

**RESOLUTION TO REVISE POLICY 4335 ON EMPLOYEE AWARDS
AND RECOGNITION PROGRAMS**

GOVERNANCE AND ADMINISTRATION COMMITTEE

WHEREAS, a revision to Policy 4335 on Employee Awards and Recognition Programs was approved by the Board of Visitors on August 25, 2003, and among its provisions were the delegation of authority for approval of such programs and the stipulation that award payments of \$5000 or greater for faculty must be ratified by the board and that the board be informed of awards of lesser amounts; and

WHEREAS, Policy 4335 requires proposals for award and recognition programs to include the value of any monetary awards and to be approved by the President, Provost, or Senior Vice President, depending on the reporting line; and

WHEREAS, on November 16, 2020, the Board of Visitors approved a resolution that updated its delegation of authority to the President for personnel actions by stipulating those actions that the board wished to continue to approve and setting a threshold below which the board would no longer ratify actions, thus streamlining the quarterly Personnel Changes Report and improving efficiency by enabling its production to be more automated and less labor-intensive; and

WHEREAS, on June 8, 2021, another slight modification was made to the delegation of authority but neither revision addressed the stipulation in Policy 4335 requiring ratification by the board for awards greater than \$5000 made to faculty; and

WHEREAS, the university wishes to bring Policy 4335 into alignment with the board's delegation of authority for personnel actions by removing from Policy 4335 the requirement that the board ratify or be provided a report of monetary awards made to faculty under this policy;

NOW, THEREFORE, BE IT RESOLVED that the Board of Visitors hereby approves the attached revision to Policy 4335 which removes the provision that the board ratify or be informed of monetary awards to faculty under that policy, effective immediately.

RECOMMENDATION:

That the attached revision to remove from Policy 4335 on Employee Awards and Recognition Programs the requirement that the Board of Visitors ratify or be informed of awards to faculty under this policy be approved, effective immediately.

November 8, 2021



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Employee Awards and Recognition Programs

No. 4335

Policy Effective Date:
10/25/1996

Last Revision Date:

~~09/14/2021~~

11/8—/2021

Policy Owner:
Bryan Garey

Policy Author: (*Contact Person*)
Ellen Banks

Affected Parties:

Faculty
Staff

- 1.0 Purpose
- 2.0 Policy
- 3.0 Scope
- 4.0 Procedures
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- 6.0 References
- 7.0 Approval and Revisions

1.0 Purpose

Virginia Tech supports and encourages programs to acknowledge and formally recognize the contributions, exemplary performance, and continuous service of our employees to the university. State employees may only receive compensation, whether from public or private sources, under the authority of approved policies. Whereas classified staff employees are covered by the Commonwealth's Personnel Act and policies set forth by the state's Department of Human Resource Management, the terms and conditions of employment for Teaching and Research and Administrative and Professional Faculty and University Staff are established by the university's Board of Visitors. This policy describes the process for establishing recognition programs and providing awards to faculty and staff outside of the normal salary increase process. Until such time as the university establishes new human resource policies, University Staff will be covered identically to Classified Staff, unless otherwise noted.

2.0 Policy

Recognition programs for employees may be established in accordance with this policy and the procedures established by the University's administrative offices. Such programs include annual recognition awards such as the President's Awards for Excellence. In addition, colleges and major administrative units may recommend establishment of programs to recognize employees within the college, administrative area, or departments in accordance with the established procedures.

The Board of Visitors authorizes the President, the Provost, and the Senior Vice President and Chief Business Officer to administer the university's awards and recognition policy. The state's Department of Human Resource Management (DHRM) Policy 1.15, Employee Recognition and Engagement, provides the authority for the university to establish an awards programs for staff. Proposals for recommended awards and recognition programs for both faculty and staff must be submitted by the Dean or Vice President, and approved by the President, the Provost or the Senior Vice President and Chief Business Officer, depending on the reporting relationship. The President must approve university-level award programs.

Other types of one-time payments (e.g., in-band bonuses) for staff are described in DHRM Policy 3.05, Compensation, but are not addressed as part of this policy. Bonuses for individual faculty members outside of the context of an approved award and recognition program or contractual obligation will not normally be approved. Any exceptions must be approved in advance by the President and ratified by the Board of Visitors [in accordance with the board's policies](#).

Awards programs may be established for employees to accomplish a number of objectives such as:



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- Recognition of outstanding accomplishments or performance in the areas of scholarship, research, creative achievement, teaching, or professional discipline that exceeds performance benchmarks.
- Recognition of outstanding service to the university, Commonwealth or nation where such service enhances the reputation of the university and is consistent with the instructional, research and outreach missions of the university.
- Recognition of employees or organizational units whose achievements contribute to the mission, goals, and objectives of the university, college, administrative area, or department.
- Recognition of administrative excellence, diversity, leadership, customer service, workplace safety, or other qualities that support institutional goals.

