

2-25-1993

SR-92-93-(89)235 (AC)

Marshall University

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**ATHLETIC COMMITTEE  
RECOMMENDATION**

**SR-92-93-(89)235 (AC)**

Beginning with the 1993-94 year, athletic tickets for faculty and staff should be set at a discount of 20% to avoid complications created with the IRS when a discount is greater than this percentage.

**RATIONALE:** While this will increase ticket costs for faculty and staff, time and cost of the reporting procedures required by the IRS to maintain the present 37% discount are too great to implement. West Virginia University made the same change to 20% for the 1992-93 year (additional information on attached sheets).

**FACULTY SENATE PRESIDENT:**

APPROVED BY SENATE: Robert D. Sawrey DATE: 2-25-93

DISAPPROVED BY SENATE: \_\_\_\_\_ DATE: \_\_\_\_\_

**UNIVERSITY PRESIDENT:**

APPROVED: [Signature] DATE: 3.7.93

DISAPPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_

**COMMENTS:**

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DEPARTMENT OF ATHLETICS  
P.O. Box 1360  
Huntington, West Virginia 25715-1360  
304/696-5409

TO: Phil Modlin  
Chairman, Athletic Committee

FROM: Wm. Lee Moon, Sr. *Lee*

RE: Faculty/Staff Discount on Football and Basketball Season Tickets

DATE: Feb. 3, 1993

Historically, Marshall University faculty and staff have received a discount of 37% on the purchase of football and basketball season tickets. This policy has been in place for at least the past five years, and I assume, for several years prior to 1988. The IRS recognizes this discount as a fringe benefit to the employee and consequently requires that the discount in excess of 20% be included in the gross income of the employee.

For the past five years, the Department of Athletics has provided a letter to each faculty/staff season ticket holder indicating the amount of taxable income from the discount. The IRS regulations have provided no specific guidance on how the taxable portion should be reported; however, we have been consistent in following this procedure.

On December 14, 1992, I attended a meeting with Herb Karlet, Vice President for Finance, Ted Massey, Controller, other members of the Comptrollers staff and Frank M. Oliveti from Deloitte, Touche Public Accountants from Pittsburgh. Mr. Oliveti had been retained by Marshall University to provide guidance on a variety of university related tax matters. Specifically, I discussed the faculty/staff ticket issue with him. Mr. Oliveti acknowledged that we had an obligation to report the taxable discount to the faculty/staff; however, he indicated that our method would not be acceptable to the IRS. He stated that should we continue to offer a discount in excess of 20%, that the taxable portion would have to be reported through the West Virginia State Payroll system, be subject to federal withholding tax and be reported in the year end W-2 forms. This process would be effective January 1, 1993. He also noted that to avoid these processing requirements, we could lower the discount percentage to 20%.

Upon consultation with Herb Karlet as to the mechanics necessary to process these transactions through the payroll system, it was determined that the process would be cumbersome and time consuming. It would not be prudent to implement this system.

It is important to note that West Virginia University revised its faculty/staff ticket pricing policy in 1992-93, reducing the ticket discount from approximately 34% to 20%.

Therefore, it is my recommendation that effective for 1993-94 year the faculty/staff ticket pricing be revised to provide a 20% discount from the regular price of season tickets. This change will result in an increase in ticket prices for faculty/staff. An analysis of the impact is included in Attachment A.

I would like to request endorsement of this change in ticket pricing policy. While it does result in an increase in ticket prices for the faculty/staff, it is neither practical nor cost effective to try and comply with the IRS reporting requirements. This change would also make our policy consistent with that of WVU.

cc: Dr. K. Edward Grose  
Herb Karlet  
Tom Freidel

WLM/lp

## ATTACHMENT A

### ANALYSIS OF FACULTY/STAFF TICKET PRICES

	Actual 1992 Football (1)	Assume 1992 20%	Actual 1992 Basketball	Assume 1992 20%
Regular Season Ticket Price	\$80.00	\$80.00	\$120.00	\$120.00
Less Faculty/Staff Price	\$50.00	\$64.00	\$75.00	\$96.00
Discount	\$30.00	\$16.00	\$45.00	\$24.00
20% of Sales Price	\$16.00	\$16.00	\$24.00	\$24.00
Taxable Income	\$14.00	-0-	\$21.00	-0-
<u>After Tax Cost of Season Ticket:</u>				
Cost of Ticket	\$50.00	\$64.00	\$75.00	\$96.00
Income Taxes @ 28%	\$ 4.00	-0-	\$ 6.00	-0-
Total Cost	\$54.00	\$64.00	\$81.00	\$96.00

(1) Excludes cost of Championship Game ticket