PURPOSE:
In accordance with CSU Hospitality, Payment or Reimbursement of Expenses Policy ICSUAM 1301.00, California State University, Chico permits hospitality expenses to be paid or reimbursed to the extent that such expenses are necessary, appropriate to the occasion, reasonable in the amount, and serve a purpose consistent with the mission and fiduciary responsibilities of CSU, Chico. These procedures apply to activities that promote the University to the public and the provision of hospitality in connection with official University business and specify the funds that may be used for such purposes. Campuses are required to develop written procedures, consistent with ICSUAM 1301.00, regarding the payment of ordinary and necessary hospitality expenses.

These procedures define when hospitality expenses are permitted from University funding sources, including the CSU Operating Fund and other University Trust funds. In all cases, hospitality expenses must be directly related or associated with the active conduct of official University business, be cost effective, be in accordance with the best use of public funds, and in conformance with IRS regulations. These procedures do not pertain to food expenses of employees traveling on University business.

DEFINITIONS:

Approving Authority – President, divisional Vice President, or his/her designee(s) (administrator), shall have the authority to approve hospitality expenditures.

Awards and Service Recognition – something of value, usually tangible personal property, given or bestowed upon an individual, group, or entity in recognition of service to the University or achievement directly benefiting the University; e.g. financial prizes, trophies, plaques, and flowers.

CSU Operating Fund – state appropriation funds and student fee revenue for state-supported instruction and related programs and operations.

Employee Meeting and Recognition Events – meetings which serve a CSU business purpose and are generally administrative in nature such as meetings of the Academic Senate, campus meetings of deans and directors, recruitments and interviews, employee morale functions, extended formal training sessions, conferences, strategic planning sessions, and meetings of appointed workgroups and committees.

Entertainment Services – expenditures incurred in connection with events or activities that are primarily social or recreational such as equipment and venue rental, décor, music, and performers. Service expenditures related to showcasing the talent of students or employees are considered a regular business expense and are not governed by this procedure.

Fundraising Event – events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution and a purchase for the fair market value of goods or services. Fundraising events may include dinners, dances, door-to-door sales of merchandise, concerts, carnivals, golf tournaments, auctions, casino nights, and similar events. CSU, Chico fundraising events must have prior approval by VP for Advancement, per ICSUAM 15701. Fundraising events do not include the following:
• Activities substantially related to the accomplishment of the CSU's educational purpose, including such activities that receive sponsorship.
• Fundraising solicitations and related prospecting activities intended to generate only a contribution (no purchase of goods or services).
• Unrelated trade or business activities that generate fees for service.
• Raffles in which the prizes have only a nominal value and do not require reporting as taxable income.

*Gift* – something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the University or other occasions that serve a bona fide business purpose.

*Hospitality* – the provision of meals (catered or restaurant) or light refreshments (beverages, hors d’ oeuvres, pastries, cookies), entertainment services, promotional items, gifts, awards and service recognition. Hospitality includes expenses for activities that promote the University to the public, usually with the expectation of benefits accruing directly or indirectly to the University.

*Memb**ership in Social Organizations* – University clubs, athletic clubs, civic organizations and other membership organizations that provide a venue for hosting hospitality events or a means for promoting goodwill in the community. Memberships in business leagues, chambers of commerce, trade associations and professional organizations are considered a regular business expense and are not governed by this procedure.

*Official Guest* – an individual invited by an official University host to attend a University meeting, conference, reception, or event. Examples of official guests include employees from other campuses or the Chancellor’s Office, members of the community, recruitment candidates, volunteers, donors, or media representatives. CSU, Chico students may be considered an official guest if their attendance is an integral part of the meeting or event.

*Official Host* – a CSU, Chico employee who hosts guests at a meeting, conference, reception, activity, or event for the active conduct of University business.

*Promotional Items* – items that display the name, logo or other icon identifying the University such as a keychain, coffee mug, calendar or clothing. Promotional items are distributed to provide information and/or promote the name or image of the University and are not intended for CSU, Chico employees. Clothing purchases for recognition when it pertains to safety, special events or special groups will be considered a regular business expense and not governed by this procedure; e.g. Wildcat Welcome, Choose Chico, Commencement, Summer Orientation, and Diversity recognition. Logo and related branding must be pre-approved by the University's Creative Services Director prior to purchase. Visit [http://www.csuchico.edu/advancement/creative-services/index.shtml](http://www.csuchico.edu/advancement/creative-services/index.shtml) for additional information.

