Item A: CSG Statement of Principles on Federalism (adopted as interim, June 2013)
CSG has historically maintained active national policy resolutions related to federalism and the role of the states in policymaking and policy implementation. The Statement of Principles on Federalism outlines the basic tenets of the state-federal relationship from the perspective of the states, respecting the independent and equal roles of the state and federal governments.  
*Endorsed by the CSG Leadership Council – June 22, 2013*

Item B: Revisions to CSG’s Associates Program membership levels
In an effort to create more meaningful and impactful opportunities for CSG’s Associate partners to support the work of the organization, CSG’s Associates Advisory Committee leaders and staff created a new three-tiered membership program enabling private-sector partners to work with CSG at various membership levels. The proposed annual CSG Associates Program levels attached hereto are: Associate Membership - $8,500; Senior Associate Membership - $15,000; and National Leadership Circle - $30,000.  
*Endorsed by the CSG Leadership Council – June 22, 2013*

Item C: Revisions to CSG’s Policy Resolution Guidelines
The new CSG Articles of Organization adopted in December 2012 require the CSG Executive Committee to adopt policy resolution guidelines prescribing the types and nature of policy resolutions or statements that place CSG on public record with regard to a matter of local, state or federal policy. The proposed Policy Resolution Guidelines attached hereto are similar to CSG’s traditional practice of handling national policy statements that place CSG on public record and provide an enhanced process for considering policy statements in the interim between regular CSG Leadership Council and/or CSG Executive Committee meetings.  
*Endorsed by the CSG Leadership Council – June 22, 2013*

Item D: Revisions to CSG’s Mission and Values Statements
During their first meeting in February 2013, members of the CSG Leadership Council asked staff to review and propose changes to CSG’s mission statement and to draft a new values statement for the organization. The language attached hereto was reviewed and endorsed by the CSG Leadership Council.  
*Endorsed by the CSG Leadership Council – June 22, 2013*

Item E: Revisions to CSG’s Rules for Financial Management
The new CSG Articles of Organization adopted in December 2012 require the CSG Executive Committee to adopt rules for managing the financial resources of CSG. The proposed Rules for Financial Management attached hereto have been updated to reflect the requirements of CSG’s revised governance document and to incorporate modern standards of practice for non-profit financial management.  
*Endorsed by the CSG Leadership Council – June 22, 2013*
Item A: CSG Statement of Principles on Federalism
The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

—10th Amendment to the U.S. Constitution

The diversity of policy experimentation and accountable governance made possible by the 10th Amendment to the U.S. Constitution has enabled our nation to thrive despite the changing needs of a global economy. Given the importance of federalism to our future, it is essential that The Council of State Governments dedicate itself to preserving the role of the states as the “laboratories of democracy” and work both to limit unnecessary federal intrusions into areas of state responsibility and to foster effective cooperation in areas of shared jurisdiction.

Principles for State-Federal Relations
Though the federal government has a vital role to play in advancing national priorities through the powers enumerated to it by the U.S. Constitution, our founders recognized long ago that many of the challenges our citizens face can best be addressed at the state level. The Council of State Governments affirms the vital importance of the federal system to our nation’s future and encourages the federal government to adhere to the following principles when developing laws, enacting regulations or rendering judicial rulings which impact state powers.

Principles on Avoiding Pre-emption
– Before 1900 the federal government had enacted only 29 statutes that pre-empted state law; but since 1900, there have been more than 500 federal pre-emptions.

• Federal pre-emption of state authority and responsibility should be the exception rather than the rule. While there is a legitimate role for federal pre-emption when the national interest is at risk, pre-emption should be engaged in sparingly and should be avoided in traditional areas of state responsibility, such as education and criminal justice.

• Federal entities should not take actions that serve to pre-empt, directly or indirectly, state revenue systems as the independent revenue raising authority of states is essential to their exercise of sovereign powers.

Principles on Avoiding Unfunded Mandates
– A 2011 report by the White House’s Office of Management and Budget (OMB) on the cost of federal regulation and the impact of unfunded mandates noted that federal mandates cost states, cities and the general public between $44 and $62 billion each year.

• Congress and the administration should avoid the imposition of both unfunded federal and partially funded mandates on states.

• The federal government should work with states to ensure the actions by independent federal agencies, not originally covered by the Unfunded Mandate Reform Act of 1995, receive the same level of scrutiny for unfunded mandates that acts of Congress currently receive.

Principle on Promoting Flexibility
– In 2010, grants in aid to state and local governments totaled more than $480 billion. Most of the 42 major state-federal grant programs, however, will see substantial cuts over the next decade as a result of the federal fiscal crisis.

• The federal government should ease restrictions, in times of federal funding decline, on the maintenance of effort, grant reporting requirements, and provide maximum flexibility, including the transfer of funds among related grant funding streams, to ensure that programs can be administered as effectively as possible without imposing new burdens on state budgets.

