

## Staff and Student Incentives and Awards

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

### Source of Funding:

The purchase of incentives or awards with district funds 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.

**District funds:** The General Fund (Fund 199) and the Campus Activity Fund (Fund 461) may be used to purchase “allowable” staff and student incentives to promote the general welfare of the school and the educational development and morale of the students. Various restrictions exist on the use of public funds by Texas school districts. The Texas Constitution contains several provisions to prevent improper use of public funds. Article III, Section 52 prohibits schools from making gifts of public funds. In addition to these constitutional restrictions, the Texas Education Code limits the use of school district funds to purposes that serve a legitimate educational purpose in the conduct of public schools as determined by the Board of Trustees. In addition to legal considerations, the ultimate consideration should be the impact or resulting improvement in academic performance. It is best to be conservative and consider the potential public relations risks involved if expenditure may give the appearance as being a gift of public funds.

**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, sponsor, and campus principal, as appropriate.

**State and Federal Grant Funds:** State and federal grant funds generally may **not** be used to purchase awards and incentives. Refer to the District's [Federal & State Programs Manual](#) for guidelines regarding allowable and unallowable expenditures from grant funds.

The following items **may NOT be purchased with Grant funds:**

- Gifts or items that appear to be gifts
- Door prizes, movie tickets, gift certificates, passes to amusement parks, and so on

### Employee Achievement Awards

Employee achievement awards, such as length-of-service or teacher/humanitarian of the year shall be presented to an employee as part of a meaningful presentation, i.e. Employee Recognition Banquet, 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 [Foods of Minimal Nutritional Value](#) federal and state guidelines.

**Cash prizes shall NOT be awarded to staff or students.**

| <b>INCENTIVE / AWARD</b>   | <b>DISTRICT FUNDS</b> | <b>NON-DISTRICT FUNDS</b> |
|--|-----------------------|---------------------------|
| <b>Appreciation meals</b> , including dinner tickets, furnished to staff outside the limits provided by PfISD Administrative Regulation CFD  | Not Allowable         | Allowable                 |
| <b>Awards</b> (not to exceed \$25) such as plaques, caps, certificates, ribbons, in recognition of students (check UIL rules for compliance), staff, or district volunteers  | Allowable             | Allowable                 |
| <b>Bereavement flowers</b> to honor <b>CURRENT</b> staff or students (using Activity Funds only)   | Allowable             | Allowable                 |
| <b>Bereavement flowers</b> to honor family members or persons that are <b>NOT</b> current staff or students  | Not Allowable         | Allowable                 |
| <b>Candy</b> and chocolate treats for staff, except as a light snack for staff meeting within the limits of PfISD Administrative Regulation CFD using Activity Funds   | Not Allowable         | Allowable                 |
| <b>Donations</b> to individuals, organizations, or scholarships  | Not Allowable         | Allowable                 |
| <b>Extravagant</b> or high priced individual awards such as electronics, watches, or jewelry exceeding \$25  | Not Allowable         | Allowable                 |
| <b>Gift cards</b> (not to exceed \$25) to <b>students</b> for an <b>educational purpose</b> (Student Gift Card Receipt Form)   | Allowable             | Allowable                 |
| <b>Gifts or items that appear to be gifts</b> such as birthday or holiday cards or gifts, candy, flowers, gift cards, gift certificates, and retirement gifts  | Not Allowable         | Allowable                 |
| <b>Light business meals or refreshments/nutritious snacks on site (excluding tips)</b> for retirement receptions (no gifts), student rewards for behavioral or instructional accomplishments, student snacks for STAAR testing and tutorials, volunteers presenting to students (such as career fairs), and other events where the school serves as host for related activities for students, staff, and patrons | Allowable             | Allowable                 |
| <b>Parties for staff</b> , including food, decorations, and favors. Simple receptions are allowable within the limits of PfISD Administrative Regulation CFD   | Not Allowable         | Allowable                 |
| <b>School apparel</b> for staff (limit of \$25 per person per year)<br>NOTE: <i>In accordance with IRC §162; Reg. §1.62-2(c)(1)</i><br>Clothing or uniforms are excluded from wages of an employee if they are: <ul style="list-style-type: none"> <li>• Specifically required as a condition of employment; AND</li> <li>• Are not worn or adaptable to general usage as ordinary clothing.</li> </ul>          | Allowable             | Allowable                 |
| School assemblies and student body social functions.   | Allowable             | Allowable                 |
| <b>Snacks</b> for staff meetings and/or staff appreciation within the limits of PfISD Administrative Regulation CFD  | Allowable             | Allowable                 |
| <b>Student incentives</b> (for student involvement) and <b>rewards</b> (for behavioral or instructional accomplishments), including Special Ed supplies needed for intervention and positive rewards. Examples include the DARE trip for work in the classroom, items from Oriental Trading, and ice cream for student character education award for the week  | Allowable             | Allowable                 |
| <b>Teachers' lounge</b> coffee, coffee supplies, and water   | Allowable             | Allowable                 |

For items not listed above or other questions, contact your Finance Accountant.