



PURPOSE

In accordance with CSU Hospitality 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, are reasonable, and serve a purpose consistent with the mission and fiduciary responsibilities of the CSU. These procedures apply to activities that promote the University to the public and relate directly to the active conduct of official University business. In the event of a conflict between these procedures, the funding source or ICSUAM, the stricter shall apply.

These procedures do not pertain to food expenses of employees traveling on University business, recognized student organization activities, or expenditures related to showcasing the talent of students or employees.

Exceptions to this procedure must be in writing and approved by the Campus President.

ALLOWABLE EXPENDITURES

When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear CSU 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:

- The University hosts or sponsors business meetings that are directly concerned with the welfare of the CSU
- The University hosts official guests as defined
- 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, student events such as commencement exercises, and events or meetings of other University related groups such as alumni associations
- The University hosts or participates in community relations or fundraising events to promote the University, enhance partnerships, recognize distinguished service, or cultivate donors
- The University hosts receptions for the benefit of employee morale, employee recognition, official presentation for length or exceptional service awards (employees with at least 5 years of service)

Employee Meetings

Food and beverage provided to employees may be permitted when it serves a CSU business purpose. Meetings that occur on a regular or frequent basis are not permitted to serve food and beverages under these procedures. Additionally, public expenditures that are driven by personal motives are an impermissible use of public funds. Meals or light refreshments provided to employees may be permitted if the expenses occur infrequently, are reasonable in amount, and appropriate to the business purpose. When a meeting takes place over an extended period and the agenda includes a working meal, there may be justification that the meal is integral to the business function.

Maximum Per-Person Rates for Meals and Light Refreshments

Meal Type	Maximum Per-Person *
Breakfast	\$25
Lunch	\$30
Dinner	\$60
Light Refreshments	\$20

* 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 periodically by the campus Chief Financial Officer. When expenditures exceed the per- person maximum, an exception must be included on the Hospitality Expense Form and 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 <https://www.csuchico.edu/risk/>

Awards & Prizes

Awards and prizes may be provided to the extent that such expenses are necessary, appropriate to the occasion, reasonable in amount, infrequent, and serve a purpose consistent with the mission and fiduciary responsibilities of the CSU. Use of promotional items is encouraged. Awards and prizes shall be approved by a divisional Vice President, shall follow an established process defining eligibility, selection criteria, and amount.

Awards & Prizes for Employees:

- Recognition for exceptional contributions, appreciation, and length of service (length of service only for employees with at least 5 years of service)
- Awards and prizes may be given in conjunction with official morale building activities
- Cash equivalent (gift cards/certs) items, no matter how small, may have a taxable consequence to the employee if it does not meet the IRS definition of de minimis and infrequent

Awards & Prizes For Non-employees and students:

- A non-employee or student can be recognized for exceptional contributions and appreciation. Receipt of cash equivalents to students may impose restrictions on receipt of financial aid from the University or US Government and/or may have tax implications.

Participation Incentives

Incentives, in the form of gift cards or gift certificates, may only be used for the participation and/or collection of information from participants when the use of promotional items are not a viable option. Participation incentives, either gift cards, gift certificates, or promotional items shall not be considered payment for supplies or services.

Participation incentives **may** be used:

- When there is a clear description and business purpose
- When they do not exceed a value of \$50.00
- When they are provided infrequently, and
- When they are not provided to CSU Chico employees

If using a gift card or gift certificate, these items must be handled as if they were cash and the following requirements must be met:

1. Adequate controls are in place to safeguard and store in a secure location (e.g. locked drawer or safe)
2. A copy of the original receipt which details how many gift cards were purchased and at what amount (the original receipt should be submitted as support to the initial purchase)
3. A log is developed and maintained detailing all gift cards or gift certificates, their amount, the recipient name and signature and the date disbursed
4. After all gift cards have been distributed, items 2 and 3 above shall be provided to Accounts Payable and shall at any time be available for campus audit

Spouses, Domestic Partners and Significant Others

Hospitality provided to the spouse, domestic partner or significant other of an employee may be permitted when it serves a CSU business purpose such as ceremonial functions, fundraising events, alumni gatherings, athletic games, and community events. An agenda, invitation or similar documentation should be included with the Hospitality Expense Form.