Principles on Promoting State Input in International Trade Agreements
– While the power to make treaties is solely a federal role, modern international trade agreements have moved beyond setting tariff limits to include commitments on state government procurement, regulatory transparency standards, and other requirements that impact the powers and duties of state governments.

• The federal government should actively work with states to preserve state interest in international trade agreements.

• The federal government should expand its single point of contact communications system on trade policy negotiations, which currently includes only the state executive branch, to include state legislative and judicial branch contacts.
Item B: Revisions to CSG’s Associates Program
Proposal
CSG Private Sector Memberships

CSG Associate Membership - $8,500
• One complimentary registration to the CSG National Conference, discounted rate of $500 for any additional company/organization representative
• One complimentary registration to the CSG Leadership Forum each June in Washington, DC, discounted rate for any additional company/organization representative
• One complimentary registration for one annual regional meeting of your choice, discounted rate for additional representative(s) at regional annual meetings
• Eligibility for appointment to CSG’s National standing and policy committees as non-voting private sector members
• Opportunity to participate in the Associates biannual survey where members are able to suggest ideas for National Conference agendas, policy academies, policy briefs, articles for Capitol Ideas magazine and e-newsletter
• Eligibility to sponsor CSG policy forums or academies offered throughout the year
• Eligibility to sponsor CSG’s national and regional leadership development programs – The Henry Toll Fellows Program, Western Legislative Academy, and Bowhay Institute for Legislative Leadership Development (BLLD)
• Eligibility to submit suggested legislation for consideration by CSG’s Suggested State Legislation Committee
• Eligibility to become a Global Development Fund member*, which includes a three-year appointment to the CSG International Committee and eligibility for invitation on an international leadership mission (*additional $20,000)
• Eligibility to be featured in Associates in Action spotlight article in a CSG communications product
• Access to complimentary mailing lists through the CSG Database (includes all elected and appointed officials in the states)
• Access to preliminary national meetings attendee registration list
• Receive complimentary subscriptions to Capitol Ideas magazine and e-newsletter, Capitol Research briefs, Book of the States, Suggested State Legislation, and CSG’s State Directories
• Access to CSG’s Members Only section of www.csg.org

INTERNAL: Associate allocation:

- CSG-National: $5,100 (60%)
- CSG-Regional: $3,400 ($850 for each regional office)

CSG Senior Associate Membership - $15,000
• Two complimentary registrations to CSG’s National Conference, discounted rate of $500 for any additional company/organization representative
• One complimentary registration to CSG’s Leadership Forum each June in Washington, DC, discounted rate for any additional company/organization representative
• One complimentary registration to each of CSG’s four regional annual meetings, discounted rate for any additional company/organization representatives
• Eligibility for appointment to CSG national policy and standing committees as non-voting private sector members
• Opportunity to participate in the Associates biannual survey where members are able to suggest ideas for National Conference agendas, policy academies, policy briefs, articles for Capitol Ideas magazine and e-newsletter
• Eligible to sponsor CSG policy forums or academies offered throughout the year
• Eligible to sponsor CSG’s national and regional leadership development programs – The Henry Toll Fellows Program, Western Legislative Academy, and Bowhay Institute for Legislative Leadership Development (BLLD)
- Eligibility to submit suggested legislation for consideration by CSG’s Suggested State Legislation Committee
- Ability to become a Global Development Fund member*, which includes a three-year appointment to the CSG International Committee and eligibility for invitation on an international leadership mission (*additional $20,000)
- Eligibility to be featured in Associates in Action spotlight article in CSG communications products
- Access to complimentary mailing lists through the CSG Database (includes all elected and appointed officials in the states)
- Access to preliminary national meetings attendee registration list
- Receive complimentary subscriptions to Capitol Ideas magazine and e-newsletter, Capitol Research briefs, Book of the States, Suggested State Legislation, and CSG’s State Directories
- Access to CSG’s Members Only section of www.csg.org

**INTERNAL: Senior Associate allocation:**
- CSG-National: $9,000 (60%)
- CSG-Regional offices: $6,000 ($1,500 for each regional office)

**CSG National Leadership Circle Membership - $30,000**
The Council of State Governments has established a top-tier membership for private sector corporations and trade associations. This membership includes participation and inclusion at CSG National’s premier programs and events. The Leadership Circle Membership is by invitation only and has a 25 member maximum. Inquiries about the membership are welcome but invitation is made by CSG National Leadership. Annual Membership is $30,000.

