TO: All Ball State University Employees

DATE: December 7, 2018

RE: IRS Tax Rules Drive Changes to Use of Auxiliary Recreation Facilities and Employee Wellness Vouchers Beginning January 1, 2019

Ball State University is nearing the end of a random standard Internal Revenue Service (IRS) audit related to payroll taxes. The IRS has determined that under the IRS code, employee use of the Auxiliary Recreation Facilities without purchasing a membership creates taxable income for employees. The IRS has also determined that employee receipt of a voucher under the University’s Working Well program creates taxable income for employees.

Ball State is committed to compliance with these IRS findings, while providing optimal wellness opportunities in a fiscally responsible manner. Therefore, two changes will be made:

First, beginning January 1, 2019, Ball State will implement the following Auxiliary Recreation Facilities Employee Membership rates for all active employees who choose to utilize these facilities, with the exception of employees covered under the collective bargaining agreement whose participation will be determined through the Equal Representation Committee (ERC) negotiation process:

- **Auxiliary Facilities Membership - $55.00 per term** (Spring, Summer and Fall)
  This membership includes the use of the following facilities: Ball Gym Fitness Center, Ball Pool, Ball Track, Field Sports Building, Lewellen Pool, Racquetball Courts, and RC141

  Employees covered under the collective bargaining agreement will not be required to pay the membership fee to use the Auxiliary Recreation Facilities, but will have their reported calendar year income increased by $55 for each semester that they actually utilize the Auxiliary Recreation Facilities and do not pay a membership fee.

  Currently, all employees must pay the $90 “full membership fee” to utilize the Gora Student Recreation and Wellness Center (use of the Auxiliary Facilities are covered under the full membership). Information on memberships may be found on the Recreation Services website.

Second, Working Well currently offers Ball State employees the opportunity to earn vouchers under the Employee Wellness Program. These Wellness Vouchers can then be applied toward the following:
o Auxiliary Facilities and Full Recreation Facilities membership fees;
o Rec Fit Classes;
o Outdoor Pursuits;
o The purchase of tickets to performances at Emens Auditorium and Pruis Hall;
o The purchase of tickets to Athletics events; or
o Applied toward Cardinal Kids Camp fees.

**Beginning January 1, 2019, these vouchers will be treated as taxable income for employees.** Every employee who accepts a voucher will have the value of those vouchers included as income on their W-2. Although vouchers will be treated as taxable income, earning a voucher will remain a great way to reduce the cost of the wellness opportunities available to BSU employees. For more information on Working Well and how to begin earning your vouchers please see the [Working Well website](#).

Finally, employees who neither use the Auxiliary Recreation Facilities nor accept a Wellness Voucher will see no change to their taxable income as a result of these changes.

For more information about the changes announced above please see the [Recreation Services website](#).