



PERMANENT MEMORANDUM 48

University Affiliations

POLICY DIGEST

Monitoring Unit: Office of Finance & Administration

Initially Issued: October 21, 2021

I. PURPOSE

Non-profit entities may exist to provide services and support to LSU. In many instances, these non-profit entities utilize the university's name and trademarks for the purposes of their operations. The university recognizes the importance and value of these "affiliated" entities to the LSU community. These entities support LSU through fundraising, engaging alumni in Louisiana and throughout the world, facilitating public-private partnerships, and many other activities that ultimately support LSU's mission. This policy outlines the different types of affiliates, as well as the steps and requirements for creating and formally recognizing affiliated entities.

II. DEFINITION OF AN AFFILIATED ORGANIZATION

An affiliated organization is:

- an organization that is separate from the University,
- exists solely to support the mission of the University, and
- has been formally recognized by the Board of Supervisors.

The university may have contractual and other relationships with other organizations, but if they do not meet each of these three criteria, they are not considered a University Affiliate under this policy.

Affiliated entities may range in size, scope, and level of organization, and their support of the university may take on many different forms. To help categorize the different types of affiliates, each affiliate will be assigned to one of two "tiers." The common characteristics of affiliates in each tier are listed below. Assignment to the following categories is subjective and based on the discretion of the Board of Supervisors or its designees. Assignments may change as the nature and scope of an affiliate's activities change.

III. AFFILIATE TIERS

A. Tier I Affiliates

1. As a result of their size, scope of operations, and nature of the support provided to LSU, Tier I Affiliates are expected to have a long-term relationship with the university. All Tier I Affiliates are required to have a signed Uniform Affiliation Agreement with LSU. The following characteristics may be used to identify Tier I Affiliates:
 - a. Affiliate has a separate legal existence from the university

- b. Affiliate employs paid, professional staff
- c. Affiliate provides critical services to LSU (such as directing major fundraising campaigns)
- d. Affiliate has a signed Uniform Affiliation Agreement with LSU

B. Tier II Affiliates

1. Tier II Affiliates are typically smaller and may have a more narrowly focused mission than Tier I Affiliates. In some cases, Tier II Affiliates are established for a specific purpose, with a limited lifespan. Tier II Affiliates may also, though not always, be recognized by their lack of a separate legal existence and their reliance on volunteers rather than paid, professional staff. These Affiliates are encouraged to have a funds management agreement with a Tier I Affiliate if they are a separate 501(c)3 organization fundraising on behalf of an LSU entity. If the Affiliate is not a separate 501(c)3 organization, any fundraising activities of the Tier II Affiliate should be organized and facilitated via a Tier I Affiliate.
2. Tier II Affiliates that are legal entities are required to have a signed Uniform Affiliation Agreement with LSU. Tier II Affiliate groups that are not legal entities are required to register with the university as a volunteer fundraising group and certify that all proceeds from fundraising activities are deposited in a Tier I Affiliate. Volunteer fundraising groups should be encouraged to coordinate their fundraising activities with a Tier I Affiliate. Registration will result in the Affiliate's inclusion in Tier II of Appendix A to this PM.
3. Tier II Affiliates may be recognized by the following characteristics:
 - a. Affiliate may or may not be a legal entity
 - b. Affiliate may operate under the guidance of a Tier I Affiliate for development protocol
 - c. Affiliate may have a funds management agreement with a Tier I Affiliate
 - d. Affiliate may operate with volunteer, rather than paid, staff
 - e. Affiliate has a signed affiliation agreement with LSU or is registered and recognized as a Tier II affiliated volunteer fundraising group
 - f. Affiliate's fundraising activities may be incidental to its primary purpose

Appendix A lists the current affiliates by tier, as of the adoption of this policy.

IV. ESTABLISHMENT OF AFFILIATES

A. Establishing a New Affiliate

1. Whenever an internal or external group expresses an interest in establishing a new affiliate¹, they should be encouraged to engage University leaders, as well as existing affiliates, to discuss the proposed relationship with the University and to explore the potential for utilizing existing affiliates to achieve the desired objectives. The formal steps for establishing a new affiliate are listed below:
 - a. The entity desiring to establish a new affiliate relationship shall develop a proposal outlining the purpose and need for the affiliate. The proposal should contain the following

¹ Subsidiaries that are established by an existing affiliate and are consolidated with the existing affiliate for tax purposes are not considered new affiliates.

elements and should be submitted to the appropriate campus and University executives for review when completed:

- i. Description of the need for the affiliate, as well as justification for why the need cannot be addressed under the current landscape of affiliates
 - ii. Mission/objectives
 - iii. Organizational structure
 - iv. Budget and business plan
 - v. Risk assessment
2. The proposal, along with any Articles of Incorporation, Bylaws, and Certificate of Good Standing that the entity might have shall be reviewed and approved by the appropriate University offices and forwarded to the President for review. The President may recommend the creation of a Uniform Affiliation Agreement between the university and the affiliate or registration of the new affiliate for classification in Tier II.
 3. The signed Uniform Affiliation Agreement will be considered by the Affiliated Organizations Oversight Committee of the Board of Supervisors. If approved, the UAA will advance to the Board of Supervisors for consideration.
 4. Notice of any registration of new Tier II affiliates shall be provided to the Board annually by the Executive Vice President for Finance & Administration and CFO (“EVP for Finance & Administration/CFO”).

V. ADDITIONAL REQUIREMENTS OF AFFILIATES

A. Compensation

The LSU Board of Supervisors requires that all requests for supplemental compensation funded by an affiliated organization be approved by the Board. Each campus shall submit personnel actions that require Board approval in accordance with PM 69.

Once an endowed chair or professorship is originally approved by the Board of Supervisors, the revenue from the endowment used for compensation purposes shall be deemed as approved in perpetuity by the Board and need not be resubmitted as a transaction.

B. Non-compensation Related Expenses

Expenditures by affiliates to public employees are subject to the organizations’ affiliation agreement with LSU and the organization’s policy and procedures. University employees are permitted to receive reimbursements or direct payments for transactions that are for a qualified business purpose.

Pursuant to La. R.S. 17:3390F, any request for payments of over one thousand dollars (\$1,000) for any single transaction to, or on behalf of, an employee must be approved by the Board or their designee. For the purpose of this Section, a “transaction” shall be defined as “any direct payment to a public employee, other than compensation, for expenses incurred for qualified business purposes.” The statute separates the “request” from the “payment”. The “request” is a matter of public record and the documentation should be maintained in accordance with La. R.S. 17:3390F.

The payment, based upon the request, must be approved in accordance with La. R.S. 17:3390F. Each affiliated organization shall submit quarterly reports to the President, or designee, listing all

transactions that exceed \$1,000 made by the affiliated organization to or on behalf of a university employee. For each transaction submitted, the name of the person providing first-line approval shall be included. The quarterly reports will be approved by the Board or their designee.

In an effort to ease the administration of this regulation, an employee may be reimbursed or paid in accordance with campus policies without waiting for Board approval. However, the employee should be informed that the reimbursement or payment may be denied by the Board or their designee if that transaction is deemed not to be related to the business of the University or violates the affiliated organization's policies. Inappropriate requests for transactions under this section may result in corrective action up to and including termination.

VI. MONITORING AND REPORTING

- A. The Executive Vice President for Finance & Administration/CFO or their designee will serve as the point of contact for questions related to this PM and will be responsible for collecting the materials and reports referenced in this policy and in the Uniform Affiliation Agreement related to establishing a new affiliate and monitoring ongoing compliance with the UAA. The EVP for Finance & Administration/CFO or their designee will also be responsible for maintaining a central list of affiliates, along with keeping a record of each affiliate's Articles of Incorporation, Bylaws, and Certificate of Good Standing.
- B. For affiliates supporting a single campus, department, college, or other University entity, an LSU employee may be identified as the affiliate's "sponsor" and may be asked to assist in Annual Compliance Certificate review and other monitoring responsibilities.

VII. SOURCES

- A. La. R.S. 17:3390F

VIII. APPENDICES

- Appendix A. List of Affiliates

Appendix A
List of Affiliates

Tier I Affiliates:

- A. LSU Foundation
 - 1. LSU Real Estate and Facilities Foundation
 - 2. LSU Property Foundation
- B. Tiger Athletic Foundation
- C. LSU Research Foundation
- D. Louisiana State University School of Medicine in New Orleans Faculty Group Practice, a Louisiana Non-profit Organization (DBA "LSU Healthcare Network")
- E. LSU Health Sciences Foundation in Shreveport
- F. LSU Health Sciences Center-Shreveport Faculty Group Practice, a Louisiana Non-profit Corporation
- G. LSU Alumni Association
- H. Pennington Biomedical Research Foundation
- I. Louisiana State University at Alexandria Foundation
- J. Louisiana State University at Eunice Foundation
- K. The LSU in Shreveport Foundation, Inc.
- L. Louisiana State University (LSU-S) Alumni Association
- M. L.S.U. School of Medicine - New Orleans Medical Alumni Association, Inc.
- N. LSU Health Foundation New Orleans

Tier II Affiliates:

No Tier II affiliates have been formally recognized by the Board of Supervisors as of the adoption of this Permanent Memorandum.