**Benefits of National Leadership Circle Membership:**

**Engage at the highest levels of CSG**
- Appointment to the 21st Century Foundation Board of Trustees

  *CSG’s 21st Century Foundation brings together 50 of CSG’s public and private sector members to weigh in on policy priorities and make decisions on which projects are awarded funding.*

- Complimentary registrations (for 2) to CSG’s National Conference, discounted rate for any additional company/organization representative
- Complimentary registration (for 2) to CSG’s Leadership Forum each June, discounted rate for any additional company/organization representative
- Two invitations to the Donors Dinner with CSG Leadership at the National Conference
- One complimentary registration to each of CSG’s four regional annual meetings, discounted rate of $500 for any additional company/organization representative
- Invitation for one representative from your company/organization to attend CSG’s Leadership Council meeting each year over Presidents Day weekend in February
- Recognition of your Leadership Circle membership at CSG regional and national meetings
- Ability to become a Global Development Fund member*, which includes a three-year appointment to the CSG International Committee and eligibility for invitation on an international leadership mission (*additional $20,000)

**Leadership Circle Membership benefits cont’d...**
- Invitation for one representative from your company/organization to attend as a sponsor of CSG’s national leadership development program The Henry Toll Fellowship Program annually held in Lexington, Ky., and receive associated Toll sponsor benefits during the program and CSG’s National Conference, including a VIP event and recognition at Tolls Fellows graduation
The Toll Fellowship Program, named for CSG founder Henry Wolcott Toll, is one of the nation’s premier leadership development programs for state government officials. Each year Toll Fellows brings 48 of the nation’s top state government officials from all three branches to Lexington, Ky., for an intensive “intellectual boot camp”.

Knowledge Access and Sharing Opportunities

- Priority consideration for appointment to CSG national standing and policy committees as non-voting private sector members
- Opportunity to participate in the Associates biannual survey where members are able to suggest ideas for National Conference agendas, policy academies, policy briefs, articles for Capitol Ideas magazine and e-newsletter
- Access to preliminary national meetings and regional annual meetings registration lists
- Access to the CSG Members Only section of www.csg.org
- Eligibility to be featured in Associates in Action spotlight article in CSG communications products
- Twenty percent discount on advertising rates in CSG’s award winning magazine Capitol Ideas
- Acknowledgement of your Leadership Circle membership in each issue of Capitol Ideas magazine
- Eligibility to submit suggested legislation for consideration by CSG’s Suggested State Legislation Committee
- Eligible to sponsor CSG policy forums or academies offered throughout the year
- Access to complimentary mailing lists through the CSG Database (includes all elected and appointed officials in the states)
- Receive complimentary subscriptions to Capitol Ideas magazine and e-newsletter, Capitol Research briefs, Book of the States, Suggested State Legislation, and CSG’s State Directories

INTERNAL: Proposed Inclusive allocation of funds:

- $6,000 - Regional offices ($1,500 each)
- $10,000 - Toll Fellows
- $5,000 - 21st Century Foundation
- $4,000 - Associates Program
- $5,000 - National Meetings

Commitments from the CSG Regions

- Provide complimentary registrations at regional annual meetings as outlined in new membership levels.
- Provide Leadership Circle Members designated ribbons at regional annual meetings (similar to current protocol for 21st Century Foundation ribbons).
- Provide preliminary attendance list for regional annual meetings to Maggie Mick (who will in turn share with Leadership Circle Members).

  Preliminary list sent two weeks prior to meeting; updated list sent one week prior to meeting.

- CSG headquarters and CSG regions will work to establish/agree upon standard rates for private sector and Associate registration rates at all CSG meetings. Rates will be approved by required governing authorities prior to release of rates for 2014 regional and national meetings.

Timeline for implementation:

May 8-9 Introduce new levels at Regional Directors Meeting

June 22-23 Leadership Forum roll-out:
- Leadership Council presentation and vote
- 21st Century Foundation presentation

**June 25**
- Associates Advisory Committee Go-to-Meeting presentation

**July-Aug.**
- Develop new Associates program marketing materials
- Deadline for 2014 sponsorship menu submissions: August 1

**Aug. 15**
- *Associates Face Time* newsletter announcing new membership levels

**Aug. 15-Sept. 1**
- Membership Packets sent to all Associates

**Sept./Oct.**
- Associates Briefing on new membership levels

**Oct.**
- David/Maggie speaking engagements at SGAC & WASRG luncheons in Washington, DC

**Jan. 1, 2014**
- New membership levels enacted
  - Associate members will have the option/ability to remain at the same rate of $6,000 for 2014, if they wish
Item C: Revisions to CSG’s Policy Resolution Guidelines
Overview

The public sector members of The Council of State Governments (CSG) may, from time to time, wish to articulate specific policy positions, endorse specific policy practices, comment on specific federal actions as they relate to the states, or recognize/honor public officials. Such actions are permitted under CSG’s Articles of Organization and are directed by these guidelines as maintained by the CSG Executive Committee.

Note: these guidelines only pertain to the introduction, consideration and adoption of policy resolutions by CSG’s national headquarters and Washington, DC-based governance, standing and public policy committees. Each CSG regional governing authority is authorized to adopt policy resolution guidelines for use in that region.