2.1 Awards and Recognition Programs

Awards and recognition programs may be established as annual programs, or may be created as a one-time program to recognize extraordinary performance under unique circumstances. Individual or team awards may be granted.

Awards made to employees under this policy may include one-time cash payments and non-monetary awards; in addition, salaried faculty and staff employees may be eligible for recognition leave as defined by DHRM Policy 1.15, Employee Recognition and Engagement. With the exception of the President's Award for Excellence, award amounts for staff employees must not exceed the limits established by state policy (up to but not greater than \$5,000 cumulative monetary or non-monetary award in a fiscal year, and/or up to 5 days of recognition leave in a calendar/leave year). ~~Award amounts for faculty may exceed \$2,000 (with Dean or Vice President approval) but amounts in excess of \$5,000 must be ratified by the Board of Visitors.~~

Awards should be appropriate to the significance or impact of the achievement or accomplishment. If non-monetary awards are part of an approved program, the administrator should select such awards with consideration given to the propriety of the award and the appropriate use of state and university resources.

This policy does not authorize the use of university funds to subsidize gifts or social gatherings, other than employee recognition events described in section 3.6 of this policy and for recognition for contributions to the university at the time of retirement.

2.1.1 Appropriate Funding Sources

State or private sources of funding may be used, but the source of funding charged for awards must be appropriate for the employee so as not to create any questionable or disallowed charges. Non-monetary awards must not be charged to a grant or contract; however, overhead accounts may be charged. Use of sponsored funds for awards must have prior approval by the Office of Sponsored Programs (OSP) and the sponsor. Because grants are restricted to specific purposes, OSP will obtain sponsor approval for any awards charges made to grants or contracts. Generally, however, grants would not be considered an appropriate funding source for this program.

2.2 Retirement Recognition

The Award and Recognition Policy can also be used to recognize past contributions to the University at the time of retirement. The value of the gift will be counted in determining if an individual has reached the \$5,000 annual spending cap for each employee. Foundation funds are available for two types of recognition for retirement.



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1. Formal recognition for retirement at a department or college level where all retirees with a minimum of 10 years of employment may be provided with a gift and/or recognition event, and;
2. One-time, isolated cases of recognition at the time of retirement to recognize outstanding service as it relates to contributions to the University, the Community, etc.

In each case, gifts up to \$500 in value only require approval from the Dean/VP and HR but will not require approval from the Provost or the Senior Vice President and Chief Business Officer. Gifts with a value exceeding \$500 require the approval of the Provost or the Senior Vice President and Chief Business Officer. (See Section 3.4 regarding taxation of awards.)

2.3 Responsibilities

University administrative offices, including Human Resources, Procurement, Office of Sponsored Programs, and the Controller's Office, are responsible for developing procedures and overseeing the implementation and administration of awards programs in accordance with state and university policies, and federal regulations.

The Vice President or Dean issuing the award is responsible for assuring that awards are administered in accordance with university policies and procedures and comply with the approved recognition program, that appropriate funding sources are used, and that reward and recognition programs are designed and administered in a non-discriminatory manner.

3.0 Procedures

Detailed procedures and forms are available on the Human Resources website (<https://www.hr.vt.edu/our-workplace/awards-recognition/awards/establishing-awards.html>). Procedures for the procurement of non-monetary awards are available at the Procurement Department website (<https://www.procurement.vt.edu/>).

3.1 Establishing an Awards and Recognition Program

Each Vice President and Dean may propose awards programs for their areas. Generally, programs for awards should be designed and administered consistently across all departments within a college or administrative area. Offices are also authorized to establish university-wide awards programs to recognize significant achievements or efforts. Examples include awards for safety, administrative excellence, or best practices.

An awards program proposal must be developed and approved prior to implementation. Program proposals for recognition events must also be approved. The program proposal must include the following:

- senior management area (college or administrative area)
- program objectives and description of program
- list of participating departments or administrative units
- type of award (monetary or non-monetary; recognition leave – staff only; recognition event); monetary value of award; description and cost of non-monetary awards
- frequency and schedule of recognition program including recognition events
- definition of eligible or participating employees



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- description of nomination and selection process to be followed, including criteria upon which award decisions will be made
- number of awards to be presented
- source(s) of funds for the awards and estimated annual budget for the awards program; donated awards must also be indicated
- description of how the award program will be communicated to employees
- required approvals.

