

Hospitality Policy Frequently Asked Questions

1. *What constitutes a 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.

2. *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 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”.

3. *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 campus, CSU, IRS and Government Code restrictions. Campus procedure to define.

4. *What CSU funds are included in state funds?*

State University Trust fund (state fund 0948) is continuously appropriated by the legislature (EC §89700-89726) and therefore all CSU funds within state fund 0948 are state [public] funds. This includes, but is not limited to, State University Parking Revenue Fund (EC §89701(b)), State University [Health] Facilities Revenue Fund (Education Code §89702(c)), State University Continuing Education Revenue Fund (Education Code §89704(a)), CSU Dormitory Revenue Fund (Education Code §90036) and Lottery (Government Code 8880.5).

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

Typically no. Reimbursement for meals are not permissible when there is solely a personal benefit. In general, business meeting with individual colleagues is not permitted. There may be justification if the business purposes for such an expense complies with campus; CSU, IRS and Government Code restrictions then it could be allowed. Campus procedure to define.

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

7. *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.

8. *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.

9. *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.

10. *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.

11. How is “infrequent” defined?

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

12. How do you define reasonable and appropriate?

- a) This should be documented in the campus procedures.

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

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

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

- e) 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.