Policy Resolution Criteria

CSG national policy resolutions should:
• have a regional and/or national focus;
• be timely and address an issue of pressing concern to the states;
• be directed at Congress, the administration or the federal courts;
• be in response to pending or potential federal action;
• promote state sovereignty and protect the role of the states in our federal system; and
• take into consideration the actions and/or policies of the other state and local government associations.

CSG National Meetings

Policy Resolution Introduction, Voting and Approval

General Rules

1. Only public sector CSG members may propose policy resolutions. For consideration by any CSG national governance, standing or public policy committee, policy resolutions must have an identified public sector sponsor present to introduce the resolution, answer questions about the proposal and provide general support.

2. Policy resolutions must be submitted to CSG staff by 5:00 p.m. (Eastern) on the 21st day prior to the start of the national meeting at which the policy resolution is to be considered. Policy resolutions failing to meet this deadline will not be considered.

3. Policy resolutions must be posted on CSG’s website (www.csg.org) and distributed to relevant committee membership no later than 14 days prior to the start of the national meeting at which policy resolutions are to be considered.

4. Policy resolutions endorsed by the CSG Executive Committee will remain in effect for three years, unless an earlier expiration is provided in the policy resolution, at which time the policy resolution will sunset and no longer reflect CSG’s official policy position/endorsement, unless otherwise reinstated by a new vote.

5. Policy resolutions endorsed by the CSG Executive Committee will be posted on CSG’s websites within 48 hours of adoption.

Committee Assignments

During CSG’s national meetings (typically mid-Spring and late-Fall of each year), policy resolutions may be introduced in one of four ways:

1. CSG Public Policy Committees – policy resolutions may be introduced to the CSG public policy committee of appropriate jurisdiction (education, energy & environment, fiscal & economic development, health, and transportation). Resolutions approved by each public policy committee are then forwarded during the same CSG national meeting to CSG’s Intergovernmental Affairs Committee (IGA) for review and approval.
2. CSG Intergovernmental Affairs Committee (IGA) – in addition to reviewing those policy resolutions approved by CSG’s public policy committees, the IGA Committee may directly take up any policy resolution that does not fit within the defined jurisdictions of the public policy committees. Upon adoption by the IGA Committee, policy resolutions are forwarded during the same CSG national meeting to CSG’s Executive Committee for final consideration and approval.

3. CSG Standing Committees – all CSG Standing Committees, e.g., Finance or Interbranch Affairs, may draft, vet, and endorse policy resolutions and refer such matters directly to the CSG Executive Committee for overall CSG adoption without first referring to the Intergovernmental Affairs Committee. However, all policy resolutions emanating from a CSG Standing Committee must be considered, vetted, and endorsed by the CSG Executive Committee before being represented as CSG policy.

4. CSG Executive Committee – only interim policy resolutions adopted by the CSG Leadership Council between CSG Executive Committee meetings may be considered directly by the CSG Executive Committee. All other policy resolutions must first be introduced through a CSG standing or public policy committee and may not be submitted directly to the CSG Executive Committee.

Voting and Approval

1. CSG Standing and Public Policy Committees – the quorum requirement for each CSG standing and public policy committee is one-fourth (25%) of those member jurisdictions represented on the committee. The endorsement of a policy resolution by any CSG standing or public policy committee requires approval by a majority vote (50% + 1) of those present and voting.

2. CSG Executive Committee – the quorum requirement for the CSG Executive Committee, when considering policy resolutions, is twenty-five (25) members. The endorsement of a policy resolution by the CSG Executive Committee requires approval by a majority vote (50% + 1) of those present and voting.

Policy Resolution Format

Policy resolutions submitted for consideration by CSG must contain the following information in addition to the policy statement:

1. Background information and/or legislative history of the policy resolution topic;

2. Internet links allowing CSG members to obtain additional information about the policy resolution topic; and

3. Management directives detailing desired outcomes and staff follow-through for all CSG endorsed resolutions. Such directives should: a) clearly define the goals of the resolution; b) clearly define the timeline of action associated with the resolution; c) clearly define and set standards of accountability; and d) meet the goals and priorities of CSG’s mission.

Sample CSG policy resolutions may be found at: http://knowledgecenter.csg.org/drupal/category/content-type/content-type/resolutions

Policy Resolution Assistance

CSG’s professional staff members are available to assist with the policy resolution process and to answer questions about specific policy areas related to such resolutions.

