



# Senate

General Assembly

**File No. 543**

January Session, 2019

Substitute Senate Bill No. 1040

*Senate, April 8, 2019*

The Committee on Government Administration and Elections reported through SEN. FLEXER of the 29th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE STATE EMPLOYEE CAMPAIGN.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 5-262 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) As used in this section:

4 [(1) "Federation" means a legally constituted grouping of not less  
5 than five affiliated nonprofit charitable member organizations that are  
6 exempt from taxation under Section 501(c)(3) of the Internal Revenue  
7 Code of 1986, or any subsequent corresponding internal revenue code  
8 of the United States, as from time to time amended, conducting a  
9 single, annual, consolidated effort to secure funds for distribution to its  
10 member agencies engaged in charitable and public health, welfare,  
11 environmental, conservation or service purposes.]

12 [(2)] (1) "Principal combined fund-raising organization" means a

13 [federation,] charitable organization or consultant, as described in  
14 subdivision (2) of subsection (c) of this section, that is selected by the  
15 State Employee Campaign Committee to administer the State  
16 Employee Campaign under the direction and control of said  
17 committee.

18 [(3)] (2) "State Employee Campaign" means an annual campaign to  
19 raise funds from state employees for charitable and public health,  
20 welfare, environmental, conservation or service purposes.

21 (b) [(1)] There is established a State Employee Campaign Committee  
22 consisting of: (1) The Comptroller, or the Comptroller's designee; (2)  
23 the Commissioner of Administrative Services, or the commissioner's  
24 designee; (3) the executive director of the Joint Committee on  
25 Legislative Management, or the executive director's designee; [ten state  
26 employees appointed in accordance with subdivision (2) of this  
27 subsection; two retired state employees, one appointed by the  
28 Governor and one appointed by the Comptroller; one nonvoting  
29 representative from each participating federation; and one nonvoting  
30 representative from the principal combined fund-raising organization  
31 selected pursuant to subdivision (3) of subsection (c) of this section] (4)  
32 two state employees, appointed by the Governor, one of whom is a  
33 representative of organized labor and one of whom will serve as the  
34 primary liaison between the committee and the department heads, as  
35 defined in section 4-5; (5) one state employee, appointed by the  
36 speaker of the House of Representatives; (6) one state employee,  
37 appointed by the president pro tempore of the Senate; and (7) two  
38 retired employees, appointed by the Comptroller. Not more than one  
39 state employee from any state agency shall be appointed to the  
40 committee. All [voting] appointed members of the State Employee  
41 Campaign Committee and their successors shall serve in accordance  
42 with the provisions of section 4-1a. The committee shall select one of  
43 its [voting] members to serve as chairperson.

44 [(2)] The ten state employee members of the State Employee  
45 Campaign Committee shall be appointed as follows: Four by the

46 Governor, two of whom shall be representatives of organized labor;  
47 one by the speaker of the House of Representatives; one by the  
48 majority leader of the House of Representatives; one by the minority  
49 leader of the House of Representatives; one by the president pro  
50 tempore of the Senate; one by the majority leader of the Senate; and  
51 one by the minority leader of the Senate.]

52 (c) (1) The State Employee Campaign Committee shall (A) exercise  
53 general supervision over all operations of the State Employee  
54 Campaign and take any actions necessary for achievement of  
55 campaign objectives; (B) have the authority, for purposes of complying  
56 with the provisions of this section and any regulations adopted under  
57 this section, to audit, investigate and report on the administration of  
58 the State Employee Campaign; and (C) be responsible for [(A)] the  
59 overall coordination of the State Employee Campaign, [selection of  
60 participating federations and approval of campaign materials to be  
61 used for the State Employee Campaign,] and [(B)] the selection and  
62 supervision of, and contracting with, a principal combined fund-  
63 raising organization to administer the State Employee Campaign.

