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# BUSINESS FINANCE

*Staff & Student Incentive Awards*



26,465.54

28,161.92

26,465.54

492



26  
7  
12,512.54

# **GREGORY-PORTLAND INDEPENDENT SCHOOL DISTRICT**

## **PROCEDURES: Staff & Student Incentive Awards**

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Goal: Ensure that all staff and student incentive awards meet local, state, and federal guidelines, including the Internal Revenue Service Guidelines related to the Fringe Benefits Guide.

“Incentive” for purposes of these guidelines refer to a “reward” for performing an activity, achieving a milestone, or some other form of recognition or appreciation.

### **Incentive Awards Value Limitation:**

The purchase of incentive awards with district funds (as defined below) **and** incentive awards donated to the district by outside entities are governed by this procedure. All district-issued cash equivalent (gift cards) and property (with a value greater than \$25) will be subject to federal employment taxes through payroll disbursements and must be approved by the Payroll Supervisor prior to the gift being made. Incentive awards presented to district employees directly by outside entities are not processed through payroll disbursements as the district is not making the award; therefore, these awards are not taxed by the district.

### **Source of Funding:**

- **District Funds:** The General Fund (Fund 199) and the Campus Activity Fund (Fund 461) may be used to purchase “allowable” staff and student incentives.
- **Non-District Funds:** Student Activity Funds and Hospitality Accounts (Fund 865) may be used to purchase any reasonable staff or student incentive. Although these funds belong to the respective student group or faculty, all purchases shall be approved by the student group treasurer, sponsor, and campus principal, as appropriate.
- **State and Federal Grant Funds:** State and federal grant funds may be used to purchase only allowable awards. TEA’s Budgeting Costs Guidance Handbook defines allowable awards and incentives as noted below:

#### Awards for Recognition and Incentives for Participation

Minimal-cost certificates, plaques, ribbons, small trophies, or instructionally-related items to be used in the classroom (such as pens and pencils) **are acceptable** incentives for participation in program activities or awards for recognition.

The following items may be donated by others but **may not be purchased with state or federal grant funds**:

- Gifts or items that appear to be gifts
- Souvenirs, memorabilia, or promotional items, such as T-shirts, caps, tote bags, imprinted pens, and key chains
- “Door prizes,” movie tickets, gift certificates, passes to amusement parks, and so on
- Food of any kind (snacks, beverages, refreshments, meals, and so on)

### **Meals for staff and students:**

Meals provided to staff during meetings and professional development events are not considered an incentive or award and are not taxable if they meet the IRS test for “Meals on Your Business Premises” (see below). Meals may be provided to staff only during cloistered all day meetings (6 hours) or during a working lunch. These meals are not taxable as they would meet the IRS regulation that states: *Meals provided on the premises and for the convenience of the employer are not taxable*. The meeting and/or training agenda along with a sign-in sheet for attendees must be submitted as support for the expense.

Meals provided to staff while on a day trip as a chaperone with students are not taxable as we have interpreted that they are excluded from taxes under the IRS directly-related or associated tests.

De minimis meals are excluded from employee’s wages when the value is so little and the occurrence is infrequent, for example purchasing coffee and donuts, and occasional meals or parties. Meals provided to staff for morale or goodwill, such as staff appreciation days, are generally taxable unless they meet the de minimis rules of occurring

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infrequently and meet the test under “Meals on Your Business Premises” (see below).

**Meals on Your Business Premises**

You can exclude the value of meals you furnish to an employee from the employee's wages if they meet the following tests.

- They are furnished on your business premises.

AND

- They are furnished for your convenience.

The exclusion doesn't apply to cash allowances for meals.

**“On your business premises”** - Generally, for this exclusion, the employee's place of work is your business premises.

**“For your convenience”** - Whether you furnish meals for your convenience as an employer depends on all the facts and circumstances. You furnish the meals to your employee for your convenience if you do this for a substantial business reason other than to provide the employee with additional pay

IRS Regulations state: *Infrequent meals of minimal value may be excludable [from taxes] as a de minimis fringe benefit.*

**Meals for Food Service Staff**

Meals provided to food service staff are not taxable as they meet the IRS guidelines which state: *Meals you furnish to a restaurant or other food service employee during, or immediately before or after, the employee's working hours are furnished for your convenience.* The district has elected to provide a meal to food service staff on a daily basis at no charge in accordance with Child Nutrition Program guidelines (TDA) which state: *CNPs have the option to charge or not charge nutrition program employees for meals if the employees are directly involved in the operation or administration of meal planning, preparation, and service.*

Note: Meals may be provided to students during school-sponsored events (academic or athletic) while the students are away from the school campus and for on-campus events such as Student of the Week events.