- Education (Pam Goins – pgoins@csg.org)
- Energy & Environment (Brydon Ross – bross@csg.org)
- Economic Development and Fiscal Affairs (Jennifer Burnett – jburnett@csg.org)
- Health (Debra Miller – dmiller@csg.org)
- Federalism & Intergovernmental Affairs (Chris Whatley – cwhatley@csg.org)
- Interstate Compacts (Crady deGolian – cdegolian@csg.org)
- International (Sasha Sutcliffe-Stephenson – ssutcliffe@csg.org)
- Transportation (Sean Slone –sslone@csg.org)
Interim Policymaking

Policy resolutions failing to meet the 21-day submission deadline for CSG national meetings or policy resolutions deemed pressing due to the timely nature of the topic may be submitted to CSG’s Leadership Council for consideration between meetings of CSG’s Executive Committee. All policy resolutions endorsed by CSG’s Leadership Council will stand as CSG national policy until the next meeting of the CSG Executive Committee during which the interim policy resolution may be approved or rescinded. No policy resolutions endorsed by the CSG Leadership Council may remain in effect beyond the next CSG Executive Committee meeting unless affirmed by the CSG Executive Committee.

Interim Policy Resolution Introduction, Voting and Approval

General Rules

1. Only public sector CSG members may propose interim policy resolutions. For consideration by the CSG Leadership Council, interim policy resolutions must have an identified public sector sponsor, must be properly formatted (see Policy Resolution Format) and must be forwarded to appropriate CSG staff for transmittal to CSG Leadership Council members.

2. CSG staff will notify CSG Leadership Council members and electronically transmit a copy of the proposed interim policy resolution and supporting materials within 2 business days of receipt of the proposed interim policy resolution.

3. CSG Leadership Council members will be provided 2 business days to respond electronically with their vote accepting or declining the proposed interim policy resolution.

4. CSG Leadership Council members may amend the proposed interim policy resolution. Such amendments will trigger an automatic 2 business days extension during which time the amended proposed interim policy resolution will be transmitted to all CSG Leadership Council members electronically and members asked to respond with their vote accepting or declining the amended proposed interim policy resolution.

5. At the discretion of the CSG Chair, the CSG Leadership Council may be convened via conference call to discuss the proposed or amended interim policy resolution.

6. No proposed or amended interim policy resolution may remain under consideration by the CSG Leadership Council for longer than 5 business days following initial transmission to CSG Leadership Council members. Such items will be removed from the CSG Leadership Council’s consideration.

7. A majority vote (50% + 1) of all CSG Leadership Council members is required to endorse a proposed or amended interim policy resolution.

8. Upon the CSG Leadership Council’s acceptance of the proposed or amended interim policy resolution, CSG staff will, within 2 business days, take the following actions: 1) notify the sponsor(s) of the interim policy resolution; 2) notify members of the CSG Executive Committee and the CSG Leadership Council; and 3) post the approved interim policy resolution on CSG’s websites. Such items will be labeled “interim” and will list the membership of the CSG Leadership Council.

9. Upon the CSG Leadership Council’s declination of the proposed or amended interim policy resolution, CSG staff will, within 2 business days: 1) notify the sponsor(s) of the interim policy resolution; and 2) notify members of the CSG Leadership Council.

10. All interim policy resolutions adopted by the CSG Leadership Council will automatically sunset at the next meeting of the CSG Executive Committee unless approved by the CSG Executive Committee.

CSG Staff Contacts

For additional information on the CSG policymaking process, please contact John Mountjoy, CSG Director of Policy & Research at (859) 244-8256 or jmountjoy@csg.org; or Chris Whatley, CSG Washington, D.C. Director at (202) 624-5460 or cwhatley@csg.org. For additional information on CSG’s parliamentary and quorum requirements, please contact Jason Moseley, CSG General Counsel at (859) 244-8145 or jmoseley@csg.org.
Item D: Revisions to CSG’s Mission and Values Statements
CSG’s Mission

CSG champions excellence in state governments to advance the common good.

CSG’s Values

To achieve this mission, CSG will:

• Pursue the priorities of its member states
• Be nonpartisan and inclusive
• Engage leaders from all three branches of state government
• Have a regional focus, a national presence and a global reach
• Be a respected and trusted source for best practices and policy expertise
• Convene leader to leader interactions and foster leadership development
• Facilitate multistate solutions
• Zealously advocate for the states in our federal system of government
• Adhere to the highest ethical standards
• Respect diversity and act with civility
• Partner and collaborate with others
CSG Mission Statement – Current

Founded in 1933, The Council of State Governments is our nation’s only organization serving all three branches of state government. CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships.

CSG Articles of Organization – Purpose Statement

The Council of State Governments, the multi-branch organization of the states and U.S. territories, champions excellence in state government, bringing state leaders from across the nation and through its regions together to put the best ideas and solutions into practice. To this end, CSG: builds leadership skills to improve decision-making; advocates multistate problem-solving and partnerships; fosters collaboration and understanding among and between the branches of government; interprets changing national and international conditions to better prepare states for the future; advances the exchange of ideas and information among state governments and their subnational counterparts in other countries; provides opportunities for public- and private-sector leaders to interact on public policy issues; and promotes the sovereignty of the states and advocates their interests in the American federal system.
Item E: Revisions to CSG’s Rules for Financial Management
RULES FOR THE FINANCIAL MANAGEMENT
OF
THE COUNCIL OF STATE GOVERNMENTS

GENERAL

The Council of State Governments (CSG) is a nonprofit organization determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. All CSG financial activities comprise CSG’s annual operating budget and the records of CSG’s financial activities will be maintained at the CSG headquarters office, 2760 Research Park Drive, Lexington, Kentucky, 40511, in accordance with generally accepted accounting principles, Accounting Standards for Nonprofit Organizations adopted by the Financial Accounting Standards Board, and regulations of the Internal Revenue Service relating to 501(c)(3) organizations. CSG’s fiscal year will begin on July 1 and end on June 30.

