



AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

Eric Bunn Sr.
National Secretary-Treasurer

Dr. Everett B. Kelley
National President

Dr. Kendrick B. Roberson
NVP for Women & Fair Practices

June 24, 2025

Dear Senator:

On behalf of the American Federation of Government Employees, AFL-CIO (AFGE) which represents over 800,000 federal and D.C. government employees, I am writing to ask you to oppose a provision in the Senate's reconciliation bill that would impose a 10 percent tax on nonprofit organizations that receive donations from federal employees through the Combined Federal Campaign (CFC), the program administered by the Office of Personnel Management that offers the federal community the opportunity to support thousands of participating national and local charities, federal labor groups, and other nonprofits. Every year, federal employees and retirees give thousands of volunteer hours and millions of dollars through the CFC.

Section 90104 of the Senate reconciliation bill as introduced, titled "Deductions from Pay of Federal Employees," provides that:

If a covered organization receives an allotment from a deduction from the pay of an employee, the covered organization shall pay to the agency that employs the employee a fee in the amount of 10 percent of the allotment received by the covered organization, which the head of that agency shall deposit in the general fund of the Treasury.

Simply put, this section targets federal employee payroll deductions that go to nonprofit organizations. It provides that if a tax-exempt organization under 26 U.S.C. §501(c)(3), (4), or (5) (which includes charitable organizations, civic leagues, and labor unions) receives dues or contributions via a payroll deduction allotment from a federal employee, the organization must pay a fee equal to 10 percent of the amount deducted to the employing agency. The agency must then deposit those fee payments into the Treasury's general fund. In effect, this is a 10 percent charge on CFC contributions deducted from pay, with the revenue going to the government.

This broadly written provision would have the effect of taxing one out of every 10 dollars that national, state, and local nonprofits receive through the CFC and imposing significant administrative burdens on them to comply with its terms. Along with federal labor groups like AFGE, charities like St. Jude Children's Research Hospital, United Way, and Shriners Hospital for Children – to name only three major CFC participants – would be negatively affected.

The impact this provision would have on charities supporting our nation's veterans casts into sharp relief the harm it would cause. In 2023, federal employees across the government, through the CFC, contributed a total of \$1,367,603.03 to the Wounded Warrior Project, the Disabled American Veterans Charitable Service Trust, the Gary Sinise Foundation, the Veterans Tickets Foundation, and the Injured Marine Semper Fi Fund. Had the proposed provision been law in 2023, these charities would have been required to return to the agencies whose employees made these contributions \$136,760.30 – a sum that is significant to the work these charities do yet negligible for deficit reduction.

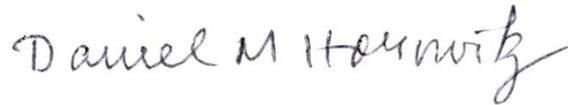


Whatever your position on the tax provisions of the Senate reconciliation bill, AFGE urges you to recognize that taxing contributions made to charities and nonprofits through the CFC will not come close to offsetting the cost of the proposed tax cuts over ten years. All the provision will do is penalize nonprofits doing important work in communities across the nation for accepting contributions from federal employees who want to help. Indeed, complying with the terms of the provision may be more work than it is worth, prompting charities to drop out of the CFC, even if it costs them significant financial support.

Please oppose the inclusion of the section titled “Deductions from Pay of Federal Employees” in the reconciliation bill that the Senate will consider.

For questions or more information, please contact Daniel.Horowitz@afge.org or Keith Abouchar at Keith.Abouchar@afge.org.

Sincerely,

A handwritten signature in black ink that reads "Daniel M Horowitz". The signature is written in a cursive, slightly slanted style.

Daniel Horowitz
Acting Legislative Director