

Chapter Adm 30

PAYROLL DEDUCTIONS FOR CHARITABLE PURPOSES

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Adm 30.01 Authority. Section 20.921 (1) (a) 4., Stats., authorizes state employes to designate payroll deductions for charitable purposes approved by the department of administration and the governor.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.02 Purposes. The purpose of this chapter is to ensure that:

- (1) Only responsible and approved charitable organizations are permitted to be designated for payroll deductions by state employes.
- (2) The funds contributed by state employes by means of payroll deductions are used effectively for the announced purposes of the charitable organizations.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.03 Definitions. In this chapter, unless the context requires otherwise:

(1) "Charitable organization" means any corporation or other entity described in internal revenue code section 501 (c) (3) and exempt from federal income tax under Internal Revenue Code section 501 (a) and supported in part by voluntary contributions from the public and which, unless exempt by state law, is registered with the department of regulation and licensing as a charitable organization.

(2) "Contribution" means money or property, including the promise to pay, or payments for merchandise, advertising or other rights when a representation is made by or on behalf of a seller or solicitor that the whole or any part of the consideration will be given to a charitable organization. "Contribution" does not mean funds obtained by a charitable organization through grants from a governmental agency. The amount of the contribution when a sale is made is the sale price less the cost to the charitable organization of the item sold.

(3) "Secretary" means the secretary of the department of administration.

(4) "Umbrella organization" means an entity which serves as the agent of a group of charitable organizations. An umbrella organization shall endorse the program objectives of the other charitable organizations for which it acts as agent, and may or may not accept responsibility for the administrative integrity, and financial activities of the charitable

organizations for which it acts as agent. The umbrella organization does not have to be a charitable organization.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.04 Approval. Only those charitable organizations which have been approved by the secretary pursuant to the requirements of this chapter may be designated by state employees for a payroll deduction.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.05 Requirements. (1) TYPE OF ORGANIZATION. Only charitable organizations are eligible for approval.

(2) **UMBRELLA ORGANIZATION.** Only charitable organizations that are members of an umbrella organization will be approved for a payroll deduction. Each umbrella organization must have as members at least 5 charitable organizations, each of whom must meet all of the requirements of this chapter.

(3) **FEDERAL EXEMPTION.** Each charitable organization must submit a copy of the internal revenue service ruling indicating that it is an exempt organization under Internal Revenue Code section 501 (c) (3). An advance ruling on its exempt status or temporary tax exempt status shall not meet this requirement.

(4) **REGISTRATION AND REPORTING.** Each charitable organization shall have registered as a charitable organization with the department of regulation and licensing, unless specifically exempt from registration by state law, and shall have filed all required reports within any established time limits.

(5) **INTEGRITY OF OPERATIONS.** Only charitable organizations which have exhibited a high degree of integrity and responsibility in the conduct of their affairs will be eligible for approval. Funds contributed to charitable organizations by state employees must be used effectively for the announced purposes.

(6) **SCOPE.** The charitable organization must demonstrate that it meets all the requirements of either par. (a) or (b), below:

(a) *National or international scope.* The charitable organization must demonstrate that:

1. It is organized on a national scale with a national association which is representative of its constituent parts and which, through its board of directors, exercises close supervision and control over the operations and fund raising policy of its local subdivisions.

2. It has earned good will and acceptability throughout the United States. Acceptance for payroll deduction by the U.S. government shall be a factor considered in determining if the charitable organization meets this requirement.

3. If it is a national health organization, it has a well-defined national program involving research, education or community services, with sufficiently developed local subdivisions to effectively implement its national program throughout the state of Wisconsin.

4. If it is an international service organization, it has a well-defined program and meets basic human needs in an overseas area. An interna-

tional service organization is not required to have local subdivisions in the state.

(b) *Local scope.* The charitable organization must demonstrate that:

1. It is not a national charitable organization or a subdivision of a national charitable organization.

2. It is organized in an appropriate manner to fit its purpose, having a board of directors which represents responsible community interests and which will exercise close supervision over the operation, fund raising, and monetary disbursing efforts of the charitable organization.

3. It has earned good will and acceptability throughout the local area, particularly in communities where state employes reside.

4. It was not created specifically to take advantage of the opportunity to be designated for payroll deduction by state employes but operates an ongoing system of asking for contributions from the general public.

(7) **PROGRAM.** The charitable organization must have an active and necessary program that meets demonstrated public needs with particular regard for the welfare of the public and persons served. The program must show evidence of consultation and cooperation with established agencies in the same or related fields and it must show efficiency of operations.

(8) **VOLUNTEER CONTROL.** The charitable organization must have an active, voluntary board of directors who serve without compensation, who hold regular meetings, and who exercise effective administrative control.

(9) **FINANCES.** The charitable organization must use standards of accounting and a financial system based on generally accepted accounting principles which includes accounting procedures acceptable to an independent certified public accountant. The charitable organization must conduct its fiscal operations in accordance with a detailed annual budget which is prepared and approved at the beginning of each fiscal year by the board of directors. Prior authorization by the board of directors shall be required for any significant variation from the approved budget.

(10) **FUND RAISING PRACTICE.** (a) The charitable organization's fund raising practice shall include the following safeguards:

1. Publicity and promotional activities shall be based upon the actual program and operations of the charitable organization.

2. The charitable organization shall not sell or otherwise permit others to use lists of its contributors.

3. No payment of commission for fund raising shall be permitted.

4. There shall be no mailing of unordered tickets or merchandise with a request for money in return.

5. There shall be no general telephone solicitation for contributions from the public.

(b) Except for the requirement of subsection (10) (a) (1), any of the requirements of this section may be waived by the secretary if the charitable organization is otherwise in compliance with this chapter and the

charitable organization has presented a reasonable justification for a fund raising practice otherwise prohibited hereunder.