ROLE OF THE CSG GOVERNING BOARD

The CSG Governing Board will have sole jurisdiction over the dissolution of CSG or its corporate merger with another entity. The CSG Executive Committee may refer other issues to the CSG Governing Board for consideration.

ROLE OF THE CSG EXECUTIVE COMMITTEE

The CSG Executive Committee will meet at the call of the CSG National Chair, but at least once annually. The CSG Executive Committee maintains general authority over the funds, property and management of CSG and is responsible for the overall financial affairs of CSG. The CSG Executive Committee will review and adopt annual budgets for the CSG headquarters and Washington, DC offices and review budgets submitted by CSG’s regional governing authorities. The CSG Executive Committee will adopt and may amend Rules for the Financial Management of CSG. The CSG Executive Committee will determine a schedule of member jurisdiction appropriations and may develop policies regarding levels of service to member jurisdictions which are not current in their dues payments.

The CSG Executive Committee will determine the equitable contributions to be made by member jurisdictions for the support of CSG and adopt a schedule of dues. At the CSG Executive Committee’s discretion, but no less than two years prior to its effective date, dues schedules may be adopted for one or more future fiscal years to ensure sufficient advance notice to member jurisdictions.

Dues will be calculated on an annual basis by means of a formula that includes a flat base component, expressed as a dollar amount, and a population-based variable component, expressed as a dollar amount per one thousand residents of each member jurisdiction. The population-based variable component may be routinely modified to reflect changes as represented by the US Census Bureau’s most recent estimated and actual censuses. The sum of these component amounts will be the total dues assessed for each member jurisdiction. Unless otherwise provided by the CSG Executive Committee, any dues adjustment expressed as a percentage change over a previous year’s dues schedule will be applied equally to both components of the dues formula. Member jurisdiction dues will be allocated
among the CSG regions and CSG’s headquarters and Washington, DC offices with each CSG region receiving 60 percent of that region’s collections and the CSG headquarters and Washington, DC offices receiving 40 percent of each region’s collections.

ROLE OF THE CSG LEADERSHIP COUNCIL

The CSG Leadership Council will meet at the call of the CSG National Chair or upon the petition of one-third of its members. The CSG Leadership Council may consider and approve interim changes to the annual operating budget, subject to the approval of the CSG Executive Committee. The CSG Leadership Council will review appropriate financial reports including the CSG annual audit and CSG’s IRS Form 990 prior to filing. The CSG Leadership Council will establish the terms and conditions of the employment contract for the CSG Executive Director and provide for the annual performance evaluation of the CSG Executive Director.

ROLE OF THE CSG FINANCE COMMITTEE

The CSG Finance Committee will monitor the fiscal affairs of CSG, review the financial implications of proposed plans before implementation, and recommend an annual budget and schedule of member jurisdiction appropriations to the CSG Executive Committee. In its role of providing financial oversight, the CSG Finance Committee serves as fiduciary, maintaining the Rules for the Financial Management of CSG. The CSG Finance Committee will meet to review the financial condition of CSG as presented by the CSG Executive Director or their designee. The CSG Finance Committee will have the authority to designate individual members to ad hoc committees such as the Dues Committee and Investments Committee to assist in research and policy development related to specialized financial issues.

ROLE OF THE CSG EXECUTIVE DIRECTOR

Subject to the direction of CSG the Executive Committee, the CSG Leadership Council and in conformity with the CSG Articles of Organization, the CSG Executive Director will be responsible for all management functions including day to day operations of CSG. Prior to each committee meeting, the CSG Executive Director will submit to the CSG Finance Committee financial reports of CSG for the preceding year, workplan and budgets for the ensuing year for CSG’s headquarters and Washington, DC offices and report on CSG regional finances. The CSG Executive Director will, at the beginning of each fiscal year, submit dues letters and invoices to the appropriate persons in each member jurisdiction. The CSG Executive Director will perform all the duties of Secretary for CSG, and the CSG Executive Director, or the CSG Executive Director’s duly appointed designee, is authorized to sign legal documents on behalf of CSG. The CSG Executive Director will be responsible for the employment of staff needed to administer the Rules for the Financial Management of CSG.