The program proposal form (P153) is available on the Human Resources website (<https://www.hr.vt.edu/our-workplace/awards-recognition/awards/establishing-awards.html>).

3.2 Approval of Programs

Proposals for recommended programs must be submitted by the Dean or Vice President, and approved by the Provost or the Senior Vice President and Chief Business Officer, depending on the reporting relationship. University-level award programs must also be approved by the President.

The written plans for all awards programs must be reviewed by Human Resources for adherence to the state and university policies prior to implementation. Awards given to non-exempt employees may potentially increase the departments' overtime liability. Human Resources will notify the departments if their program will result in overtime liability. Each proposal that includes non-monetary awards will also be reviewed by the Controller's Office to determine the application of tax regulations to the award.

Human Resources will assign a reference number to each approved program, which will allow the Controller's Office or the Foundation to pay the bills related to the program. Human Resources will notify the office of the Dean or Vice President when the proposal has been approved. Copies of all approved recognition programs will be maintained in Human Resources, available for review by the Office of Audit, Risk, and Compliance, Procurement, and the Controller's Office.

3.3 Procedures for Payment of Monetary Awards

Certain university-level awards have been approved to be paid directly using checks issued by the Foundation. These include, but are not limited to, the Awards for Teaching and Advising, Awards for Research, Extension, Public Service, and Outreach, and President's Awards for Excellence. All other checks must be issued through the university's payroll process and taxed accordingly, regardless of source of funding. In the event that a check is issued (and taxes are not deducted) by other than the University Payroll Department, such as Foundation checks, the issuing department should inform the recipient at the time the award is issued that the monetary award is taxable. Questions concerning taxes should be directed to Payroll. Monetary awards using Foundation funds must be charged to the department and handled as an expense reimbursement. Payroll will also notify the employee that taxes will be withheld from the employee's next regular paycheck.

Award payments to faculty or staff made within a program's approved limits must be approved by the appropriate Dean or Vice President; ~~awards of \$5,000 or greater must be ratified by the Board of Visitors at the next regular meeting.~~ Award payments to staff made within a program's approved limits must be approved by the appropriate Dean or Vice President.



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The form (P154) for making award payments is provided on the Human Resources website (<https://www.hr.vt.edu/our-workplace/awards-recognition/awards/establishing-awards.html>). A form P154 must be completed for each employee that is receiving an award payment.

3.4 Taxation of Awards

All monetary awards (including gift certificates) paid to university employees are subject to taxes in accordance with Internal Revenue Service (IRS) tax regulations. Deductions for requisite taxes will be taken from the employee's next regular university paycheck. Departments may not increase the award totals to compensate for the taxes to be deducted from the employee's pay.

The University Controller is responsible for determining whether non-monetary awards are taxable in accordance with IRS regulations. Because non-monetary awards exceeding the University's established de minimis amount would usually be taxed regardless of source of funding, managers are advised not to exceed this limit because of the tax burden to the employee (see Payroll Procedure 23810 on De Minimis Awards - https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23810.pdf). However, some non-monetary items given as recognition, such as engraved plaques or framed certificates, sometimes have a cost that exceeds the value of the award. The Controller's Office will determine whether such non-monetary awards are subject to tax when they review each program proposal. The same restrictions and requirements apply to donated awards.

3.5 Recognition Leave for Staff Employees

Under an approved awards program, salaried staff and faculty employees may be granted up to 5 days of recognition leave in a calendar (leave) year. Recognition leave lapses within 12 months from the date it is awarded, but is paid out if the employee separates before the leave lapses.

Departments must pay employees for their recognition leave balances if, at the end of the 12-month period, the department has been unable to allow the employee to use the leave. If an employee transfers to another university department, the employee's recognition leave balance must be paid, unless the employee requests to transfer the leave and the department head of the unit to which the employee is transferring approves the request.

Departments must also pay employees for their recognition leave balances when:

- the employee leaves state service by resignation, retirement, layoff, termination or death;
- the employee is transferred, promoted or demoted from one agency to another;
- the employee is placed under Long Term Disability under the Virginia Sickness and Disability Program (VSDP).

An award of recognition leave is not taxed unless an unused leave balance is paid to the employee. Payments for unused recognition leave are taxable, and will be made in the next pay period following the personnel action that initiates the payment. Payouts for recognition leave may not be charged to sponsored funds; payments must be charged to E&G or departmental overhead accounts.

Procedures for granting recognition leave are provided on the Human Resources website. Recognition leave must be recorded in the university's Leave System.



