



Policy on University Membership in Organizations

Responsible Officer: Executive Vice President—Chief Financial Officer

Responsible Office: Financial Management

Effective Date: October 18, 2011

Date of Last Review: December 16, 2008

Who Is Covered: Officers, faculty, and staff, including memberships provided to employees of the Lawrence Berkeley National Laboratory (LBNL).

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I. POLICY SUMMARY

It is the policy of the University of California to comply with all Federal and State tax regulations regarding withholding and reporting on payments, and that all purchases shall have the proper authorization.

II. POLICY DEFINITIONS

III. POLICY TEXT

A. *Categories of Organizations*

Organizations in which University membership is permissible are categorized as follows:

- Organizations of universities and colleges, including accrediting agencies (e.g., National Association of State Universities and Land Grant Colleges, International Association of Universities, American Association of Universities, National Commission on Accrediting, Western Association of Schools and Colleges).
- Organizations of professional schools and colleges, including accrediting agencies (e.g., American Association of Colleges of Pharmacy, American Society for Engineering Education, Association of American Medical Colleges).
- Organizations of institutional service agencies and administrative officers (e.g., American Association of Collegiate Registrars and Admissions Officers, Institute of Internal Auditors, Western Association of College and University Business Officers, National Association of Student Personnel Administrators).
- Scholarly societies (e.g., Modern Language Association, American Economic Association).
- Community organizations (e.g., Chamber of Commerce, Urban League).
- Memberships to secure periodicals (e.g., American Society for Testing and Materials, Association for Symbolic Logic, Council for Advancement and Support of Education), or to obtain office supplies and equipment (e.g., membership in discount department store).
- Social organizations (e.g., business, athletic, luncheon, sporting, hotel clubs).

Membership in a social organization shall be approved only if it is determined that the primary use of the membership will be to conduct official University business and that the organization does not engage in discriminatory policies or practices (see section B, Membership Considerations).

B. Membership Considerations

The following factors must be considered before joining an organization:

- University membership in organizations that would promote the advancement of education and research, enhance the professional standing of its administrative personnel, and facilitate favorable community relations.
- A major consideration in securing a membership shall be the cost of the membership in relation to the benefits the University expects to derive from the individual's membership. Lifetime memberships should only be approved in limited circumstances, with consideration given to the duration of the employee's appointment.
- Membership in an organization must be used primarily for business purposes (i.e., activities that contribute to any one of the University's major functions of teaching, research, patient care, or public service).
- University funds may not be used for payment of fees or dues to organizations that maintain legally impermissible, arbitrary, or unreasonable discriminatory membership policies or practices.
- Proposals for membership in state, national, and international organizations shall be referred to the President for consideration if membership might be more appropriate for the University as a whole.
- Institutional rather than individual memberships shall be obtained whenever possible, as institutional memberships often allow participating by several or alternate employees.
- The number of memberships in community organizations should depend on the local situation and management preference; however, memberships and employee participation shall be limited to the number necessary to achieve effective community relations within a reasonable expenditure of funds.
- Departments may purchase a membership in an organization to secure its periodicals upon verification that the periodical cannot otherwise be secured. University Librarians shall be informed of payments for such memberships. University libraries may secure periodicals for their collections that cannot be obtained except through membership.
- Memberships in airline and airport clubs are prohibited. The occasional purchase of a one-day airline or airport membership may be approved, provided there is a significant business purpose for the use of the membership, such as a planned meeting or conference call. The cost of the one-day membership is reimbursable as a miscellaneous travel expense.¹

¹ Effective February 1, 2009.

IV. COMPLIANCE / RESPONSIBILITIES

Function	Responsibilities
Executive Vice President-Chief Financial Officer	<ul style="list-style-type: none"> Establishing and updating the policy.
Department Heads	<ul style="list-style-type: none"> Ensuring that all memberships under his or her authority conform to the requirements of the Bulletin.
Campus and Lab Controller's Offices	<ul style="list-style-type: none"> Ensuring that payment or reimbursement requests submitted by departments are made in accordance with the procedures set forth in this policy. Annual calculation and reporting of the additional compensation related to a member's non-business use of a social organization membership.

Payment Approval Authority	Exceptions Permitted	Approval Authority	Comments
Department Head for memberships in organizations other than social organizations.	Yes Exceptions to this policy may be authorized by the Executive Vice President-CFO	Chancellor, Lab Director, or Vice Presidents for social memberships.	Social memberships require written approval named positions. Authority to approve these memberships may not be re-delegated.

Note: Employees should not request reimbursement for optional contributions to the organization associated with the membership. Contributions, if any, should be direct pay only with the appropriate transmittal letter from the University and the proper approval, in accordance with Business and Finance Bulletin [BUS-79](#), Entertainment.

