Allowable Food and Beverage Expenditures for Employees and Students

Section A: Allowable Food and Beverage Expenditures for Employees

In an effort to provide for consistency amongst campuses and departments, maintain financial efficiency, and comply with IRS regulations in regards to non-compensatory meals, the following guidelines have been established to address food and beverage expenditures and reimbursements for the benefit of district employees.

These guidelines do not apply to food and beverage furnished to non-employees including board members, business partners, community members, and/or parents.

The following guidelines address both in-district and travel related meals.

In-District Meals

At times it is determined beneficial or expedient for the district to provide non-travel related meals to employees. Food or beverages furnished to employees must qualify as a de minimis benefit under IRS regulations.

"De minimis" fringe benefits are defined as "any property or service the value of which is (after taking into account the frequency with which similar fringes are provided by the employer to the employer's employees) so small as to make accounting for it unreasonable or administratively impracticable." Meals are less and less likely to meet this standard as the frequency with which employees accept them, and the value of the meals themselves, increases.

Food and beverage expenditures are allowable as follows:

1. Light refreshments, i.e., coffee, snacks, or soft drinks (in adherence to any applicable district contract), and an occasional light meal may be provided to employees as part of a staff development or district/ campus/departmental business meeting. The IRS defines these meals as being occasional or infrequent, not routine. These light staff development meals cannot exceed $16 per person. Waco ISD approved vendors must be used for these purchases. The total cost, including any set-up or delivery fees and mandatory tips, cannot exceed $16 per employee. Sales tax is not an allowable expense, a Texas Sales and Use Tax Exemption Certification form should be submitted to the vendor so that sales tax will not be imposed on the purchase. A requisition must be created in advance of the meal, including meals using a procurement card as the payment method. Requisitions both to restaurants and/or the credit card company as applicable must state the business purpose of the meal and identify who will be participating in the meal. Mandatory tips imposed by the vendor are an allowable expense while discretionary tips offered by the

purchaser are not an allowable expense. Itemized receipts must be obtained. These meals are to be consumed at a Waco ISD location or at a location rented/obtained by the district for the staff development/business meeting only. If a procurement card is used to make this purchase and the above requirements are not met, purchaser may lose their ability to use a procurement card for future purchases. All charges that fall outside of these guidelines will require the purchaser to reimburse the district.

2. Business meals may be allowable under strictly interpreted guidelines. Business meals are meals with a clearly substantiated business purpose and are directly associated with the active conduct of district business. At a business meal, the business discussion is the primary purpose of the meal. The frequency and number of local business meals should be limited. <u>All expenditures for business meals must be justified and approved in advance by the Superintendent.</u>

   Acceptable reasons for local business meals include:

   a. Meals with a guest speaker or lecturer. These meals must be limited in terms of number of attendees and total cost. The cost of these meals should not exceed $20.00 per person for lunch or $50.00 per person for dinner (including any fee and gratuities).
   b. Meals with a prospective employee. These meals must be limited in terms of number of attendees and total cost. The cost of these meals should not exceed $20.00 per person for lunch or $50.00 per person for dinner (including gratuities).
   c. Meals with other colleagues in local restaurants are not reimbursable. Local meals with colleagues should be considered a personal expense unless the business being conducted is such that it cannot be done on business premises. An explanation of the reason as to why the meeting could not take place on business premises must be provided on the reimbursement request.

   Sales tax is not an allowable expense, a Texas Sales and Use Tax Exemption Certification form should be submitted to the vendor so that sales tax will not be imposed on the purchase. A requisition must be created in advance of the meal, including meals using a procurement card as the payment method. Requisitions both to restaurants and/or the credit card company as applicable must state the business purpose of the meal and identify who will be participating in the meal. Mandatory tips imposed by the vendor are an allowable expense while discretionary tips offered by the purchaser are not an

allowable expense. Itemized receipts must be obtained. Alcoholic beverages are not an allowable expense.

