

BFA Administrative Detail: #30 - 3_____

Professional Memberships

1.0 PURPOSE

The Professional Memberships directive provides guidance to individuals and/or units who seek to use university resources to pay for memberships. The directive seeks to provide a thorough understanding of professional memberships and how they should be paid or reimbursed in a consistent manner.

2.0 BACKGROUND

Various areas of the campus are unclear regarding the applicability of professional memberships, including issues such as tax consequences for individual professional memberships and whether individual memberships are allowed. This directive provides guidance on these issues as well as the handling of payments for Professional Memberships.

3.0 OVERVIEW

The Integrated CSU Administrative Manual (ICSUAM) Section 1301 under Hospitality, Payment or Reimbursement of expenses, does not cover membership fees of professional organizations. Social clubs are addressed in Section 1301 and are not addressed in this directive. Currently, there is no written CSU policy that provides specific guidance on professional memberships. Therefore, this directive is written to answer questions and ensure that allowable expenses are being reimbursed in a timely manner.

4.0 CITATIONS AND LINKS TO APPLICABLE STATE LAW, CSU POLICIES, ETC.

CSU Executive Order 1000, delegates authority and responsibility to the President for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity. The campus Chief Financial Officer shall be the primary campus financial officer in respect to administration of these delegations of authority.
<http://www.calstate.edu/edo/EO-1000.html>

The Integrated California State University Administrative Manual (ICSUAM) was created to respond to the need for an efficient and effective means of providing clear, concise, yet comprehensive guidance to California State University management and staff regarding business and financial affairs
<http://www.calstate.edu/icsuam/sections/1000/1301.00.shtml>

5.0 PROCEDURES

Two different scenarios exist regarding professional members with each carrying a different tax consequence.

1. A professional membership can be reimbursed, if a benefit to the university can be demonstrated. Under such circumstances, the expenditure is deemed an appropriate business expense of the university. The amounts thus reimbursed are excludable from the employee's income when the employee is performing duties for the employer that are related to the professional organizations focus or mission. Authority for approving such benefit comes from the approving official from within the division/department/program. Approving officials must maintain documents in their files supporting the business purpose of such membership.
2. If a membership does not clearly relate to that employee's duties or business purpose, the membership would therefore be considered taxable income and it is unlikely this would be deemed a valid use of public funds. In this case, reimbursement would be unallowable per ICSUAM Section 1301 which specifically states that any expense considered taxable under IRS code will not be reimbursed or paid for. Again, as noted above, approving officials will make the business purpose applicability decision and must provide supporting documentation if asked through audits.

Memberships issued to an employee's name rather than university (due to organizations membership rules), do not trigger a taxable event for the employee and as long as the membership is for business purposes and not personal benefit to the employee it is reimbursable and therefore should be paid.

6.0 DEFINITIONS

Approving Official: An individual designated by delegated authority to, in a timely manner, monitor, and review and approve expenditures.

7.0 CONTACTS

For further information, please contact:

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REVISION TRACKING

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Review / Approval History

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