V. PROCEDURES

A. *Funding Restrictions*

Each location is responsible for funding the memberships authorized under this policy subject to the following requirements:

1. Federal and State Funds

Federal and State funds may not be used for membership in organizations that discriminate.

2. Non-State or Federal Funds

Various non-State or Federal funds controlled by the University (e.g., endowments, gifts, etc.) may not be used for payment of fees or dues to organizations that maintain legally impermissible, arbitrary, or unreasonable discriminatory membership policies or practices.

B. *Payment or Reimbursement Procedures*

Payments for entertainment expenses incurred in connection with the use of a social membership are reimbursable in accordance with the procedures set forth in Business and Finance Bulletin [BUS-79](#), Entertainment.

C. *Tax Reporting of Social Memberships*

In accordance with IRS reporting requirements, a member's non-business use of a social club must be reported to the individual,² as follows:

1. Reporting Non-business Use

An employee who has been granted membership in a social club will be required to report to the accounting office annually his or her official University business use and non-business use.³ The Annual Report of Personal Use of a Club in Appendix A is used for this purpose. The accounting office will calculate the value of the employee's non-business use based on the information reported on the Annual Report. The employee will be informed of the amount, using the Determination of Taxable Benefit-Club Dues form in Appendix B. The portion of the dues applicable to non-business use shall be treated as additional

² These reporting procedures also can be used to determine whether the member is using the organization primarily for business purposes.

³ For income and employment tax withholding purposes, the University has elected to use a special accounting period rule that treats the value of a fringe benefit provided in the last two months of the calendar year as though paid in the following year. Thus, the reporting period is November 1 of the prior year through October 31 of the current year.

compensation to the employee and included in the employee's income, subject to withholding for income and applicable employment taxes. If the employee terminates his or her employment with the University or becomes ineligible to use the membership, any dues paid by the University related to non-business use must be reported by the employee to the accounting office before the employee's termination or ineligibility status becomes final.

2. Substantiating Business Use

In order to substantiate official University business use of a social club, the employee must maintain adequate records showing the total number of days of business and non-business use. In addition, the employee must substantiate his or her club entertainment expenses in accordance with the rules detailed in BFB BUS-79, Entertainment (or Accounting Manual chapter A-253-27, Administrative Fund Payments, for amounts reimbursed from such funds).

VI. RELATED INFORMATION

- [D-224, 17](#), Delegation of Authority-Signature Authorization
- [A-253-27](#), Administrative Fund Payments
- Business and Finance Bulletin [BUS-79](#), Entertainment

- Education Code section 92150, University use of state funds prohibited for membership in organizations that discriminate

Internal Revenue Code Sections:

- Section 132 Certain Fringe Benefits
- Section 274(d) Substantiation Required

- Revenue Reconciliation Act of 1993, regarding taxation of non-business use of social club membership

VII. FREQUENTLY ASKED QUESTIONS N/A

VIII. REVISION HISTORY

- Originally published August 24, 2001.
- Revised October 4, 2002 to require approval letter for memberships in social clubs
- Revised December 16, 2008 to prohibit purchase of memberships in airline or airport clubs

Appendix A

(Office Letterhead)

Date _____

ACCOUNTING OFFICE

Subject: Annual Report of Personal Use of a Club

I hereby certify that for the _____ - month period ended _____, 20_____, I used the _____ club a total of _____ days. Of this total, I used the club _____ days to conduct official University of California business and _____ days for personal activities.

I further certify that I have, and will maintain, adequate written substantiating records to support my business and personal club use for the period of this report.

Signature _____

Title _____

Appendix B

(Office Letterhead)

Date _____

RECIPIENT

Subject: Determination of Taxable Benefit -- Club Dues

Based on the information submitted on your Annual Report of Personal Use of a Club for the period ended _____, 20____, we calculated the tax benefit associated with your personal use of the _____ club. The following data were used in making the calculation:

<u>ITEM</u>	<u>AMOUNT</u>
Personal Use Days (PD)	_____
Business Use Days (BD)	_____
Total Days (TD) [PD + BD]	_____
Annual Dues (AD)	_____
Report Period (RP)	_____

The taxable benefit, which will be reported on your W-2 form, was determined as follows:

$$\frac{\text{_____ (PD)}}{\text{(TD)}} \times \$ \frac{\text{_____ (AD)}}{1 \text{ (RP)}} = \$ \text{_____}$$

In order to withhold income and employment taxes, the University has elected to use a special accounting rule with respect to this benefit. Accordingly, we are reporting your personal club use for November 1 of last year through October 31 of this year. Applicable income and employment taxes will be withheld from your December 1st paycheck.

Signature _____

Title _____
Accounting Office