

Rockdale Independent School District

Procedures: Staff and Student Incentive Awards

Goal: Ensure that all staff and student incentive awards meet local, state, and federal guidelines, including the IRS 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.

Source of Funding:

The purchase of incentive awards with district funds (see chart below) and incentive awards donated to the district by outside entities are governed by this procedure. **All district-issued cash equivalent (gift cards) and any non-incentive property given to staff will be subject to federal employment taxes through payroll disbursements.** 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. All taxable items must be reported to central office for recording.

District funds: The General Fund (Fund 199/195) 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 and incentives. 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 **outside sources (Fund 499)**. **Outside source must not be promised any service or consideration in exchange for the donation.**

- 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. 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 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.

Meals provided to staff for morale or goodwill, such as staff appreciation days, are generally taxable; however since they are provided on an infrequent basis and they have a minimal value, they are not taxable. IRS Regulations state: *Infrequent meals of minimal value may be excludable [from taxes] as a de minimis fringe benefit.*

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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 Achievement and Safety Awards

Employee achievement awards, such as length-of-service or safety shall be presented 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.

Cash prizes shall not be awarded to staff or students.

		District Funds	State/Federal Funds	Non-District Funds
Staff Incentive Types	Description	Allowability	Allowability	Allowability
Items defined as de minimus, value not to exceed \$25 per item	Flash drives, small trophies, ribbons, certificates, plaques, desk accessories or meal vouchers for a specific food item (s), etc.	Allowable	Not Allowable	Allowable
Gift Cards (any amount is taxable to the employee)	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
Food considered as a snack	Cookies, pretzels, nachos, chips, ice cream, water, sports drinks, or snacks from Food Service	Allowable	Not Allowable	Allowable
Food considered to be a meal as recognition such as Teacher Appreciation, with an agenda attached to each request	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, value not to exceed \$100 and all subject to federal tax	Laptop computers, printers, digital cameras, DVD players, iPod, iPad, phones or calculators	Not Allowable	Not Allowable	Allowable

		District Funds	State/Federal Funds	Non-District Funds
Student Incentive Types	Description	Allowability	Allowability	Allowability
Items defined as de minimus, value not to exceed \$25 per item	Flash drives, small trophies, ribbons, certificates, plaques, desk accessories or meal vouchers for a specific food item (s), etc.	Allowable	Not Allowable	Allowable
Gift Cards for participation or recognition (perfect attendance, etc.)	Cards with a pre-set dollar limit to be spent at the recipient's discretion – not to exceed \$25 value	Allowable	Not Allowable	Allowable
Food considered as a snack in an instructional setting or parent involvement	Cookies, pretzels, nachos, chips, ice cream, water, sports drinks, or snacks from Food Service	Allowable	Allowable	Allowable
Food considered a meal as an incentive award such as Student of the Week	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 – must be approved in meeting minutes prior to purchase by a majority of group members	Laptop computers, printers, digital cameras, DVD players, iPod, iPad, phones or calculators	Not Allowable	Not Allowable	Allowable

Not Allowable Allowable