*Work Location* – the place where the major portion of an employee’s working time is spent or the place to which the employee returns during working hours upon completion of special assignments. Specifically, CSU, Chico campus, University Farm, 25 and 35 Main Street buildings and off-site property owned, leased, or used by the campus.

*University Trust Funds* – University funds controlled by the CSU other than those held in the CSU operating fund.
GUIDELINES:
When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear CSU, Chico business purpose, with no personal benefit derived by the official host or other employees. Following are examples when the provision of hospitality may be permitted depending on the funding source (see Hospitality Matrix) when:

- The University hosts or sponsors business meetings that are directly concerned with the welfare of the CSU
- The University hosts official guests as defined above
- The University is the host or sponsor of a meeting of a learned society or professional organization
- The University hosts receptions held in connection with conferences, meetings of a learned society or professional organization, meetings of recognized student organizations and groups, student events such as commencement exercises, and events or meetings of other University related groups such as alumni associations
- The University hosts fundraising events to cultivate or recognize donors
- The University hosts receptions for the benefit of employee morale, employee recognition, length of service, or retirement celebration or memorial service for employees separating with at least 5 years of service
- Representatives of the CSU participate in community outreach to enhance partnerships, promote goodwill, recognize distinguished service, or cultivate donors

Employee Meeting and Recognition Events
Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently and are reasonable and appropriate to the business purpose. Meals or light refreshments provided to employees on a frequent or routine basis are considered taxable income by the IRS and are therefore not permitted under these procedures.

Meals or light refreshments:

- should be limited to no more than twelve times per year, per group;
- provided to a group, should be counted on an event basis; a two-day meeting should be counted as one event in determining compliance with these procedures;
- provided in the course of a business meeting must be reasonably priced. When a meeting takes place over an extended period of time and the agenda includes a working meal, there may be justification that the meal is integral to the business function. Examples include:
  - a speaker is scheduled during the meal period,
  - participants work through the meal period, or
  - it is too time-consuming or disruptive to take a meal break away from the meeting location.
- must conform to IRS regulations. No employee business meal expenditure that is considered taxable income under IRS regulations will be reimbursed or paid. See IRS employee tax guide to fringe benefits publication 15 at [www.irs.gov](http://www.irs.gov).

Meals
Meals supported under these procedures shall be an integral part of the event and not solely a matter of personal convenience; must be modest and reasonably priced; and appropriate to the business purpose.
Maximum Per-Person Rates for Hospitality Meals and Light Refreshments

<table>
<thead>
<tr>
<th>Meal Type</th>
<th>Maximum Per-Person *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$25</td>
</tr>
<tr>
<td>Lunch</td>
<td>$30</td>
</tr>
<tr>
<td>Dinner</td>
<td>$60</td>
</tr>
<tr>
<td>Light Refreshments</td>
<td>$20</td>
</tr>
</tbody>
</table>

*The maximum per-person calculation includes total cost of food, beverages, labor, sales tax, delivery fees, or other service fees. The maximum rate shall be reviewed annually by the campus Chief Financial Officer. When hospitality expenditures exceed the per-person maximum an exception must be included on the Hospitality Expense and/or Reimbursement Request Form, approved by the divisional vice president.

Catering Services
Caterers providing food for campus events will be required to provide the following in advance of the event: A copy of their current Butte County Department of Health license/permit if in the Butte County Department of Health “caterer” classification

- A copy of a “Food Safety Training” certificate if in the Butte County Department of Health “cook for hire” classification; such training certification is to have been within twelve months preceding the event; certification is to be provided by the Butte County Department of Health, or similar agency offering State approved training/testing on food safety.

- All caterers and food providers will be required to provide evidence of coverage to meet current campus insurance requirements. Contact Risk Management at [http://www.csuchico.edu/risk/](http://www.csuchico.edu/risk/).

Gift Card
Gift cards, gift certificates, and other cash equivalent items, no matter how small, are always taxable to an employee on their W-2. Purchase of gift cards must ALWAYS be pre-approved by Procurement & Contract Services.

