

LAMESA INDEPENDENT SCHOOL DISTRICT

PROCEDURES: Staff & 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 (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 of \$25 and above) 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.

District funds: The General Fund (Fund 199) and the Campus Activity Fund may be used only to purchase “allowable” staff and student incentives.

Non-District funds: Student Activity Funds and Hospitality Accounts (Fund 8XX) 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 others but **may not be purchased with 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. 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.*

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*

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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 be not be awarded to staff or students.

Staff Incentive Types	Description	District Funds	State or Federal	Non-District Funds
		Allowability	Funds	Allowability
Items defined as de minimus, value not to exceed \$20 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 as 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 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 \$20 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

Student Incentive Types	Description	District Funds	State or Federal	Non-District Funds
		Allowability	Funds	Allowability
Items defined as de minimus, value not to exceed \$20 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	Cards with a pre-set dollar limit to be spent at the recipients'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	Pizza, hot dogs, hamburgers, tacos, or other food items that could be considered a meal.	Allowable	Allowable	Allowable
School spirit items, not to exceed \$20 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