

## **Guidelines on Paying for Professional Employee Licenses, Memberships, Training or Certifications**

Western University of Health Sciences may receive requests from employees or would like to pay the costs associated with a professional employee license, certification, or membership in a professional organization or training opportunity. These guidelines are intended to aid the department when considering whether to pay these costs associated with professional staff.

The costs considered in these guidelines are the following:

- Professional licenses and Certificates;
- Membership in professional organizations; and
- Training related to professional status or required to maintain a professional license.

### **Professional licenses and certificates**

After obtaining an employee's professional status, professional dues and fees to maintain their professional status as required in their profession and as part of their job or position, may be paid by the University from the department as a working condition fringe benefit if the University derives a benefit from the actual license or certificate. A profession is a type of job that requires special education, training or skill. Examples of a profession include but are not limited to the following: attorney, medical doctor, nurse, electrician, plumber, or truck driver.

When determining whether to pay the cost, the department needs to weigh the benefits derived from the employee being licensed or certified. Factors to be considered include but are not limited to the following:

- Does the license or certificate allow the University access to beneficial materials, contacts, or other resources that it could not otherwise access?
- Does the license or certificate allow the employee access to areas or events that would not otherwise be available?
- How would payment or nonpayment impact recruitment and retention?
- Does the pay scale for the position take into consideration the agency's payment or nonpayment for the license or certificate?
- Is there funding available - both current and future?

### **Memberships in professional organizations**

When paying for membership in professional organizations, the department should weigh the benefit it derives from paying for the membership against the cost. Factors to be considered include, but are not limited to the following:

- The amount of influence a membership gives the University in decisions made by the professional organization.
- Access to resources through the membership, such as interaction with other professionals, trainings and publications.
- Discounts on resources provided to members of the professional organization.
- The degree to which the membership enhances the employee's job performance.
- The cost or benefit or both to the University by having multiple employees having membership in the same organization.
- The amount of participation required of the employee as a member of the organization.

- Funding availability to cover the cost of the membership.

### **Training related to professional status**

When considering paying for training related to professional status, the University should ensure that:

- The training is directly related to the employee's work.
- The training either maintains or enhances the employee's work-related skills.
- The employee shares the information gathered at the training with co-workers as needed.

If the training meets the appropriate preceding criteria and prepares an employee for a license or certification examination, the department may pay for the training. However, the cost of any examination is generally considered a personal expense.

Any payments for non bona-fide business purposes are reportable as taxable income to the employee.

### **Political Action Committees, PAC (Lobby Fees)**

In some instances, societies, associations, or similar organizations may establish separate Political Action Committees, commonly referred to as PACs, to attempt to influence legislation of interest to the organizations. As part of the membership or dues application, a voluntary contribution to the PAC is frequently requested. Under no circumstances will University funds be used for a voluntary contribution to a PAC.

When a separate PAC does not exist, organizations are required to estimate the amount of each base membership that is used for lobbying expenses. The estimate frequently is printed on the bottom of the invoice for membership dues. As long as the portion of the base membership related to lobbying expenses is not voluntary (i.e., the University must pay the full base membership to be a member) then it is permissible to use University funds to pay for the full base membership. If the portion of the base membership related to lobbying expenses is voluntary, then only the portion of the membership related to non-lobbying expenses can be paid with University funds.

### **Entertainment and Recreational Organizations**

Personal club dues and memberships are not allowed as business deductions. If a department provides these benefits to an employee, it is considered a taxable fringe benefit and is taxable to the employee, subject to income tax withholding, social security and Medicare taxes. *IRC §274(a)(3)*.

### **Donations**

In some cases, a portion of the dues or membership fees may be the equivalent of a donation to the organization. If the donation portion is voluntary, then the donation portion must be excluded from the dues or membership fee paid with University funds.