3. Occasional meals may be provided for the convenience of the employer and must be furnished on the business premises of the employer. Generally, meals furnished before or after the working hours of the employee will not be regarded as furnished for the convenience of the employer. Allowable meals may be provided for any of the following reasons:
   a. Occasional meals may be furnished to the employee during working hours because the nature of the employer's business restricts the employee to a short meal period and because the employee could not be expected to eat elsewhere in such a short meal period. This includes instances where staff is required to work during normal meal breaks for working meetings or staff development.
   b. Occasional meals may be furnished to the employee during working hours because the employee could not otherwise secure proper meals within a reasonable meal period.
   c. Occasional meals may be provided to enable an employee to work overtime.
   d. Occasional meals may be furnished to an employee immediately after working hours because job duties prevented him from obtaining a meal during working hours.
   e. Occasional meals may be furnished to an employee to promote the morale or goodwill of the employee. These meals must be pre-approved by the supervising executive officer.

   For sections a.-e. above, Waco ISD approved vendors must be used for these purchases. The total cost, including any set-up or delivery fees and mandatory tips, cannot exceed $16 per employee. Sales tax is not an allowable expense, a Texas Sales and Use Tax Exemption Certification form should be submitted to the vendor so that sales tax will not be imposed on the purchase. A requisition must be created in advance of the meal, including meals using a procurement card as the payment method. Requisitions both to restaurants and/or the credit card company as applicable must state the business purpose of the meal and identify who will be participating in the meal. Mandatory tips imposed by the vendor are an allowable expense while discretionary tips offered by the purchaser are not an allowable expense. Itemized receipts must be obtained. These meals are to be consumed at a Waco ISD location or at a location rented/obtained by the district for the staff development/business meeting only. If a procurement card is used to make this purchase and the above

requirements are not met, purchaser may lose their ability to use a procurement card for future purchases. All charges that fall outside of these guidelines will require the purchaser to reimburse the district.

4. Occasional group meals, parties, or picnics for employees may be provided to promote the morale or goodwill of employees. A maximum of three meals may be provided under this category per school year. Costs include meals, beverages, catering services, and other related expenditures. Meals in this category are not required to coincide with staff development or a business meeting. These staff appreciation meals must be for staff employed with the sponsoring campus/department and may not include outside guests (exclusive of the Board of Trustees, Superintendent, or executive level supervisor). The Superintendent may approve the invitation of other guests in certain circumstances. A speaker or presenter is not considered a guest for this purpose. The cost of the meal may not exceed $20 per person. Waco ISD approved vendors must be used for these purchases. The total cost, including any set-up or delivery fees, facility use fee, and mandatory tips, cannot exceed $20 per employee. Sales tax is not an allowable expense, a Texas Sales and Use Tax Exemption Certification form should be submitted to the vendor so that sales tax will not be imposed on the purchase. A requisition must be created in advance of the meal, including meals using a procurement card as the payment method. Requisitions both to restaurants and/or the credit card company as applicable must state the purpose of the meal and identify who (the number of employees will suffice for campus/department celebrations) will be participating in the meal. The requisition must identify all related charges. Mandatory tips imposed by the vendor are an allowable expense while discretionary tips offered by the purchaser are not an allowable expense. Itemized receipts must be obtained. These meals may be consumed offsite from a Waco ISD location. If a procurement card is used to make this purchase and the above requirements are not met, purchaser may lose their ability to use a procurement card for future purchases. All charges that fall outside of these guidelines will require the purchaser to reimburse the district.

5. District-wide special employee celebrations, such as the annual Retirement celebration, have a maximum allowance of $25 per person.

6. Purchases of food and beverage must be made from district approved vendors only and must be made utilizing either an approved purchase order or procurement card. An itemized receipt, a justification for the purchase (business meeting, professional development, employee appreciation, etc.),

and a list of staff benefiting from the purchase is required. A tax-exempt form must be provided to the vendor as paying sales tax is not allowed. Discretionary tips and gratuities cannot be reimbursed; however, charges for delivery and non-discretionary tips are acceptable.