Spouses and Domestic Partners
Hospitality provided to the spouse or domestic partner of an employee may be permitted when it serves a CSU business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event; e.g. is an official guest. Official functions to which spouses or domestic partners are invited as a matter of protocol or tradition such as ceremomial functions, fundraising events, alumni gatherings, athletic games, and community events may be considered business related. An agenda, invitation or similar documentation should be included with the payment record. High-level authorization of Vice President or above is required for payment or reimbursement of hospitality expenditures for spouses or domestic partners of employees.

Students and Prospective Students
Hospitality provided to students or prospective students may be permitted when it serves a CSU business purpose and the students are considered an official guest of the function. Permissible activities may include recruitment efforts, student activities, student programs, student organization events, student recognition events and commencements. Students may be hosted to attend fundraising and other community relations events that enhance their learning experience, in recognition of their student achievement, to engage with alumni and donors, or as representatives of elected student leadership. Hospitality provided to student athletes and recruits must be in accordance with the rules, regulations, guidelines, standards and procedures of the Intercollegiate Athletic Association’s national governing board; e.g., National Collegiate Athletic Association.
Prohibited Expenditures
Hospitality expenses of a personal nature and not related to the active conduct of official University business will not be paid or reimbursed (e.g. birthdays, weddings, baby showers, or retirement/memorial/farewell gatherings for employees with less than 5 years of service). Expenses for activities that discriminate based on race, color, religion, ancestry, age, gender, sexual orientation, marital status, veteran status or disability will not be paid or reimbursed. Expenditures for alcohol or tobacco are not allowed. (Alcohol or tobacco purchased for academic/research purposes are considered a business purpose and are excluded from this procedure; e.g. wine for wine tasting or cooking classes.)

Funding Sources
Hospitality expenses may be paid from various funding sources subject to the rules outlined below and restrictions identified in Hospitality Matrix.

CSU Operating Fund – the following restrictions apply when using these funds:
• May not be used to pay for food and beverages for business meetings attended only by employees of the same work location.
• May not be used to pay for promotional items when the recipients are employees.
• May not be used for entertainment services, memberships in social organizations, or for gifts.
• May not be used for the participation of employees or official guests at CSU, Chico fundraising events.

Approvals
All hospitality expenditure requests shall have a completed Hospitality Expense and/or Reimbursement Request Form submitted along with supporting documentation in accordance with the following:
• When practical, approved request should be submitted in advance to Procurement & Contract Services.
• Reimbursements will be allowed for expenses meeting the criteria for permitted expenses when it is impracticable to obtain advance approval (e.g., meals at restaurants with interviewees).
• Individuals with delegated approval authority may not approve their own expenses and individuals may not approve expenses of their supervisor. The exception is approval of President’s expenditures by the Chief Financial Officer.
• When appropriate and necessary the President may make a limited exception to the hospitality procedures. The purpose of the exception must be documented and signed by the President.
<table>
<thead>
<tr>
<th>Allowable expenditures and/or occasions</th>
<th>CSU Operating Fund</th>
<th>University Trust Funds(1)</th>
<th>Lottery Education Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol/tobacco</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Employee/business meetings with employees only (2)</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Employee/business meetings with official guests (2)</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Entertainment services</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Fundraising/community relations</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Gifts for non-employees</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Gifts for employees</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Memberships in social organizations</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Participation of employees or official guests at CSU Chico fundraising event</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Personal benefit: weddings, birthdays, anniversaries, get well, etc.</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Promotional items for non-employees</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Promotional items for employees only</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Student activities: recruitments, recognition, commencement, etc.</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

(1) Expense must be consistent with the original intent of the funding source (revenue) as documented in the Trust Agreement or fund specific guidelines; e.g. IRA, Misc Course Fee, Student Learning Fee, Consolidated Course Fee, etc.

(2) Meals or light refreshments (limited to no more than twelve times per year, per group) provided in the course of a business meeting may not exceed the maximum per person rate for breakfast ($25), lunch ($30), dinner ($60), and light refreshments ($20). These rates are inclusive of beverages, labor, sales tax, delivery fees, and other service fees for employee meetings and recognition events.
FORMS / RELATED DOCUMENTS

Attachment A – Hospitality Expense and/or Reimbursement Request Form

REFERENCES

Integrated CSU Administrative Manual (ICSUAM) 1301.00
Integrated CSU Administrative Manual (ICSUAM) 15701.00

Original Implementation Date: July 2014
Revision Dates: July 2016