

# Division of Academic Affairs

## Guidelines for Hospitality Expenses (10/25/2019)

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### Purpose

It is the policy of the California State University (CSU) that hospitality expenses may be paid to the extent that such expenses are **necessary**, **appropriate** to the occasion, **reasonable** in amount, **and serve a purpose consistent with the mission and fiduciary responsibilities of the CSU**.

To ensure the proper use of funds for hospitality purposes, these guidelines are provided to clarify and standardize the use of hospitality funds within the Division of Academic Affairs. These guidelines apply to all units within Academic Affairs and are consistent with the CSU policy of Hospitality which is available at:

<https://calstate.policystat.com/policy/6597023/latest/>

### Allowable Expenditures

Hospitality expenses must be directly related to or associated with, the active conduct of official CSU business. 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. In addition, the expenditure of funds for hospitality should be cost-effective and in accordance with the best use of public funds. In particular, these guidelines seek to address employee meetings.

#### Employee Meetings

Food and beverage provided to employees may be permitted when it serves a CSU business purpose. **Meetings that are carried out on a regular or frequent basis are not allowed under this policy.** 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 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 (fund restrictions apply). For those situations that require prior approval by the Provost, please complete and submit the [Hospitality Expense Pre-Approval Form](#) for approval to [AcademicBudgetandPlanning@csusb.edu](mailto:AcademicBudgetandPlanning@csusb.edu) no later than two weeks prior to the event to ensure proper processing.

- Allowable
  - a. All-day meetings that require the inclusion of a working meal (e.g., Academic Affairs Retreat).
  - b. Meetings held during the lunch hour due to the availability of attendees. Meetings must be at least two hours long to include a working meal (**requires authorization by the Provost's Office at least two weeks prior to the event date**)
  - c. Meetings that are not held during a meal period but are at least 3 hours long can provide light refreshments

- d. Occasional events that serve a business purpose (e.g., “Pastries with the Provost” or “Pizza with the Dean” to encourage dialogue between management, faculty, staff, and students)
  - e. Meals associated with the recruitment of candidates for employment
  - f. Meals purchased related to donor recruitment
  - g. Meal purchased for meetings with official guests
  - h. Events to celebrate the significant contribution of an individual or group (e.g., individuals retiring who have five or more years of service, employee awards for significant contribution, etc. Avoid the language “party.” Use of UEC funds is suggested unless there is an official guest attending. **requires authorization by the Provost’s office at least two weeks prior to the event**)
  - i. Employee meetings and recognition events, including employee morale functions. Must serve a bonafide business purpose (**requires authorization by the Provost’s Office at least two weeks prior to the event**)
  - j. Student meetings and events
  - k. Promotional (CSUSB) logo materials
- Unallowable
    - a. Alcoholic beverages, including tax, gratuity and service charges (would require the use of UEC funds)
    - b. Tobacco products
    - c. Hospitality expenses that are of a personal nature and not related to the active conduct of official CSU business
    - d. Refreshments for meetings that are less than 3 hours long and do not occur during a meal period
    - e. Meetings that are held more than 12 times within the fiscal year

The Hospitality Expense Approval form must be submitted for reimbursement or payment of hospitality expenses. The following attachments are required to ensure timely approval:

- Agenda clearly stating the date and the beginning and ending time of meeting/event
- List of attendees that includes name, department, and affiliation
- Detailed original receipts
- Reimbursements that require prior approval from the Provost must include a copy of the approval email

## **Hospitality Policy Frequently Asked Questions**

### **What constitutes a gift of “public funds”?**

The California gift of public funds doctrine outlined 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.

### **Can I give awards to CSU employees or students?**

An employee can be recognized for superior accomplishments within specified campus guidelines. Life transition events like birthdays, weddings, and the like, occur to everyone, so they cannot be considered superior accomplishments. Awards are permitted within the campus defined monetary limits and subject to IRS reporting requirements. Awards may be given to recognize years of service at the time of retirement, but the statutory authority to make awards does not authorize paying for a “retirement party.”

### **Can I send gifts or flowers with state funds?**

Typically, no, Gifts, or flowers are not permissible when there is solely a personal benefit. There may be justification if the intended business purposes complies with the campus, CSU, IRS, and Government Code restrictions. For bereavement gift expenditures (flowers, plants or card for employees or former employees), the use of UEC funds would be required..

### **I would like to meet with my colleague over lunch to discuss a business topic, can I be reimbursed?**

Typically no. Reimbursement for meals is not permissible when there is solely a personal benefit. In general, business meeting with individual colleagues is not permitted.

### **Can I provide lunch for an all-day meeting?**

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. Considerations include:

- a. 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 this policy.
- b. Meals or light refreshments should be limited to no more than twelve times per year, per group.
- c. Meals or light refreshments provided to a group should be counted on an event basis, e.g., a two-day meeting should be counted as one event in determining compliance with these guidelines.

### **Examples, where food and beverage may be permitted, include:**

- a. A meeting where there is a scheduled speaker during the meal period;
- b. A meeting where the participants work through the meal period; or
- c. Circumstances where it would be too time-consuming or disruptive for participants to take a meal break away from the meeting location.

### **Can I use state funds to have a retirement party?**

No, parties are not allowed. An employee can be recognized for superior accomplishments, within specified campus guidelines with the use of UEC funds.

**For employee morale purposes, I would like to use state funds to provide a departmental welcome breakfast each time we bring in a new employee. Is this permitted?**

Typically no. Employee meetings that are carried out on a regular or frequent basis are not permitted under this policy. Additionally, public expenditures that are driven solely by personal motives are an impermissible use of state funds. However, if the business purposes for such an expense complies with campus, CSU, IRS, and Government Code restrictions, then it could be allowed with the use of UEC funds.

**What activities may be permissible with state funds when it is determined that there is a business purpose for the expenditure?**

- a. Awards to students to participate in a non-researched (grant) funded survey. (Subject to IRS tax laws)
- b. Incentives to anyone, including employees, to participate in a research funded survey or study, within the terms of the grant and the grant serves an instructional purpose. (Subject to IRS tax laws)
- c. Awards and recognition to students
- d. Decorations purchased as part of a ceremony at a public event
- e. Expense related to Fundraising in support of providing a better student experience

**What activities would NOT be permissible without a business purpose?**

- a. Gift card, gift basket, flowers or other non-cash gift as a thank you to consultants, guest speakers, or employees at another campus
- b. Gifts for employee birthdays, weddings, anniversaries, baby showers, etc.
- c. Farewell gatherings and retirement parties
- d. Bereavement or sympathy gifts.

**How is “infrequent” defined?**

Infrequent is defined by the IRS as no more than 12 times per year per group.

**Some departments provide logo apparel to their employees and require them to wear the shirts during business hours. (Example, Orientation). Is this a gift?**

No, this would not be considered a gift if it supports a business purpose.

**The college has a standard (monthly) lunch meeting with outside industry advisors to discuss course development and research collaboration of their college. Can state funds be used for this type of event?**

Meals or light refreshments may be permitted if the expenses occur infrequently, are reasonable and appropriate to the business purpose in accordance with campus policy. Infrequent is defined by the IRS as no more than 12 times per year per group.