FINANCIAL REPORTS

At each meeting of the CSG Executive Committee, a report will be distributed showing expenditures, income and fund balances of the CSG headquarters and Washington, DC offices and CSG’s regional offices for: (a) the fiscal year ended the previous June 30; (b) the first portion of the current fiscal year; and (c) the preceding five fiscal years in summary.
**BUDGETS**

The CSG Executive Director will submit to the CSG Finance Committee budgets for the CSG headquarters and Washington, DC offices for the ensuing fiscal year. Each CSG region will submit to its regional governing authority a budget for that region for the ensuing fiscal year.

In preparing annual budgets, CSG regional offices should strive to achieve and maintain liquid fiscal year-end fund balances in amounts equal to or greater than 50 percent of the previous year’s approved spending budgets or the previous year’s actual expenditures, whichever is greater. The CSG headquarters and Washington, DC offices should strive to achieve and maintain a liquid fiscal year-end fund balance in an amount equal to or greater than 25 percent of the previous year’s approved spending budgets or the previous year’s actual expenditures, whichever is greater. The CSG Finance Committee will consider the CSG headquarters and Washington, DC office budgets so submitted in conjunction with the annual workplan and recommend to the CSG Executive Committee a CSG budget for the ensuing fiscal year. CSG regional budgets, as submitted, will be incorporated into the overall budget. CSG regional budgets may be amended and such amendments incorporated as approved by the governing authority of each CSG region. The CSG Executive Committee will have the authority to adopt an annual CSG budget. The CSG Leadership Council may make interim changes to the annual budget subject to approval of the CSG Executive Committee.

**CARRYOVER OF UNSPENT FUNDS**

The CSG headquarters and Washington, DC offices and each CSG region will be permitted to retain all unspent funds at the end of each fiscal year. Unspent CSG regional funds will be recorded in individual regional accounts and will be reported to the respective regional office monthly. Balances of the CSG headquarters and Washington, DC offices and the CSG regional offices will be separately identified under the Fund Balance section of the CSG balance sheet for audit and for external reporting purposes and combined for a total CSG fund balance in accordance with FASB standards for nonprofit organizations. Each CSG region's balance will be treated as the property of that region and the balance of the CSG headquarters and Washington, DC offices will be treated as its property. No CSG region, nor the CSG headquarters and Washington, DC offices, will infringe upon or in any way erode the balances of the other without the specific direction of the CSG Executive Committee.

With the express approval of the respective governing authorities, CSG regional offices and the CSG headquarters and Washington, DC offices, and all funds associated with said offices, will be allowed to budget a deficit for any given fiscal year to the extent that the liquid fund balance for the individual CSG office remains positive. At no time may any CSG office deficit spend to the extent that the liquid fund balance for that office becomes negative unless expressly approved by the CSG Executive Committee. CSG regional offices and the CSG headquarters and Washington, DC offices should not use more than 40 percent of their respective liquid fund balance in any one fiscal year.

**AUDITS AND IRS FORM 990**

At the close of each fiscal year, the financial records of CSG will be audited by a reputable firm of certified public accountants in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit
Institutions. Official copies of the audit reports will be sent to all members of the CSG Leadership Council and the CSG Finance Committee. Such firm of certified public accountants will be approved by the CSG Finance Committee. A copy of CSG’s IRS Form 990 will be submitted to the CSG Leadership Council prior to its annual filing with the Internal Revenue Service.

BANK ACCOUNTS

The CSG Executive Director or their designee is authorized to open and maintain such bank accounts as in their opinion are necessary for the conduct of CSG’s work, and will provide a report to the CSG Finance Committee at least once each year describing the bank accounts in force.

The employer identification number of The Council of State Governments is available only to CSG. CSG affiliated organizations will use the individual employer identification number assigned to each organization by the Internal Revenue Service.

Host state funds related to CSG national, regional or affiliate meetings must be carried in the financial records as a cost center of CSG, the CSG region or the CSG affiliated organization, or a separate legal identity and tax exemption must be obtained.

BONDING AND INSURANCE

The CSG Executive Director or their designee will maintain Directors and Officers Insurance coverage for CSG leadership, directors, committee members and employees. The CSG Executive Director will also procure property, indemnity and liability insurance for the protection of CSG, its officers and staff members.

BORROWING

With approval of the CSG National Chair and the CSG National Chair-Elect, the CSG Executive Director or their designee is authorized to borrow funds on behalf of CSG, for periods not exceeding ninety (90) days, in anticipation of expected revenues. Notes or pledges of property of CSG for the purpose of short-term borrowing will be signed by the CSG Executive Director or their designee. Any other type of borrowing will require the specific approval of the CSG Executive Committee.

