

**Applies to:** Faculty, staff

**Responsible Office**

**Human Resources**

### POLICY STATEMENT

The college encourages the recognition of excellent performance and achievement through the use of **rewards** that are creative, flexible, and meaningful. When administered and communicated effectively, reward and recognition are an important part of a total compensation program. The college may develop departmental **defined reward programs**. In the absence of a defined reward program, departments, in consultation with the Office of Human Resources and with the approval of the president, may give rewards in immediate response to specific accomplishments.

### Purpose of the Policy

To facilitate the recognition of excellent performance and achievement through the use of rewards as part of a total compensation program.

### Definitions

Term	Definition
Reward	One-time cash or non-cash award for significant outstanding performance.
Defined reward program	Consist of rewards that range from spontaneous to those that are more formal in nature.
<i>De minimis</i> fringe benefits	Benefits that are so small that accounting for them would be unreasonable or administratively impracticable.

### Policy Details

- I. Guiding principles
  - A. Rewards should be given for significant outstanding performance that advances college goals and should be tied to a specific accomplishment.
  - B. Rewards are most effective when they are meaningful to the individual.
  - C. Care should be taken in communication and distribution of rewards so that they are not viewed as entitlements.
  - D. Rewards may be designed to reflect the unique nature of the department’s work culture and organizational structure.
  - E. Rewards should not be substituted for a competitive salary plan. For example, rewards should not be used as a long-term alternative to permanent salary adjustments when these adjustments are appropriate for consistently high performance, significant changes in responsibility, increased value of a position, or internal pay equity.
  - F. Rewards are not adjustments to base salary, supplemental compensation, or variable pay programs (such as commission).
  - G. Rewards should not be used as a substitute for supplies, support services or training.
- II. Reward guidelines
  - A. The following chart summarizes reward value parameters. These values apply to cash awards, as well as to non-cash rewards with monetary value (such as event tickets and gift certificates). Requests for exceptions to these guidelines should be submitted to the vice president for institutional planning and human resources.

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- B. These guidelines do not apply to customary work-related expenses such as travel, conference attendance and memberships in professional organizations.

Reward Guidelines	
Reward Value	Taxable
No monetary value (such as letters of commendation)	No
Less than \$100, non cash*	No
Less than \$100, cash	Yes
\$100 and over, cash and non cash*	Yes
* If total cumulative value of all non cash rewards exceeds \$100 per calendar year, the value of all non cash rewards in that calendar year is taxable.	

- III. Departments interested in creating a defined reward program should notify the appropriate executive leadership team member, who will initiate the defined reward program consultation process with the Office of Human Resources. These programs must have presidential approval.

## PROCEDURE

- I. Implementation guidelines
  - A. All reward and defined reward programs must be designed in consultation with the Office of Human Resources and approved by the president. For reward programs applicable to faculty, the vice president for academic affairs also must be consulted.
  - B. The purpose, process, parameters, and expected outcomes of the reward program must be communicated in writing to faculty and staff.
  - C. All expenditures must be consistent with college and State of Ohio guidelines.
  - D. Cash and non-cash awards should be determined in a manner that considers deductions such as taxes, and their effect on the net amount. See below for section on Tax Law Compliance.
- II. Tax law compliance
  - A. Reward and recognition activities must be in compliance with all applicable tax laws. Before issuing awards, offices should work closely with the Office of Human Resources to ensure compliance.
  - B. Under federal tax laws, all faculty and staff compensation is subject to income tax unless there is a specific exemption. Rewards with no monetary value, such as a letter of commendation, are not taxable. Rewards—cash or non cash—with monetary value, including gift cards, are taxable.
    - 1. Following are common types of compensation that are exempt from income tax. It is important to properly classify compensation to avoid potential payroll tax liability for the college. For questions regarding these or other income tax exemptions, contact the Office of Human Resources.
      - a. Working condition fringe benefits
 

Costs of working condition fringe benefits may be provided without treating any part of the payments as income to the employee. Working condition fringe benefits are expenses that, if incurred by the employee, would be allowed as a deduction. Examples include:

        - i. Seminar fees or expenses in the employee's field;
        - ii. Dues to professional or trade organizations;
        - iii. Magazine or journal subscriptions for publications in the employee's field;
        - iv. Use of college vehicles for college business; and
        - v. Other similar expenses related to the employee's work.
    - 2. **De minimis fringe** benefits may only be provided on an occasional basis and must be small in amount. Cash payments qualify as *de minimis* only if they are for meals or transportation for employees working overtime. Departments should track all *de minimis* payments to ensure they adhere to requirements of the Central Ohio Technical College and Cost-shared Expenditure Policy (login required).
      - a. *De minimis* fringe benefits include, but are not limited to:

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- i. use of office equipment such as copiers or computers for personal use;
  - ii. meal money or taxi fare for employees who work overtime on an occasional basis (amount cannot be based on number of hours worked);
  - iii. holiday gifts of low value; and
  - iv. gifts due to special circumstances such as outstanding performance, illness, or family crisis.
3. Qualified employee discounts  
 Employees may be given a discount of up to 20% off the price of services provided by the college or an amount equal to the gross profit percentage on any products or goods sold by the college. Employee discounts must be offered on a non-discriminatory basis.
4. Employee achievement awards  
 Plans to provide non-taxable employee achievement awards may be developed. The awards can be provided for length of service or safety. They must be awards of tangible personal property given as part of a meaningful presentation, such as an awards dinner or ceremony. Employees must have at least five years of service to receive a service award. Managers, administrators, clerical employees, and other professionals are not eligible for safety awards. Special IRS rules apply to non-cash awards for length of service and safety.

**Responsibilities**

Position or Office	Responsibilities
Department	<ol style="list-style-type: none"> <li>1. In consultation with the Office of Human Resources, design reward programs that reflect college guidelines and department strategic plans.</li> <li>2. Seek consultation on the development and approval of defined reward programs.</li> <li>3. Provide written communication to department faculty and staff about the purpose, process, and expected outcomes of the reward program.</li> <li>4. Implement reward programs in a manner that is consistent with the college's written guidelines.</li> <li>5. Fund reward programs, reflecting the realities of the college and budget, and establish accountability within each department for use of funds.</li> <li>6. Track all non cash rewards to ensure adherence to <i>Expenditure Policy</i> employee recognition requirements.</li> </ol>
Human Resources	<ol style="list-style-type: none"> <li>1. Provide guidelines regarding reward program structure and processes.</li> <li>2. Serve as consultant to departments in developing reward strategies.</li> <li>3. Approve defined reward programs.</li> <li>4. Oversee the use of reward programs.</li> <li>5. Report all taxable awards to Payroll Services.</li> </ol>
Payroll	<ol style="list-style-type: none"> <li>1. Process one-time cash rewards through payroll after approval by the Office of Human Resources.</li> <li>2. Withhold appropriate payroll taxes from paychecks.</li> </ol>
President	<ul style="list-style-type: none"> <li>• Approve reward and defined reward programs</li> </ul>

**Resources**

- Internal Revenue Service [www.irs.gov](http://www.irs.gov)
- [Expenditure Policy, Employee Recognition](#) (login required)

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### Contacts

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Subject	Office	Telephone	E-mail/URL
Policy interpretation and guidance	Human Resources	740-366-9367	<a href="https://go.cotc.edu/hr">https://go.cotc.edu/hr</a>
Payroll processing	Payroll Services	740-364-9675	<a href="https://go.cotc.edu/accountingofc">https://go.cotc.edu/accountingofc</a>

### History

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