EMPLOYEE PAYMENTS – NONPROFIT 501 (c)(3) CORPORATIONS

PURPOSE

The purpose of this operating policy and procedure is to determine responsibility and to provide a method for payment to MSU employees, including the employer’s share of fringe benefits, from nonprofit 501 (c) (3) corporations. This policy does not intend to preclude any nonprofit 501 (c) (3) corporation from issuing W-2’s/1099’s through its own operation in accordance with IRS regulations.

POLICY/PROCEDURE

Beginning January 1, 1996 all salary supplement/award payments to University employees from the MSU Foundation, Alumni Association, Bulldog Club, Bulldog Foundation, or any other nonprofit 501 (c) (3) corporation created for the purpose of assisting MSU in accomplishing its education mission will be paid by the University through the appropriate payroll procedure for W-2 reporting. Upon direction by the authorized administrator, the University will charge a specified restricted fund for the employee payment and the employer’s share of fringe benefits which include social security, Medicare and state retirement. The University will bill the nonprofit corporation for both the employee payment and employer’s share of fringe benefits for agreements after January 1, 1996. The University will bill the nonprofit corporation for the employee payment only for agreements made before January 1, 1996. Fringe charges associated with agreement made before January 1, 1996 will be transferred to the on campus educational and general fringe pool. The nonprofit corporation will issue payment to the University when billed by the University.

REVIEW

The Chief of Staff is responsible for the review of this operating policy every four years or as needed.

For information about this policy, contact the responsible/reviewing department hyperlinked above.

For comments about the MSU Policy website, contact: webmaster@audit.msstate.edu.