INVESTMENTS

The CSG Executive Director, or the CSG Executive Director’s designee, is authorized to invest funds of CSG in any obligation secured or guaranteed by the United States Government or an agency thereof, in certificates of deposit issued by United States banks with FDIC insurance coverage, in short-term fixed income funds (average maturity not to exceed three years) rated A or better by a nationally recognized financial rating agency, in commercial paper rated A-1 or P-1 by a nationally recognized financial rating agency, in repurchase agreements whose underlying collateral consists of the foregoing securities, equities, or any instrument in accordance with the Investment Objectives and Guidelines, dated April 18, 1999, which is attached hereto and incorporated herein by reference. Any other type of investment will require the specific approval of the CSG Executive Committee. The CSG Executive Director, or the CSG Executive Director’s designee, is instructed to maintain all funds not required for immediate purposes in investments authorized by this paragraph. The CSG Finance Committee may appoint an Investment Subcommittee to provide oversight of investment activity.
RECEIPT AND PAYMENT OF INTEREST

The CSG Executive Director is authorized to pay to CSG regional offices and CSG affiliated organizations having positive cash balances interest at a rate of 0.75 percent less than CSG currently earns on its interest bearing general fund operating account (currently Traditional Bank account #103543). CSG regional offices and CSG affiliated organizations having negative cash balances will be charged interest at a rate of 0.75 percent more than CSG currently earns on an average of its interest bearing general fund operating account. Payments and/or charges will be made monthly. CSG regions and CSG affiliated organizations maintaining positive cash balances in excess of $100,000 may request purchase of longer term investments.

CSG REGIONAL AND AFFILIATE PARTICIPATION IN THE LONG-TERM INVESTMENT POOL

Upon written approval by the appropriate governing authority, any CSG region or CSG affiliated organization may elect to participate in the higher-risk, long-term investment pool provided that the following criteria are met: (a) the general fund balance must exceed an amount equal to 25 percent of the annual operating expenses for the previous fiscal year; and (b) maintain a budget to end the new fiscal year with a liquid fund balance* that is greater than or equal to the amount of participation in the long-term investment pool. Eligibility under these criteria will be reviewed periodically by the CSG headquarters office.

Participants that elect to invest a portion of liquid fund balance in the long-term investment pool must exclude a portion of total liquid fund balance that is greater than or equal to 25 percent of annual operating expenses for the previous fiscal year. The CSG headquarters office will require all requests for additions and withdrawals to be in writing and authorized by the proper governing authority.

The elected level of participation will be binding until a modification or withdrawal request is received by the CSG headquarters office. An annual review will be conducted to verify continued eligibility. The amount of investment participation must be a fixed dollar amount that meets the aforementioned criteria.

To the extent that CSG regions and CSG affiliated organizations do not participate in the long-term investment pool, the cash balances will continue to earn the rate of return as defined in the preceding section of this document. All funds in the long-term investment pool will earn the actual return realized by the long-term investment pool less 0.75 percent withheld by the CSG headquarters office. In the event that the 0.75 percent fee reduces the long-term investment portfolio to a realized return less than the CSG interest bearing operating account as defined in the preceding section of this document, the fees will be waived to such an extent as necessary or possible to avoid a return below the interest bearing operating account.

* Liquid fund balance is defined as the portion of fund balance comprised of cash.

DISTRIBUTION OF FUND BALANCE

CSG affiliated organizations separating from CSG need cash to establish operations elsewhere; and, recognizing that all bills and invoices are not promptly transmitted by vendors and service providers and that many arrive weeks or even months after the expense was incurred; and, realizing that retainage of
a reasonable amount of funds of separating CSG affiliated organizations to cover payment of such expenses is prudent and necessary, the following distribution schedule will be observed: (a) the past six-months of a separating CSG affiliated organization’s external expenses (expenses other than salaries, fringe benefits, allocated expenses and in-house postage and photocopy) will be examined to arrive at a monthly average of external expenses; (b) an amount equal to one month's average total CSG affiliated organization operating expenses plus three month's average external expenses will be retained at the time of separation upon receipt of a Release and Certification; (c) when the financial records are closed for the month of separation (21 business days following the end of the month), the retainage will be reduced to an amount equal to three month's average external expenses; and (d) monthly reductions of one-third of the retainage by either payment of CSG affiliated organization expenses, by a check from CSG to the CSG affiliated organization or a combination of the two, will be made following the close of the financial records in each of the succeeding three months. The CSG Executive Director will have the authority to modify the retainage limits as deemed appropriate.

GRANTS AND CONTRACTS

The CSG Executive Director or their designee is authorized to negotiate and enter into contracts to finance or assist in financing designated special projects or activities of CSG; and, the CSG Executive Director or their designee may accept, receive, administer and utilize funds for this purpose. The CSG Executive Director or their designee may, at the request of a CSG regional office or affiliated organization, perform similar services for such an organization. The CSG Executive Director will at each meeting of the CSG Leadership Council report on the status of grants and contracts in force.

CSG ASSOCIATE DUES

CSG Associate member dues revenue, net of budgeted program expenses, will be allocated among the CSG regions and CSG headquarters with each CSG region receiving 10 percent and CSG headquarters and Washington, DC offices receiving 60 percent.