HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1129 CS Florida State Employees' Charitable Campaign
SPONSOR(S): Henriquez
TIED BILLS: **IDEN./SIM. BILLS:** SB 2026

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Governmental Operations Committee	6 Y, 0 N	Brown	Williamson
2) State Administration Council	8 Y, 0 N, w/CS	Brown	Bussey
3)			
4)			
5)			

SUMMARY ANALYSIS

The bill changes the distribution formula for undesignated contributions made by state employees participating in the Florida State Employees' Charitable Campaign. It requires that the distribution of undesignated funds in each local fiscal agent area be shared proportionately by participating charitable organizations that have identifiable projects in the state, based upon their percentage of designations in each fiscal agent area.

There is no fiscal impact to the state.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

The Florida State Employees' Charitable Campaign (FSECC) is the only statutorily-recognized comprehensive giving program[1] that provides state employees with a payroll deduction system for their voluntary donations to qualified charitable non-profit organizations. There are five criteria that determine inclusion and exclusion in the campaign, as follows:[2]

Participation Criteria for the Florida State Employees' Charitable Campaign

Eligible	Ineligible
Public health and welfare	Fund raising/administrative expenses greater than 25%
Education	Primarily political, religious, professional, or fraternal societies
Environmental restoration and conservation	Organizations with prohibited discriminatory practices
Civil and human rights	Unregistered charitable organizations
Relief of human suffering and poverty	Organizations without 26 U.S.C. 501(c)(3) tax qualified status

The Department of Management Services (DMS) and the Department of Financial Services (DFS) provide administrative support for the campaign. The DMS competitively selects a fiscal agent for the processing of contributions to the designated charities and the DFS, as paymaster, provides the deduction codes through the state payroll system. The approved fiscal agent is permitted reasonable costs for the conduct of the campaign and must reimburse the DMS for the costs of coordinating the campaign, not to exceed one percent (1%) of gross pledges. All financial records associated with the fiscal intermediary duties and operations are open for inspection to the public upon reasonable notice. In each fiscal agent area, local steering committees, composed of state employees selected by the fiscal agent, assist in conducting the campaign and direct the distribution of undesignated funds. A total of $4.6 million was collected by the 2004 campaign and distributed to some 1300 participating organizations statewide.[3]

The current fiscal agent is the United Way of Florida, Incorporated.

<u>Changes</u>
The bill removes from the local steering committee the duty of directing the distribution of undesignated funds. Directing the distribution of undesignated funds currently is the only statutorily-defined duty of the local steering committee. The bill also removes from the fiscal agent the responsibility of selecting state employees for the local steering committees.

The bill requires that the distribution of undesignated funds in each local fiscal agent area be shared proportionately by the participating charitable organizations, based upon their percentage of

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1 Section 110.181, F.S.
2 The rules administering the FSECC are found in Chapter 60L-39, F.A.C.
3 Information taken from DMS website for FSECC, located here:
http://dms.myflorida.com/workforce/workforce_quick_links/state_employees_charitable_campaign.

designations in each fiscal agent area. However, each organization must have an identifiable program in the state, in order to receive a proportional share of the available funds. The payment of shares of undesignated funds to each charity must be made in the same manner as the designations. With the exception of the "identifiable state program" requirement, this method of distribution is similar to the practices relating to distribution of undesignated funds with Title 5, Code of Federal Regulations, Part 950.501, for the Combined Federal Campaign for employees of federal agencies. Those federal regulations direct the proportional distribution of undesignated funds to all charities in the same proportion that they received designations in the campaign.

C. SECTION DIRECTORY:

Section 1 amends s. 110.181 to change the distribution of undesignated funds in each fiscal area of the FSECC.

Section 2 provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   The bill does not create, modify, amend, or eliminate a state revenue source.

2. Expenditures:

   The bill does not create, modify, amend, or eliminate a state expenditure.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   The bill does not create, modify, amend, or eliminate a local revenue source.

2. Expenditures:

   The bill does not create, modify, amend, or eliminate a state expenditure.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There is no effect on the amount of gross pledges but there will be a redistribution of pledge amounts to charitable organizations that do not receive a proportionate share of funds relative to their share today. The deduction codes are processed on a calendar year basis. As a result, the impact of the bill should not be felt until the next deduction cycle begins in the year 2007.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On April 5, 2006, the State Administration Council favorably adopted an amendment requiring that only charitable organizations with an identifiable program in the state be permitted to share in the sharing of available funds. This analysis has been written to reflect the Council's amendment.