64 (2) Each [federation,] charitable organization or consultant  
65 submitting an application to become the principal combined fund-  
66 raising organization for the State Employee Campaign shall  
67 demonstrate that such [federation,] charitable organization or  
68 consultant (A) has prior workplace campaign experience, including,  
69 but not limited to, (i) the development of financial procedures for  
70 processing and tracking contributions and expenditures, and (ii)  
71 [conducting] facilitating campaign operations, [such as a kick-off and  
72 other events for the State Employee Campaign,] (B) has staff necessary  
73 to administer the State Employee Campaign, and (C) will administer  
74 the State Employee Campaign equitably and fairly.

75 (3) If two or more [federations,] charitable organizations or  
76 consultants submit an application to become the principal combined  
77 fund-raising organization for the State Employee Campaign, the State  
78 Employee Campaign Committee shall, through a competitive process,

79 select the lowest responsible qualified bidder, as defined in subsection  
80 (a) of section 4a-59. If only one [federation,] charitable organization or  
81 consultant submits such an application and meets the qualifications  
82 prescribed in subdivision (2) of this subsection, the State Employee  
83 Campaign Committee shall select such [federation,] charitable  
84 organization or consultant to become the principal combined fund-  
85 raising organization.

86 [(4) The Comptroller, on behalf of the State Employee Campaign  
87 Committee, shall contract with the selected principal combined fund-  
88 raising organization to administer the State Employee Campaign.

89 (d) (1) Any federation that did not participate in the most recently  
90 completed State Employee Campaign and wishes to participate in the  
91 next State Employee Campaign shall apply to the State Employee  
92 Campaign Committee not later than January fifteenth after the most  
93 recently completed State Employee Campaign for approval to  
94 participate in the next State Employee Campaign. Such application  
95 shall contain information required by regulations adopted by the office  
96 of the Comptroller in accordance with chapter 54, pursuant to  
97 subsection (h) of this section. The committee shall review such  
98 application and notify the federation of the committee's decision not  
99 later than May fifteenth. If a federation's application is denied, such  
100 federation may appeal the decision of the committee in accordance  
101 with the procedures set forth in such regulations adopted by the office  
102 of the Comptroller.

103 (2) On or before January fifteenth, each federation which  
104 participated in the most recently completed State Employee Campaign  
105 and wishes to participate in the next State Employee Campaign shall  
106 submit to the State Employee Campaign Committee a letter of intent to  
107 participate in the next State Employee Campaign. On or before April  
108 fifteenth, each such federation shall apply to the State Employee  
109 Campaign Committee for approval to participate in the next State  
110 Employee Campaign. Such application shall contain information  
111 required by regulations adopted by the office of the Comptroller in

112 accordance with chapter 54, pursuant to subsection (h) of this section.  
113 The committee shall review such application and notify the federation  
114 of the committee's decision not later than May fifteenth. If a  
115 federation's application is denied, such federation may appeal the  
116 decision of the committee in accordance with the procedures set forth  
117 in such regulations adopted by the office of the Comptroller.]

118 (d) In order to be included in the State Employee Campaign, a  
119 charitable organization shall (1) have a written policy of  
120 nondiscrimination and be in compliance with all requirements of law  
121 regarding nondiscrimination, equal employment opportunity and  
122 public accommodation with respect to its programs, clients, officers,  
123 employees and volunteers; (2) use the funds contributed to the State  
124 Employee Campaign by state employees for their stated purpose  
125 within the state and not use more than fifteen per cent of such funds  
126 for the charitable organization's administrative costs; (3) be exempt  
127 from taxation pursuant to Section 501(c)(3) of the Internal Revenue  
128 Code of 1986, or any subsequent corresponding internal revenue code  
129 of the United States, as amended from time to time; and (4)  
130 demonstrate that its programs are located within and serve the state,  
131 as evidenced by the presence in the state of at least one staffed facility  
132 at which goods or services may be obtained.