**Employee Length of Service Awards and Safety Achievement**

Employee achievement awards, such as length-of-service or safety shall be awarded to an employee as part of a meaningful presentation, i.e. End-of-the-Year Employee Recognition & Retiree Event to comply with the IRS regulations. These awards, if compliant with the IRS, are not taxable.

Student incentives shall not violate the UIL Side-by-Side Rules, nor the FMNV federal and state guidelines.

Allowability for Use of Funds to Purchase Staff Incentives Awards				
Incentive Types	Description	District Funds	State or Federal	Non-District Funds
Items defined as de minimis, value not to exceed \$25 per item	Flash drives, small trophies, ribbons, certificates, plaques, desk accessories or meal voucher for a specific food item(s), etc	Allowable	Not Allowable	Allowable
Gift Cards	Cards with a pre-set dollar limit to be spent at the recipient's discretion	Not Allowable	Not Allowable	Allowable
Gifts, or items that appear to be gifts	Birthday or other holiday gifts, flowers, candy, or gift cards for personal services.	Not Allowable	Not Allowable	Allowable

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Food considered as a snack	Cookies, pretzels, nachos, chips, ice cream, water, sports drinks, or snacks from the Food Service Dept.	Allowable	Not Allowable	Allowable
Food considered to be a meal as recognition such as Teacher	Pizza, hot dogs, hamburgers, tacos, or other food items that could be considered a meal.	Allowable	Not Allowable	Allowable
School spirit items, not to exceed \$25 per item	T-shirts, caps, fitness bottles, towels, clocks, sport cups.	Allowable	Not Allowable	Allowable
Electronics	Laptop computers, printers, digital cameras, DVD players, IPod, Ipad, phones or calculators	Not Allowable	Not Allowable	Allowable
Service awards that meet the IRS rules under Pub. 15-B and Chapter 2 of Pub. 535	Lapel pins, paper weights, letter openers, small and large mantle clocks, air flight awards, crystal bowls, and engraved retirement platter trays	Allowable	Not Allowable	Allowable
Cash prizes, gift cards from credit card merchants or merchandise store retailers, or any games for chance at winning	Cash, VISA and other merchant or merchandise store retailers (Wal-Mart) gift cards, lottery tickets such as quick-pick or scratch-off, or tickets for a chance to win and any other gambling games for chance to win	Not Allowable	Not Allowable	Not Allowable

Allowability for Use of Funds to Purchase Student Incentives Awards				
Incentive Types	Description	District Funds	State or Federal	Non-District Funds
Items defined as de minimis, value not to exceed \$25 per item	Flash drives, small trophies, ribbons, certificates, plaques, desk accessories or meal voucher for a specific food item(s), etc	Allowable	Not Allowable	Allowable
Gift Cards for participation or recognition (such as perfect attendance)	Cards with a pre-set dollar limit to be spent at the recipient's discretion - not to exceed a \$10 value	Allowable	Not Allowable	Allowable
Food considered as a snack	Pizza, Cookies, pretzels, nachos, chips, ice cream, water, sports drinks, or snacks from the Food Service Dept.	Allowable	Not Allowable	Allowable
Food considered to be a meal as an incentive award, such as Student of Month	Pizza, hot dogs, hamburgers, tacos, or other food items that could be considered a meal.	Allowable	Not Allowable	Allowable
School spirit items, not to exceed \$25 per item	Spirit T-shirts, caps, fitness bottles, towels, clocks, sport cups.	Allowable	Not Allowable	Allowable
Electronics	Laptop computers, printers, digital cameras, DVD players, IPod, Ipad, phones or calculators	Not Allowable	Not Allowable	Allowable
Cash prizes, gift cards from credit card merchants or merchandise store retailers, or any games for chance at winning	Cash, VISA and other merchant or merchandise store retailers (Wal-Mart) gift cards, lottery tickets such as quick-pick or scratch-off, or tickets for a chance to win and any other gambling games for chance to win	Not Allowable	Not Allowable	Not Allowable