



## **KECC Special Event Fundraisers and Executive Branch Ethics Guidance on Vendor Events**

The Kentucky Employees Charitable Campaign (KECC), is the combined charitable campaign servicing the employees of the Commonwealth of Kentucky. Established in 1993, oversight of the campaign is managed by the Kentucky Personnel Cabinet, and the KECC enables employees to donate to charities of their choice through payroll deduction.

Employees are also eligible to give through various special event fundraisers that take place in each campaign year. Please note that special regulations exist for those events which meet BOTH of the following criteria:

- vendor-related fundraisers, food or product sales
- events which are held on state property

**For these events, 100% of profits, which can be defined as “proceeds, less cost of operations and materials”, must be donated to KECC.** To best ensure compliance, this should be documented by each vendor and submitted with their donation. NOTE: It is insufficient to accept or request a flat percent of proceeds, unless that flat percentage is documented to satisfy or exceed the total “profit” as defined above. Therefore, it is also necessary to consider each vendor for a single event as a separate entity, given their unique and varying costs and profits. For example, one vendor’s profits may be 20% of total proceeds, while another’s may be 45%, therefore documentation should be submitted to your agency with each vendor’s donation. This should be maintained on file by your agency but does not need to be submitted to the KECC administrative office.

This includes, but is not limited to, the following events held on state property:

- bazaars and craft fairs
- food truck events
- boutique or consignment clothing sales
- vendor-provided sales of any kind

### **This guidance does not pertain:**

- To items or food purchased or prepared off-site which is donated by any party, when 100% of total proceeds of these on-site sales are contributed to KECC. In these cases, your agency is fully meeting its ethics obligation. However, if costs are to be deducted from these sales, documentation should be maintained on file as is listed above. A simple calculation kept on file showing total revenue from the event, less the cost of the purchased item documented by a receipt for the purchase, is sufficient.
- If events are held on property which is not owned or leased by the Commonwealth of Kentucky, such as a privately-owned parking lot, these regulations do not apply, and your agency can accept a flat rate donation from the vendor.

(CONTINUED ON REVERSE)

## BACKGROUND

KECC events are subject to the Executive Branch Code of Ethics, which applies to all employees of the executive branch of state government and generally prohibits employees from soliciting and/or accepting gifts or donations from persons or businesses that do business with, are regulated by, are seeking grants from, are involved in litigation against, or are lobbying or attempting to influence the actions of, the agency for which the employee works. Advisory Opinion 03-27 acknowledges that the legislature created an exception to this general rule in 2002, which allows employees, and their agencies, to raise funds for charitable nonprofit organizations granted a tax exemption by the Internal Revenue Service under Section 501c of the Internal Revenue Code. See KRS 11A.055(1) and Advisory Opinion 13-03. The Kentucky Employees Charitable Campaign is such an organization.

According to the Code of Ethics, raising of funds for such charitable purposes shall include, but not be limited to, holding events for the benefit of the charitable organization, contacting potential donors, providing prizes, and engaging in other forms of fundraising and providing the funds thus raised to the charitable organization. What this means for KECC purposes is that employees of the executive branch may solicit donations from any person or business regardless of that person's or business's relationship to the employee's agency. It does not matter whether the person or business is doing business with or is regulated by their agency.

### **When soliciting funds for KECC, employees should keep in mind that:**

- (1) All funds donated as a result of such solicitation **must** be provided directly to KECC.
- (2) Public acknowledgement of a corporate donor to KECC is **not** permissible if the acknowledgment appears to be an endorsement of the donor by the state.
  - No "active" acknowledgments, such as public statements in the newspaper or television, are permitted.
  - No acknowledgments that would favor one KECC donor over another are permitted.
  - "Static" acknowledgments of a donation, for example the placement of a sign or marker at an event, the printing of co-sponsors of an event on the back of t-shirts, are permissible, so long as they merely acknowledge the sponsorship (that is, the acknowledgments must be such that they do not serve as advertisements on behalf of the donors).
- (3) The appearance of impropriety may still exist even if the Code of Ethics permits such solicitation. Agencies and employees should remain mindful of conflicts of interest when conducting fundraising activities for KECC.

### **Other applicable regulations:**

According to 9 KAR 1:060. Requirements relating to fundraising activities and charitable nonprofit organizations, Section 6:

- (1) Pursuant to KRS 11A.055, all funds raised by an agency or a public servant on behalf of a Category II or III charitable nonprofit organization shall be delivered to the charitable nonprofit organization or other statutorily authorized program. An agency involved in the fundraising effort shall not retain any funds.
- (2) An agency or public servant shall not enter into a contract with an entity to raise funds for a Category II or III charitable nonprofit organization or program pursuant to KRS 11A.055 if the contract provides that the agency shall:
  - a. Be paid out of the funds raised;
  - b. Receive a commission based on funds raised; or
  - c. Receive any portion of the funds to be delivered to the charitable organization or program.

***THANK YOU FOR PARTICIPATING IN THE KENTUCKY EMPLOYEES CHARITABLE CAMPAIGN!***