

The Color of Money: Uses & Limitations

Frequently Asked Questions (FAQs)

1. Can restaurants call the waitstaff tip a service rather than "gratuity" on the receipt?

Answer: Yes, if a restaurant or waitstaff are coming to set up food, it is reasonable to pay a service fee for their set up as part of our payment. However, we cannot just add a tip to a bill from a restaurant if we are picking up the food from the restaurant location. This is not an allowable use of state funds.

2. Please clarify the amount for Prizes/Awards for Student Activities.

Answer: There are many different rules around prizes. For guidance around cash or non-cash rewards, please refer to BPM 24.3.1. - Mandatory Student Fees - Student Activity Fees.

3. How would an institution allow staff and faculty to get zero-dollar access to the generally underutilized student recreation center?

Answer: This is a campus level decision. Typically, institutions charge faculty and staff a monthly fee that is proportional to the fees students are required to pay for the use of fee funded resources and facilities on campus. It is important to remember that facilities like recreation centers typically are built with borrowed money and have debt service obligations. It is not a common practice for faculty and staff to be provided with no cost access to campus facilities when student fees are being used to fund the debt payments.

4. I am a new leader within an auxiliary unit. We have both student fee money and money from fees collected for services. We do not receive E&G funds. May I use funds from the unit for uniforms for staff?

Answer: Generally, yes, if the uniform is a work requirement, the use of Auxiliary funds is appropriate. Note that apparel items with logos that an employee may choose to wear from time to time IS NOT a uniform. Wearing a uniform must be a required part of the job to allow the apparel items to be purchased with institutional funds. Please be sure to consult with your HR Department to ensure all IRS policies for Uniforms are followed in case taxes need to be taken on any of the uniforms provided. Refer to BPM 5.3.17.1 for further information regarding employee uniforms.

5. For units under Academic Affairs, what funds can be used to pay faculty for attending professional development programs?

Answer: If the professional development is related to student instruction and is designed to promote, support, or extend student learning, E&G funds can be used if sufficient budget is available. For professional development not directly related to these purposes, foundation or private funds should be utilized. It's also important to note that professional development and

continuing education for certifications that are not required as part of the faculty member's role at the institution are the responsibility of the individual rather than the institution.

- 6. Honorarium payments to students cannot be processed any longer due to some tax changes (as I understand), is there a best practice for times when honorarium has been paid in the past? Such as performances, or individual contributions to the university?**

***Answer:** An honorarium is not an appropriate method of payment for state employees or students. If you need to make a supplemental payment an employee or student, you should contact your institution's human resources office for guidance on the most appropriate payment processing method since it is important that each payment request be evaluated to ensure alignment with federal, state, and USG policies and procedures.*

- 7. Would you please provide clarification regarding leftover food. If there is leftover food, can it be donated to a charitable organization? If not, what should be done with the food.**

***Answer:** If your dining operation is run by a 3rd party provider (Aladdin, Sodexo, Aramark, etc.), they have the right to donate, or dispose of the food however they wish. If your dining organization is self-operated, the donation of food directly from the institution is not allowable.*

- 8. Can individual units in an institution become income generating units for the university/institution by collaborating with corporates and local companies? Can individuals in those units benefit from the income generated?**

***Answer:** The USG recognizes the benefits of collaboration and commercialization with the private sector and other third-party entities that support the USG mission. Any collaboration or commercialization venture that is being considered must be reviewed and approved by the institution's chief business officer or designee prior to the institution entering into the venture.*

The resulting relationships and agreements, however, must not undermine the public's trust, compromise the integrity of the USG mission, or inappropriately influence teaching, research, and service activities. Although it may be permissible, under no circumstances should a grant, gift, contract, or other funding be accepted that limits the ability of USG employees to conduct or report the results of research in accordance with applicable scientific, medical, professional, and ethical standards.

Additionally, if any income is generated, the institution's business office must ensure compliance with BPM Section 23 regarding Unrelated Business Income. The most relevant provision provides as follows:

As tax-exempt entities, USG institutions and foundations are exempt from federal income tax for activities that further their educational purpose. However, they are not exempt from

income tax imposed on activities that are substantially unrelated to exempt purposes, called “Unrelated Business Income” or UBI, even though these activities may bring in funds to support exempt operations.

Finally, as it relates to an individual employee, any third-party employment must be pre-authorized to protect the employee and the institution. Please refer to the USG Policy on third-party employment:

https://www.usg.edu/hr/assets/hr/hrap_manual/HRAP_Conflict_of_Interest.pdf

9. Are conferences held by the University with paid registrations held to per diem rates?

Answer: *We have system wide Conference Guidance coming out for reference in early 2024. This, and current guidance allows catered meals to exceed per diem rates. However, you should be mindful to avoid choosing meal options that are or can appear lavish or gratuitous.*

10. Would individual memberships/dues to organizations that would help faculty be allowable with E&G Funds?

Answer: *Per Attorney General Opinion 68-110, the organization may pay institutional memberships and dues in professional associations if they are in the name of the organization. Personal memberships in the name of an individual cannot be paid or reimbursed from any fund source unless the membership is necessary to fulfill the requirements of a job. Justification detailing the necessity of the membership should be documented in the description/comments section of the payment request being submitted for payment.*

Payment for licenses, certification fees, specialized training, or other similar expenses may be authorized for an employee when the institution requires the license, certification, or training as a condition of employment. The following requirements must be met:

- The employee is on payroll during the period that the license or certification is active for or during the time of training.*
- License, certification, or training is directly related to and required for the employee's present position.*
- The organization will benefit from the specialized training received by the employee.*
- Specialized training does not involve University course credit. Any course taken which can be applied as a credit towards a degree now or in the future would not fall in this category.*

11. Is there a singular USG policy or resource for addressing questions regarding gift cards or other things of value provided as compensation for research participants?

Answer: *The system level policy that is relevant would be BOR 3.2.2 which would prohibit State Purchasing Cards from being used for the purpose of purchasing gift cards. In general, the use*

of gift cards is strongly discouraged for any purpose as there are control requirements that must be put in place to manage the risks associated with maintaining an inventory of cash-equivalent cards.

If you intend to use gift cards to compensate research participants, you should consult your institution's policy to ensure you are in compliance with any relevant federal grant requirements regarding compensation. If relevant, you must also ensure that the planned use of gift cards was approved by the Institutional Review Board related to research involving human participants, and by your Chief Business Officer or designee. Finally, if gift cards are being used as a payments to participants, you must work with your business office to ensure that appropriate tracking, segregation of duties and financial accountability to include having participants sign for the gift cards, keeping a record of all transactions, etc.

12. Where did you say we could find this presentation recording later?

Answer: *The recording along with the FAQs and PowerPoint slides will be made available on the USO Accounting & Reporting website at the following link:*

https://www.usg.edu/fiscal_affairs/departments/accounting_and_reporting. We are sending the recording directly to all attendees as well as our listserv for institutional CUPOs, CAOs, CBOs, Provosts, CHROs, and CLOs. Please reach out for any additional copies needed.