133 (e) The Comptroller, upon written request of any state officer or  
134 employee, shall deduct, each pay period, from the salary or wages of  
135 such officer or employee the amount of money designated by such  
136 officer or employee for payment to the [participating federation or  
137 federations] charitable organization indicated by the officer or  
138 employee. Upon collecting such deductions, the Comptroller shall  
139 transmit them to the principal combined fund-raising organization  
140 selected pursuant to subdivision (3) of subsection (c) of this section,  
141 together with a list of officers and employees contributing to each  
142 [federation or such federation's member agencies] charitable  
143 organization, provided the identity of any officer or employee who has  
144 communicated in writing that such employee or officer desires to  
145 remain anonymous shall not be so transmitted. Such principal

146 combined fund-raising organization shall, each month after receiving  
147 funds from the Comptroller, distribute the funds among the other  
148 [federations for further distribution to the member agencies of the  
149 federations] charitable organizations.

150 (f) Prior to the annual commencement of the State Employee  
151 Campaign, the principal combined fund-raising organization shall  
152 submit for the approval of the State Employee Campaign Committee  
153 an itemized budget of anticipated administrative expenses, which  
154 budget shall not include campaign expenses. Following the annual  
155 conclusion of the State Employee Campaign, the principal combined  
156 fund-raising organization shall recover an amount not to exceed one  
157 hundred ten per cent of its preapproved actual administrative  
158 expenses from the gross payroll deduction receipts of the campaign in  
159 accordance with procedures set forth in regulations adopted by the  
160 [office of the Comptroller] State Employee Campaign Committee,  
161 pursuant to subsection (h) of this section. Undesignated funds raised  
162 through the campaign shall be distributed among the participating  
163 [federations] charitable organization in proportion to the amount of  
164 funds designated for each [federation] charitable organization.

165 (g) Not later than March first annually, the principal combined  
166 fund-raising organization shall submit to the Auditors of Public  
167 Accounts for audit a financial report of such principal combined fund-  
168 raising organization's activities relating to the State Employee  
169 Campaign payroll deductions made during the previous calendar  
170 year. The principal combined fund-raising organization shall submit a  
171 copy of such financial report to the office of the Comptroller.

172 (h) The [Comptroller] State Employee Campaign Committee shall  
173 [(1)] adopt regulations in accordance with the provisions of chapter 54  
174 to carry out the purposes of this section, [, (2) exercise general  
175 supervision over all operations of the State Employee Campaign and  
176 take any steps necessary to ensure achievement of campaign  
177 objectives, and (3) have the authority, for purposes of compliance with  
178 this section and any regulations adopted pursuant to this section, to

179 audit, investigate and report on the administration of the State  
 180 Employee Campaign, the principal combined fund-raising  
 181 organization that administers the campaign and any federation or  
 182 federation member organization that participates in the campaign.]

183 (i) Not later than July 1, 2016, and not later than April first annually  
 184 thereafter, the State Employee Campaign Committee shall conduct a  
 185 comprehensive review of the State Employee Campaign and submit to  
 186 the Governor, the Comptroller and the General Assembly, in  
 187 accordance with section 11-4a, a report on the results of the most  
 188 recently completed State Employee Campaign and recommendations  
 189 for improvements in the next State Employee Campaign.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	5-262

**Statement of Legislative Commissioners:**

In Section 1(b), "appointed" was added before "members" for accuracy.

**GAE**      *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

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**OFA Fiscal Note****State Impact:** None**Municipal Impact:** None**Explanation**

The bill does not result in a cost to the State or municipalities. The bill makes various changes to the administrative structure and operating procedures of the Connecticut State Employees' Campaign for Charitable Giving (CSEC). Any costs associated with administration of the CSEC are payable out of contributions from employees.

