.2
Greater Utica Herkimer County, N.Y.	18,714	20.9
Western Montana	139,608	20.5
Big Sky, Mont.	234,893	20.4
Lake Superior, Minn.	56,589	20.3
Northeast Mississippi	123,913	20.2
Coastal Georgia	732,523	20.0
<b>Total CFC</b>	<b>\$275,898,756</b>	<b>10.5%</b>

SOURCE: Office of Personnel Management

GRAPHIC BY MARCIA STAIMER

## Need CFC information?

- Locate a Coordinator
- Get CFC materials
- Find charity info
- Provide comment

Contact the CFC Office to get all your CFC information. You can write, email, call, or FAX:

CFC  
 John Weld Peck Federal Building  
 550 Main Street, Ste. 1-116  
 Cincinnati, OH 45202  
 Phone: (513) 684-2515  
 FAX: (513) 684-2103  
 cincyafc@gmail.com

Boehling said. "The bottom line is we have to grow the campaign ... to really make a difference by doing a better job at maintaining costs."

The economy has also increased campaigns' costs as a percentage of pledges. Before 2008 at the CFC of Northeast Louisiana, where most of the federal workforce is made up of U.S. Postal Service workers, costs were less than 20 percent of pledges. But the campaign saw pledges plunge from \$91,286 in 2007 to \$61,891 in 2008 as the economy tanked and the Postal Service announced buyouts in the face of its own financial meltdown, said Rena Ryan, chairwoman of the Northeast Louisiana campaign's coordinating committee.

Employees "were really worried about their jobs," said Ryan, who is also a postal worker. "And they are still talking about consolidating post offices, so there are a lot of people still worried about their jobs." That is especially true of part-time employees, who are allowed to contribute to the CFC, she said.

As a result, Ryan predicts donations to this year's campaign won't top 2008 levels and costs will re-main more than 20 percent of pledges. The Northeast Louisiana campaign ended on Nov. 20, and although some agencies and offices have yet to report in, those that had only reported \$37,000 in pledges, she said.