Students and Prospective Students

Hospitality provided to students or prospective students may be permitted when it serves a CSU business purpose. To justify the expenditures of public funds, one must determine that the expenditure is consistent with the mission of the CSU. Permissible activities may include recruitment efforts, student activities, student programs, 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.

Allowable Funding Sources

State Funds **may** be used for the following:

- Pay for awards and prizes to employees for exceptional contributions, to students for excellence, or participation incentives
- For employee recognition and official presentation for length of service (length of service only for employees with at least 5 years of service) or exceptional contributions
- Pay for official employee morale building and appreciation activities that serve a business purpose and occur infrequently
- Pay for promotional items for non-CSU Chico employees or CSU Chico employees as part of a morale building, appreciation or recognition activity. Promotional items should be de minimis in value, provided infrequently, and serve a purpose consistent with the mission of the CSU

UNALLOWABLE EXPENDITURES

Any expenditures that do not serve a business purpose, are prohibited by applicable laws, regulations, or agreements. *State Funds* may **not** be used to pay for the following:

Personal Benefit – Hospitality expenses of a personal nature and not related to the active conduct of official CSU business will not be paid or reimbursed (e.g. birthdays, weddings, anniversaries, baby showers, memberships in social organizations or retirement/memorial/farewell gatherings for employees with less than 5 years of service).

Alcohol/Tobacco – 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.)

APPROVALS

All hospitality expenditure requests shall have a completed Hospitality Expense Form submitted along with supporting documentation in accordance with the following:

- 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.
- Divisional Vice-President must approve all awards & prizes.
- The President must approve payment or reimbursement of hospitality expenditures for recreational, sporting or entertainment events.
- The President must approve payment or reimbursement of hospitality expenditures for a spouse, domestic partner or significant other of an employee.

FORMS / RELATED DOCUMENTS

Attachment A – Hospitality Expense Form

REFERENCES

[CSU Hospitality Policy \(ICSUAM 01301.00\)](#)

[Fundraising Events \(ICSUAM 15701.00\)](#)

IRS Employee Tax Guide to Fringe Benefits (Publication 15) www.irs.gov

CSU, Chico Financial Services Policies & Procedures - [Student Payment Categories](#)

Original Implementation Date: July 2014

Revision Dates: July 2016, July 2019, December 2020

DEFINITIONS

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

Employee Meeting – 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.

State Funds – are defined as monies that are appropriated by the legislature, either as part of the budget process or continuously appropriated (e.g., tuition and fees). This includes, but is not limited to CSU Operating Funds, Student Health Services, Continuing Education, Housing, Lottery, IRA, Parking, and Miscellaneous Trust funds.

Gift of Public funds – The California gift of public funds doctrine set forth in the California Constitution article XVI, 6, prohibits the giving or lending of public funds to any person or entity, public or private. In determining whether an appropriation of state funds or property is to be considered a gift, the primary question is whether the funds are to be used for a “public” or “private” purpose. If they are for a “public purpose”, they are not a gift within the meaning of [§6 of art. XVI]. If an expenditure serves a primary public purpose, it is not a gift even if it incidentally benefits an individual.

Hospitality is defined to include the following elements:

Entertainment Services – reasonable expenditures as part of a public purpose event (social or recreational) includes, but is not limited to, equipment and venue rental, décor, music, and performers.

Food and Beverage - the provision of meals (catered or restaurant) or light refreshments (beverages, hors d’oeuvres, pastries, cookies)

Awards and Prizes – something of value given or bestowed upon an individual, group, or entity in recognition of service to the University or achievement benefiting the University or for other occasions that serve a bona fide business purpose. Awards and prizes should be for exceptional contributions, appreciation, to students for excellence, and official employee morale building activities.

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 departmental 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 <https://www.csuchico.edu/ucomm/> for additional information.

