



## **PURPOSE**

In accordance with CSU Hospitality Policy, 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 CSU Hospitality Policy, the stricter shall apply.

These procedures do not pertain to food expenses of employees traveling on University business, or recognized student organization activities.

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

## **ALLOWABLE EXPENDITURES**

Hospitality expenses must be directly related to, or associated with, the active conduct of official University business. When an employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear University business purpose with no personal benefit derived by the official host or other employees.

When determining whether a hospitality expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

Following are examples of occasions when the provision of hospitality may be permitted (fund restrictions still apply):

- When the University hosts or sponsors business meetings that are directly concerned with the welfare of the CSU.
- When the University hosts official guests as defined.
- When the University is the host or sponsor of a meeting for a learned society or professional organization.
- When 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.
- When the University hosts or participates in community relations or fundraising events to promote the University, enhance partnerships, recognizes distinguished service, or to cultivate donors.
- When the University hosts receptions or events for the benefit of employee morale, employee recognition, or official presentation for length or exceptional service awards (length of service only for employees with at least 5 years of service).

### **Employee Meetings**

Food, beverage, meals, or light refreshments provided to employees may be permitted when 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. Meetings that occur on a regular or frequent basis, or are driven by personal motives, are not permitted to serve food and beverages under these procedures.

## Maximum Per-Person Rates for Meals and Light Refreshments

Meal Type	Maximum Per-Person *
Breakfast	\$25
Lunch	\$30
Dinner	\$70
Light Refreshments	\$20

\* The maximum per-person calculation includes total cost of food, beverages (alcohol is prohibited), labor, sales tax, gratuity (maximum of 20%), delivery fees, and any 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

Catering services are defined as the provision of food and or beverages, either on-campus or at a facility rented or leased by the University or an auxiliary, for an event. Consumption of food and or beverages at a restaurant is not considered catering services. All food and beverage providers who perform catering services are required to provide evidence of coverage meeting current campus insurance requirements. Contact Risk Management at [risk@csuchico.edu](mailto:risk@csuchico.edu) for assistance. <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 & 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 and may not be used for payment of supplies or services (e.g. speaker, guest lecture, training, etc.)

#### Awards & Prizes for Non-Employees and Students:

- Recognition for exceptional contributions and appreciation.
- Awards and prizes shall have an established process defining eligibility, selection criteria, amount, and processing mechanism.
- Cash equivalents to students *may* impact 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.

### **Gift Cards**

If using a gift card for a participation incentive, please contact your Procurement Specialist for use of the campus preferred electronic disbursement method. Otherwise, the following criteria must be adhered to:

1. Gift cards must be handled as if they were cash.
2. Adequate controls are in place to safeguard and store in a secure location (e.g. locked drawer or safe)
3. 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)
4. A log is developed and maintained detailing all gift cards or gift certificates, their amount, the recipient name and signature and the date disbursed

### **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 request. Payment or reimbursement of hospitality expenses for spouses, domestic partners or significant others must be approved by the President or designee.

### **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 clear business purpose, are reasonable in cost, 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

## **Prohibited 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 (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 prohibited. (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 include a justification and shall follow the campus Delegation of Fiscal Authority approval process. Additional approvals may be required for 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.
- 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.

## **REFERENCES**

[CSU Hospitality Policy](#)

[Fundraising Events](#)

IRS Employee Tax Guide to Fringe Benefits (Publication 15) [www.irs.gov](http://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, August 2023

## **DEFINITIONS**

**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** - Promotional items and other products bearing the University's name, logo, seal, mascot, slogans or other trademarks, whether for commercial (e.g., resold for fundraiser), promotional (e.g., given away), or internal use, may only be purchased from suppliers that have a valid trademark license agreement with the University (or its licensing agent). Purchases made with University funds from suppliers who are not officially licensed with the University may be considered an unallowable expense. University Communications must approve all orders and artwork for products bearing any Chico State marks/branding via a [Creative Services Ticket](#) Once approved, no alternation may be made to the marks or artwork without University Communications' prior written approval.

A few notes when ordering University branded promotional products:

- Product color should be [Chico State red](#), gray, white, or black when applicable, to best represent the University brand.
- Department, college, and school logos should be used to best represent the entity being promoted. Your unit logo can be found on [Box](#) (must log in to view search within the main folder to find your appropriate logo.).
- Products should be relevant and useful for best visibility in the promotion of your area.
- Direct all questions to University Communications at [ucomm@csuchico.edu](mailto:ucomm@csuchico.edu) or by calling Ext 4143.
- Reference University [Style Guide](#) for more information.

Clothing purchases for recognition when it pertains to safety, special events or departmental groups are considered a regular business expense and not governed by this procedure (e.g. Wildcat Welcome, Choose Chico, Summer Orientation, Commencement, etc.)

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. Whenever possible, gift cards and gift certificates shall be purchased from locations that do not sell alcohol, tobacco, or cannabis (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. Participation incentives, either gift cards, gift certificates, or promotional items shall not be considered payment for supplies or services.

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 a 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 types of items should be provided infrequently, and serve to promote the University. Purchases made with University funds from suppliers who are not officially licensed with the University may be considered an unallowable expense. University Communications must approve all orders and artwork for products bearing any Chico State marks/branding via a [Creative Services Ticket](#) Once approved, no alternation may be made to the marks or artwork without University Communications' prior written approval.

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- Products should be relevant and useful for best visibility in the promotion of your area.
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- Reference University [Style Guide](#) for more 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 may 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 CSU Policy differ slightly from the Chico Procedure?*

While Chico's Procedure mostly mirrors the CSU Policy, there may be a few small differences. The CSU Policy 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 CSU Policy.