7. In no circumstances are alcoholic beverages considered reimbursable expenses.

8. No reimbursement is allowed for in-town meals for a single individual.

Local Outside Agency Events

The purchase of seats or tables for a local event hosted by an outside agency may only be purchased with advance approval of the Superintendent.

Out of District Travel for Staff – In Texas

Personal meals are defined as meal expenses incurred when traveling on an out-of- town business trip. No reimbursement for meals will be made while traveling outside of the district unless an overnight stay occurs. The overnight stay requirement does not apply to staff traveling with students.

Full Meal Allowance – If the dates of travel are full days and no meals are provided by the event, $59 per day is to be provided to the employee for meals. In addition to the daily meal allowance, district staff will also receive a $5/day allowance for incidental expenses. This allowance is to help offset minor expenditures associated with business travel, such as for baggage handling and room service tips. The total travel allowance per day for meals and incidental expenses is $64.

The employee has the full daily amount provided to them to use as they choose amongst their three meals. It is not required to submit receipts for meals or incidental expenses in order to obtain the daily travel allowance.

Adjusted Meal Allowance- The total number of meals reimbursed will be based on whether or not any meals are provided by the event or if a full breakfast is provided at the traveler's lodging. Continental breakfast and receptions are not considered to be a provided meal. If meals are provided as part of the event, reductions will be made to the daily $59 allowance as follows:

If breakfast is provided, deduct $14 from the daily rate
If lunch is provided, deduct $16 from the daily rate
If dinner is provided, deduct $29 from the daily rate

Banquet costs, in excess of the above stated amount, are allowed if part of the conference or event and are itemized on the Travel Request form in advance of the trip. In no circumstances are alcoholic beverages considered reimbursable expenses.

The meal and incidental allowance must be adjusted on the first and last day of travel. Seventy-five (75%) of the daily travel allowance is allowed, which is $48, regardless of the time of day departing or returning.

All claims for meal and incidental allowance reimbursement must be submitted within thirty (30) calendar days upon return of the trip or the employee's right to reimbursement is forfeited.

Out of District Travel for Staff– Outside of Texas

Travel outside of Texas is subject to the same rules as outlined above.

Section B: Allowable Food and Beverage Expenditures for Students

Meals consumed in-town must be made from Waco ISD approved vendors. For meals consumed out of town, there is no requirement for a vendor to be on an approved vendor list.

Student Travel:

Meals provided to students may be purchased in one of three ways:

1. A travel advance can be given to the sponsor to pay for the students' meals directly. Receipts for all meal purchases must be obtained by the sponsor and submitted to the Business & Financial Services Department along with a copy of the check stub, a list of the students attending, and any unused funds within ten days from return of the trip. A tax-exemption form must be used for in- state student meals. Sales tax on student meals is not an allowable expenditure and must be reimbursed by the sponsor to the district if incurred. The purchase of restaurant gift cards is prohibited. The amount for all advanced amounts not supported by a receipt will require reimbursement by the sponsor to the district. The purchase of meals in excess of allowable amounts will require reimbursement by the sponsor to the district.
2. A travel card can be provided to the sponsor for use in paying for student meals. Receipts for all meal purchases must be obtained by the sponsor and submitted to the Business & Financial Services Department along with a list of the students attending, as required by the procedures established for travel card (procurement card) use. A tax-exemption form must be used for in-state student meals. Sales tax on student meals is not an allowable expenditure and must be reimbursed by the sponsor to the district if incurred. Charges for meals in excess of the allowable amounts will require reimbursement by the sponsor to the district. Charges for meals without a receipt will require reimbursement by the sponsor to the district. Sponsors who have a history of lost receipts, incurring sales tax, or exceeding allowable meal amounts will lose their ability to use a procurement card for future travel meals.
3. A travel advance can be given to the sponsor based upon the number of students and the meal allowance amount. The sponsor may hand out the meal money directly to the students after obtaining a signature for the specific dollar amount received from the sponsor to the student. The specific amount should be indicated on the roster list before obtaining signatures. The sponsor must