De Minimis – Small in value, relative to the total value of the non-cash item. There is no set dollar amount in the law for de minimis, however the IRS has ruled that items with a value \$100 or more cannot be considered de minimis. Cash or cash equivalents (gift cards) no matter how small are always taxable. A non-cash award or prize may have a taxable consequence to the employee if it does not meet the IRS definition of de minimis and infrequent.

Membership 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 – a person invited by an official host to attend a CSU meeting, conference, reception, activity or event. Examples of official guests include employees visiting from another work location, students, donors, recruitment candidates, volunteers, members of the community, or media representatives.

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

Participation Incentives – gift certificates, gift cards or promotional items which are used to obtain participation and/or collection of information from participants. Gift cards and gift certificates shall only be purchased from locations that do not sell alcohol or tobacco (e.g. campus bookstore, department store, and other retail cards). Such gift certificates and gift cards must confer the right to receive tangible personal property, not cash or cash for the difference between the purchase price and the value of the gift certificate or card. Note that gift cards, gift certificates, and other cash equivalent items, no matter how small, are always taxable. For students, these items impose restrictions on receipt of other financial benefits from the University or US Government and/or may have tax implications.

Public Purpose (or business purpose) - includes expenses that serve a purpose consistent with the mission and fiduciary responsibilities of the CSU.

EXAMPLES & FAQ'S

My department would like to provide lunch for an all-day meeting attended by only University employees. Is this allowed?

When a meeting takes place over an extended period and the agenda includes a working meal, there may be justification that the meal is integral to the business function. As long as the meal is infrequent (see definition above) it would be an allowable expense.

Our department has a recurring monthly lunch to discuss course development and research collaboration for our college. Can State funds be used for this type of event?

No. Meals or light refreshments may be permitted if the expense occur infrequently, are reasonable, and appropriate to the business purpose.

Sally would like to meet with her work colleague over lunch to discuss a business topic, can she be reimbursed?

Typically no. Reimbursement for meals is not permissible when there is solely a personal benefit. In general, business meetings with individual colleagues is not permitted as the meeting could have been accomplished during non-meal periods.

Each Halloween our unit loves to get together and have a celebration. We would like to pay for the food and decorations using State funds. Is this allowed?

No. This type of activity is considered a personal benefit and is not allowable.

Can I send flowers to a CSU employee that just had a baby to let them know that we are thinking of them?

No. This is a personal benefit and therefore is not allowable.

We have a speaker coming to speak to our faculty, staff, and students. The person has agreed to provide this free of charge. Can we give them a \$100 gift card as a thank you?

No. The gift card would constitute payment of services and should be done using a requisition/purchase order.

Can I use State funds for a retirement party for an employee who is retiring after 15 years?

No. Parties are not allowable. You may however work with your divisional leadership and host an official presentation for a length of service award ceremony.

My department would like to purchase polo shirts for our staff which would have our department name and the University logo embroidered on them. Can I use state funds for this transaction?

Clothing purchases for recognition when it pertains to safety, special events or departmental groups will be considered a regular business expense and not governed by this procedure. These type of items should be provided infrequently, and serve to promote the University. Logo and related branding must be pre-approved by the University's Creative Services Director prior to purchase. Visit <https://www.csuchico.edu/ucomm/> for additional information.

Our faculty member is conducting a survey related to their curriculum for next semester. They would like to purchase \$25.00 Follet gift cards to give out to participants. Can I use state funds to purchase these?

It is preferable to purchase promotional items (mug, water bottle, etc.) for participants who take the survey. If this is impractical, gift cards can be purchased as long as the appropriate procedures are followed. Contact your Procurement Specialist for help.

The Student Employment Office has decided to award a \$10.00 gift card to the Placement Advisor that places the most students during the fiscal year. Would this be allowable?

Yes. The procedure allows for de minimus cash equivalent awards, however, promotional items displaying the university's logo would be preferable.

Why does the ICSUAM Policy (1301) differ slightly from the Chico Procedure?

While Chico's Procedure mostly mirrors the ICSUAM, there may be a few small differences. The ICSUAM requires each campus to develop its own campus-specific procedures for many items covered in the policy and allows for more restrictive procedures for reimbursement of expenses authorized under the ICSUAM.