

Honorarium Policy

Revised 2/1/2007

The following policy and accompanying procedures should be used to determine when and how to issue honoraria to individuals.

Chico State Enterprises and The University Foundation follow the Internal Revenue Service's definition to determine when an individual is qualified to receive a payment as an honorarium.

Definition: An honorarium is a payment for services for which custom or propriety forbids a price to be set. This method of payment is usually made to a guest speaker or lecturer as a **"thank you" and gesture of good will and appreciation**. An honorarium is not based on an agreed amount between the individual providing services and the individual seeking services. If payment is agreed upon, this constitutes a contractual agreement.

An honorarium payment

- Is generally an unallowable expense under OMB, A-21, Section J, and cannot be charged to a funded project unless specifically identified as a line item in the proposal budget and/or approved by the funding agency.
- Is usually paid from a campus program account.
- Can be given in the form of cash or a tangible gift.
- Cannot be given to an employee of Chico State Enterprises or any CSU campus. Payment for services provided by these individuals must be processed as payroll.

How to process a cash honorarium payment

- The Honorarium Payment Form should be completed and approved by Chico State Enterprises before payment can be processed. This form must be attached to a check request and submitted for payment to the appropriate office.
- According to the IRS, all honorarium payments to individuals are taxable.
- A 1099 (Miscellaneous Income) form will be issued by Chico State Enterprises for compensation to an individual in excess of \$600.00 per calendar year.
- If the intended honorarium recipient is not a resident of California or the United States, additional withholding may be required. Contact Chico State Enterprises for assistance and completion of non-resident forms.