obtain a signature for funds provided to each student upon disbursement, not prior to disbursement nor after the fact. The funds then become the responsibility of the student and the sponsor is not responsible for submitting any receipts for the meals purchased directly by the students. Any remaining funds may be kept by the student. Advances not supported by student signatures will require reimbursement of those funds by the sponsor to the district. The student signatures must be obtained by the sponsor and submitted to the Business & Financial Services Department along with a copy of the check stub and any unused funds (if applicable) within ten days from return of the trip. The student signature log and the check stub must be returned to the Business & Financial Services Department, even if there are no unused funds to return.

The daily amount of meal money for students for in-state travel is as follows:

$9 for breakfast, if leaving prior to 7 a.m.* (see note below)
$12 for lunch
$16 for dinner, if returning after 6 p.m. (meal must not take place in Waco)

*If breakfast is being served at the campus, please eat at the campus prior to departure.

If the dates of travel are all full days and no meals are provided by the event, the full
$37 per day is to be provided to the student, unless the sponsor is paying for the meals directly on behalf of the students. The total number of meals advanced will be based on whether meals are provided by the event and the determination of which meals need to be provided to the students based upon the time of departure and return. Mandatory tips imposed by a restaurant are acceptable expenditures. Discretionary tips are not allowed and will need to be reimbursed to the district by the sponsor.

The same meal rates apply for all staff who travel with the students. If a staff member does not obtain an advance for their meals while traveling with students, they may seek reimbursement afterwards; however, receipts must be provided and they are limited to the student rate.

The daily amount of meal money for students for out-of-state travel is as follows:

$14 for breakfast
$16 for lunch
$29 for dinner

If the dates of travel are all full days and no meals are provided by the event, the full $59 per day is to be provided to the student, unless the sponsor is paying for the meals directly on behalf of the students. The total number of meals advanced will be based on whether meals are provided by the event and the determination of which meals need to be provided to the students based

upon the time of departure and return. The district is not exempt from sales tax for out-of-state purchases; therefore, sales tax on out-of-state meals is an allowable expenditure. Mandatory tips imposed by a restaurant are acceptable expenditures. Discretionary tips are not allowed and will need to be reimbursed to the district by the sponsor.

Student Celebrations:

In town, student special events may be held to engage students in special training or other opportunities. The cost of the meal for these special events may not exceed $16 per person.

Annual student banquets and special celebrations may be held to celebrate student accomplishments or provide end of the year (season) recognition to our students. The cost of the meal for these celebrations may not exceed $25 per person unless the Superintendent has approved a higher amount.

Waco ISD approved vendors must be used for these purchases (unless the group is an approved student activity organization accounted for under the “865” Custodian Fund). The total cost, including any set-up or delivery fees, facility use fee, and mandatory tips, cannot exceed $16/25 per student, as applicable. Sales tax is not an allowable expense. A requisition must be created in advance of the meal, including meals using a procurement card as the payment method. Requisitions both to restaurants and/or the credit card company as applicable must state the purpose of the meal and identify who (the number of students will suffice for celebrations) will be participating in the meal. The requisition must identify all related charges. Mandatory tips imposed by the vendor are an allowable expense while discretionary tips offered by the purchaser are not an allowable expense. Itemized receipts must be obtained. These meals may be consumed offsite from a Waco ISD location. If a procurement card is used to make this purchase and the above requirements are not met, purchaser may lose their ability to use a procurement card for future purchases. All charges that fall outside of these guidelines will require the purchaser to reimburse the district.

All United States Department of Agriculture (USDA) and Texas Department of Agriculture (TDA) regulations must be adhered to in regards to student celebration meals, as follows:

1. Items cannot be sold or given away in the cafeteria where reimbursable meals are prepared, served or consumed.
2. Events/celebrations/functions cannot be held during regular meal times or offered in lieu of student meals to take the place of reimbursable breakfasts and lunches.
3. Must not be held at times that would prevent all students from having access to reimbursable breakfasts and lunches.