**The Out Years****State Impact:** None**Municipal Impact:** None



**OLR Bill Analysis****sSB 1040*****AN ACT CONCERNING THE STATE EMPLOYEE CAMPAIGN.*****SUMMARY**

This bill makes several changes to the Connecticut State Employees Campaign for Charitable Giving (CSEC), which is overseen by the State Employee Campaign Committee and the state comptroller. Among other things, it does the following:

1. transfers authority for overseeing the campaign from the comptroller to the campaign committee;
2. makes changes to the State Employee Campaign Committee's composition;
3. removes federations (affiliated nonprofits) from participating in the campaign, thus eliminating the requirement that charities participate through them in order to also participate;
4. makes federations ineligible to administer the campaign as CSEC's administering entity (i.e., principal combined fundraising organization (PCFO));
5. modifies a qualification requirement for the PCFO; and
6. establishes requirements for charitable organizations seeking to participate in the campaign, including using funds in-state and capping administration fees at 15%.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

**STATE EMPLOYEE CAMPAIGN COMMITTEE**

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**CSEC Oversight Authority**

The bill transfers, from the comptroller to the State Employee Campaign Committee, oversight authority for CSEC. Thus, the bill gives the committee the authority to:

1. exercise general supervision over all operations of the campaign and take any necessary steps to ensure achievement of its objectives;
2. contract with the selected PCFO to administer the campaign on the committee's behalf; and
3. audit, investigate, and report on campaign administration, for purposes of compliance with applicable laws and regulations.

The bill also transfers the authority to adopt CSEC regulations from the comptroller to the committee. (Presumably, the committee would be considered to fall under the definition of “agency” in CGS § 4-166, and as such, be authorized by law to make regulations.)

The bill allows the committee to take the actions necessary to ensure legal and regulatory compliance of CSEC administration. However, it does not grant the committee this authority with respect to participating charitable organizations, as current law does for the comptroller.

**Membership**

The bill makes several changes to the State Employee Campaign Committee's composition. Generally, it (1) reduces the number of state employee members from 10 to 4, (2) eliminates the PCFO representative, as well as representatives from each participating federation, all of whom are currently nonvoting members.

Under existing law and the bill, the committee includes the comptroller, administrative services commissioner, legislative management executive director, or their designees. Table 1 shows the committee's composition.

**Table 1: State Employee Campaign Committee's Composition**

<b><i>Current Law</i></b>	<b><i>The Bill</i></b>
Comptroller, or his designee	Comptroller, or his designee
Commissioner of Administrative Services, or his designee	Commissioner of Administrative Services, or his designee
Executive director of the Joint Committee on Legislative Management, or his designee	Executive director of the Joint Committee on Legislative Management, or his designee
Four state employees appointed by the governor, two of whom represents organized labor	Two state employees appointed by the governor, one of whom represents organized labor and one to serve as the primary liaison between the committee and the executive branch department heads
Six state employees, with the top six legislative leaders each appointing one	Two state employees, one appointed by the House speaker and one by the Senate president
Two retired state employees, one appointed by the governor and one appointed by the comptroller	Two retired employees appointed by the comptroller
One nonvoting representative from each participating federation	
One nonvoting representative from the principal combined fund-raising organization selected	

### ***Campaign Administrator***

By law, the PCFO administers CSEC. The State Employee Campaign Committee selects the PCFO and supervises its activities.

Among other things, current law requires that the PCFO have experience conducting workplace campaign operations. The bill modifies this required experience to include facilitating campaign operations, rather than conducting them.

### ***Participating Organizations***

Under current law, charitable organizations seeking to participate in CSEC, unless acting as the PCFO, must do so through a federation (i.e., a group of at least five affiliated 501(c)(3) organizations). The bill removes all references to federations, thus allowing charities to

participate directly in the campaign.

Under the bill, charitable organizations seeking to participate in CSEC must be tax-exempt nonprofit organizations and:

1. have a written nondiscrimination policy and be in compliance with all laws on nondiscrimination, equal employment opportunity, and public accommodation with respect to their programs, clients, officers, employees, and volunteers;
2. use CSEC funds for their stated purpose within the state and not use more than 15% for administrative costs; and
3. demonstrate that their programs are in and serve the state, as evidenced by the presence of at least one staffed facility in the state at which goods or services may be obtained.

The bill makes conforming changes by eliminating current law's application procedures applicable to federations.

**COMMITTEE ACTION**

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 10    Nay 6    (03/20/2019)