

**Question** - Can we please have a clear explanation of processes and allowable procedures for paying students for things other than employment (stipends, honoraria, gifts, prizes)?

**Answer** - Please see the specific definitions and explanations below. As a rule of thumb, General Fund (State) monies may **not** be used for student stipends, honoraria, and gifts and prizes. Foundation and other funds are subject to other rules as explained below.

## **STUDENT STIPENDS**

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Per the *Integrated California State University Administrative Manual (ICSUAM) 3103.05 Payroll Payments Issued by Accounts Payable*, and *Internal Revenue Service Publication 15* and *Publication 970*:

### **Definition**

- Student Stipend - A form of salary or wages, and not a form of merit based payment to describe a scholarship, fellowship, or academic financial aid.

### **Payment via CSU Operating Fund 485 (General Fund; e.g. GDxxx)**

- Student stipends are **not** allowable.
  - Student stipends cannot be paid for services rendered and any amount paid for a service rendered is considered a "wage" under IRS regulations and must therefore be processed and taxed as a salary or wage.
- Students can be hired through Human Resources as "Student Assistants" and paid via pay warrant from the State Controller's Office (SCO).
  - Contact Human Resources additional information.

### **Payment via Other University Funds**

- Student stipends are **not** allowable.
  - Student stipends cannot be paid for services rendered and any amount paid for a service rendered is considered a "wage" under IRS regulations and must therefore be processed and taxed as a salary or wage.
- However, students can be hired through Human Resources as "Student Assistants" and paid via pay warrant from the State Controller's Office (SCO).
  - Contact Human Resources additional information.

### **Payment via CI Foundation Funds**

- Student stipends are allowable and can be paid through a *Check Request Form*, if no fund restrictions exist. The *Check Request Form* must be accompanied by an "offer letter" produced by the hiring entity on official CI letterhead and include the scope of work to be provided, timelines for completion, and amount being offered for the stipend.
  - Contact the Foundation Office for detailed fund guidelines.

### **Payment via CSU Trust Fund 465 (Contracts and Grant Fund; e.g. Qxxxx)**

- Student stipends are allowable.
  - All stipends should be processed through the Office of Research and Sponsored Programs.

## STUDENT HONORARIA

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Per the California State University Channel Islands *Honoraria / Speaker Fees Guidelines* and the *Integrated California State University Administrative Manual (ICSUAM) 1301-00 Hospitality, Payment or Reimbursement of Expenses*:

### Definition

- Honoraria - A payment made in appreciation for a professional favor (special and non-recurring activity such as a seminar, lecture, class, speaking engagement, judge, or panelist) provided to the University by an individual who cannot charge for his/her special professional services. In most situations, honoraria are offered to state employees, employees of the California State University, employees of the University of California, employees of other public educational institutions and other governmental employees. The amount of an honoraria is always defined by the university.

### Payment via CSU Operating Fund 485 (General Fund; e.g. GDxxx)

- Honoraria is **not** allowable.

### Payment via Other University and Auxiliary Funds

- Honoraria is allowable and can be paid through a *Check Request Form*, if no fund restrictions exist. The *Check Request Form* must be accompanied by an "offer letter" produced by the hiring entity on official CI letterhead and include the scope of work to be provided, timelines for completion, and amount being offered for the professional favor provided.
  - Contact the Budget Office, Foundation Office, or Principal Investigator for detailed fund guidelines.

## STUDENT GIFTS AND PRIZES

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Per the *CI Administrative Policy Manual FA.01.004 Policy on Hospitality, Prizes, Awards, and Gifts*, the *Integrated California State University Administrative Manual (ICSUAM) 1301-00 Hospitality, Payment or Reimbursement of Expenses*, and Internal Revenue Service *Publication 15 and Publication 970*:

### Definitions

- Awards and Service Recognition - Something of value given or bestowed upon an individual, group or entity in recognition of service to the university or achievement benefiting the university; e.g. financial prizes, trophies, plaques, and flowers.
- Gifts - Something of value given or bestowed upon an individual, group, or entity with the exception of benefit accruing to the university or for other occasions that serve a bona fide business purpose.
- De Minimis Fringe Benefits - A *de minimis* fringe benefit is one of which, considering its value and the frequency with which it is provided, is so small as to make accounting for it unreasonable or impractical. However, it must not be a form of disguised compensation. If a benefit is too large to be considered *de minimis*, the entire value of the benefit is taxable to the employee. Cash is generally intended as a wage, and cannot be a *de minimis* fringe benefit. Gift cards or gift certificates are considered cash or cash equivalent and are not excludable from income.

### Payment via CSU Operating Fund 485 (General Fund; e.g. GDxxx)

- Gifts and prizes are **not** allowable.

### **Allowable Expenditures for Gifts and Prizes**

- Gifts and prizes must conform to IRS regulations and cannot include expenditures that are considered taxable income (refer to *de minimis* fringe benefits). Expenditures that may be considered taxable income to an employee include:
  - Any activity that is not directly related to the employee's job.
  - Any expense that is lavish or extravagant.
  - Any expense that is not substantiated with supporting documentation.
  - Any value of an item that is greater than \$50.

### **Payment via Other University and Auxiliary Funds**

- Gifts and prizes are allowable and can be paid through a *Check Request Form*, if no fund restrictions exist. The *Check Request Form* must be accompanied by original receipts, if over \$75.
  - Contact the Budget Office, Foundation Office, or Principal Investigator for detailed fund guidelines.
- Acceptable uses of gifts and prizes at CI are gift cards or gift certificates not to exceed \$50. Gift cards and gift certificates cannot be charged to the CI ProCard.

## **ACCOUNTS PAYABLE DISBURSEMENTS**

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Per the *Integrated California State University Administrative Manual (ICSUAM) section 3103.01 Disbursements – General*, disbursement can only be made if the below conditions are met:

- Appropriate authority and approval has been acquired to initiate the expenditure.
- Appropriate documentation has been obtained, i.e., original receipt, item number, written quote, etc.
- Documentation must include the name of the vendor, location, date, dollar amount of the expense that was paid or incurred by the initiator, and a description of goods or services ordered and received.
- The expenditure is a CSU allowable business expense.
- The expenditure is ordinary and reasonable.
- The expenditure is within campus budgetary constraints.
- The expenditure is in compliance with any funding designations and/or guidelines.
- The expenditure is in compliance with appropriate university policies and procedures.
- The expenditure is in compliance with operating unit guidelines.

## **LINKS**

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California State University Channel Islands Administrative Policy Manual, FA.01.004, Policy on Hospitality, Prizes, Awards and Gifts - <http://policy.csuci.edu/FA/01/fa.01.004.pdf>

California State University Channel Islands Honoraria / Speaker Fees Guidelines - <http://www.csuci.edu/financial-services/documents/accounting/ci-honorarium-speaker-fees-guidelines.pdf>

Integrated California State University Administrative Manual (ICSUAM) - <https://cyou.calstate.edu/Policies/ICSUAM/Pages/default.aspx>

Internal Revenue Service Publication 15 (Circular E), Employer's Tax Guide - <https://www.irs.gov/pub/irs-pdf/p15.pdf>

Internal Revenue Service Publication 970, Tax Benefits for Education -  
<https://www.irs.gov/pub/irs-pdf/p970.pdf>

## **CONTACTS**

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