(11) **NONDISCRIMINATION.** The charitable organization shall have a policy and procedure of nondiscrimination in regard to race, color, religion, national origin, handicap, age, or sex applicable to persons served by the charitable organization, applicable to charitable organization staff employment, and applicable to membership on the charitable organization's governing board.

(12) **ANNUAL REPORTS.** The charitable organization shall prepare an annual report available to the general public which includes a full description of the charitable organization's activities including types of solicitation for contributions, the names of its chief administrative personnel, and a full disclosure of the source and use of contributions. The charitable organization shall also prepare and make available to the general public an annual financial report which shall be certified by an independent certified public accountant.

(13) **SPECIAL REPORT.** To determine compliance with this chapter and upon request, the charitable organization shall submit a special report giving such information as may be requested by the secretary of the eligibility committee.

(14) **USE OF FUNDS.** The charitable organization must use its funds as follows:

(a) Of the total contributions received during the reporting year, 90 % of the contributions must be expended or committed in support of current operations during that year. A waiver of this requirement may be given by the secretary in unusual circumstances. Unpaid liabilities of a charitable organization reporting on a cash basis will be accepted if they are attested to by a certified public accountant.

(b) Of the total funds expended or committed during the reporting year, a minimum of 75% must be directly expended or committed toward the stated purpose of the charitable organization. A report of the total revenue and expenditures for the previous accounting period must be submitted to the secretary by February 1 of each year.

(c) All transfers of funds, collected in Wisconsin, to a higher level of a charitable organization by a local subdivision shall be reported in sufficient detail to permit public evaluation of the disposition of such funds.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.06 Application. (1) **SEPARATE APPLICATION.** Each charitable organization must complete a separate application. Umbrella organizations may make application on behalf of member charitable organizations.

(2) **PLACE OF FILING.** Two copies of the application shall be filed with the office of the secretary.

(3) **TIME OF FILING.** Applications must be received on or before February 1 of any year in order for a charitable organization to be considered for eligibility for payroll deduction during the following year.

(4) **CONTENT OF APPLICATION.** The application shall include the following information, documents and data:

(a) *Origin, purpose and structure of the charitable organization.* Information shall be provided showing the origin, purpose and structure of the charitable organization.

(b) *Requirements.* Information shall be provided showing that the applicant meets the requirements of section Adm 30.05.

(c) *Local subdivisions or representatives.* A list shall be submitted of local subdivisions or representatives arranged in alphabetical order by cities or counties with name (s) and address (es).

(d) *Salaries.* A list shall be submitted showing the individual salaries and positions of directors, executives and other administrative personnel earning in excess of \$20,000 per year.

(e) *Volunteer control.* Information shall be provided as required by section Adm 30.05 (8), describing the board of directors' administrative activities within the charitable organization during the past year and listing the board members' names, addresses and occupations.

(f) *Finances.* Information shall be furnished, with a certification by an independent certified public accountant showing compliance with the standards described in section Adm 30.05 (9).

(g) *Fund raising practice.* A statement of compliance with all factors indicated in section Adm 30.05 (10) shall be furnished.

(h) *Nondiscrimination.* A written assurance of nondiscrimination as required by section Adm 30.05 (11) shall be furnished.

(i) *Annual reports.* A copy of the most recent annual report as required by section Adm 30.05 (12) shall be furnished.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.07 Eligibility decisions. Decisions as to eligibility are made by the secretary. The secretary shall establish an advisory eligibility committee of active or former state employes and employe organization members. The secretary's decisions shall be based upon the information filed with the charitable organization's application and any recommendation of the eligibility committee after its review of each application.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.08 Eligibility committee actions and activities. The eligibility committee shall:

- (1) Review all requests for authorization for payroll deduction.
- (2) Check each applicant's status with the department of regulation and licensing.
- (3) Closely examine each applicant's program to ascertain any duplication of effort in charitable activities.
- (4) Investigate past fund raising and expenditures of any applicant.
- (5) Determine if the applicant meets all the requirements of this chapter.
- (6) Make written recommendations regarding eligibility for payroll deduction authorization for charitable organizations to the secretary.

(7) Review and recommend discontinuance of payroll deduction for any charitable organization which, after approval, ceases to comply with this chapter.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.09 Eligible charitable organizations. The secretary shall issue a list, which shall be kept current, indicating the names of all charitable organizations recognized for payroll deduction.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.10 Distribution of payroll deductions. The secretary may, as a matter of administrative convenience, determine that there will be only one payroll deduction for charitable contributions from each employe's paycheck, and that the total amounts deducted from state employes' salaries for charitable purposes, either on a state-wide or area-wide basis, shall be paid to one umbrella organization for distribution. If this procedure is followed, the total charitable contributions shall be sent to the umbrella organization designated by all umbrella organizations as their agent for this purpose, and the actual distribution to each umbrella organization or charitable organization shall be the responsibility of the designated umbrella organization.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.11 Removal from list. The secretary may, at any time, remove the name of a charitable organization from the list of eligible charitable organizations upon request of the charitable organization, or if the secretary determines that the charitable organization has ceased to comply with this chapter. After removal, no further payroll deduction shall be permitted for the charitable organization.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.

Adm 30.12 Effect of approval. Approval by the secretary for payroll deduction shall not constitute an endorsement by the state of Wisconsin of any charitable organization so approved, and no person or charitable organization shall intentionally claim or imply directly or indirectly any such endorsement.

History: Cr. Register, March, 1980, No. 291, eff. 4-1-80.