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3.6 Recognition Events

Awards may be presented at recognition events as approved in the award program. Any expenses incurred for presentation of awards under this Policy shall be reasonable. If an employee receives an award at a university or department sponsored event, the value of the event (e.g., cost of the meal) is not included in the overall value of the award. For example, if a college holds an annual recognition program for employees, the value of the reward (monetary and non-monetary) will not include the cost of the meal. The Controller's *Procedure 20335c, Meals and Incidental Expenses*, must be followed. Recognition events may not be charged to a sponsored fund. The award program reference number must be cited on the appropriate accounting forms.

3.7 Procurement of Non-Monetary Awards

In order to protect the integrity of university reward programs, special care must be taken in the procurement and custody of items intended to be presented as non-monetary awards. The university has negotiated a number of agreements with vendors to provide a wide selection of acceptable non-monetary awards. Non-monetary awards must be procured from one of the approved vendors in accordance with university purchasing and accounting policies. Full compliance with university purchasing and accounting procedures is essential. The items given as rewards will be both valuable in a personal sense and transferable. Under normal circumstances, these types of items would not be procured using state funds. For this reason, special procedures (<https://www.procurement.vt.edu/>) have been established by the university's Procurement Department for the purchase of non-monetary recognition items.

Non-monetary awards using Foundation funds must be charged to the department and handled as an expense reimbursement.

Departments must maintain a record of all non-monetary awards provided to employees under this program, regardless of source of funding. The record must include name of award program, name of employee(s) receiving the non-monetary award, description and cost of the award, date issued, and program reference number provided by Human Resources. These records are auditable and must be maintained by the department or organizational unit responsible for issuing the awards, for the period of time defined by the State Library Policy, currently three (3) years.

4.0 Definitions

Monetary Awards: Monetary awards are (a) those paid by any negotiable instrument (cash, check, money order, and direct deposit), (b) any item that can be readily converted to cash, such as savings bonds, or (c) gift certificates and gift cards.

Non-monetary awards: Non-monetary recognition awards include: plaques; trophies; certificates; pencils, pens and desk items; cups and mugs; personal items of clothing such as caps, shirts, and sweatshirts; and other items such as pins and timepieces.

Virginia Tech Foundation: The Virginia Tech Foundation, Inc. is a university-related corporation whose purpose is to receive, invest and manage all private monies given in support of the University and its programs. The Foundation is recognized as a public charity by the Internal Revenue Service, entitling it to receive tax-deductible gifts to support Virginia Tech.

Staff: Defined as salaried non-faculty employees, and includes Classified Staff and University Staff. Effective July 1, 2006, the university will have two groups of salaried non-faculty employees: those covered by the Virginia



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Personnel Act and State Human Resource policies (Classified Staff) and those covered under University Human Resource policies (University Staff). All new salaried non-faculty staff, including transfers from other state agencies, hired on or after July 1, 2006, are hired as University Staff and will be covered under University Human Resource policies.

5.0 References

Virginia Department of Human Resource Management (DHRM) Policy 1.15, Employee Recognition and Engagement

<https://www.dhrm.virginia.gov/docs/default-source/hrpolicy/policy-1-15-employee-recognition-and-engagement-2-1-19.pdf>

Virginia Tech Faculty Handbook

<https://faculty.vt.edu/faculty-handbook.html>

Payroll Procedure 23810, De Minimis Awards

https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/payroll/23810.pdf

6.0 Approval and Revisions

Approved October 25, 1996, by Associate Vice President for Personnel and Administrative Services, Ann Spencer.

Annual review, December 28, 1998, by Director of Personnel Services, Linda Woodard. No revisions.

October 10, 2001: Technical corrections to update policy links and name change for the Commonwealth of Virginia's Department of Human Resource Management (formerly Department of Personnel and Training).

- Revision 1
Revisions to comply with changes in DHRM Policy 1.20 for classified employees; authorizes use of state funding for approved award programs; includes additional instructions for use of sponsored funding and procurement of non-monetary awards. The Board of Visitors authorizes the President, Provost, and Executive Vice President to administer this policy. The Provost and EVP have the authority to approve award programs for their respective areas; the President must approve university-level award programs. Deans, Vice Presidents, and Vice Provosts may submit award program proposals for their reporting areas. Deans and Vice Presidents may approve award payments within the parameters of the approved program; award payments of \$5000 or greater for faculty must be ratified by the Board, and lesser amounts are to be provided to the BOV for their information in a summary report. Approved by the Virginia Tech Board of Visitors August 25, 2003.

Approved August 25, 2003, by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.



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- **Revision 2**
Revisions to comply with changes in DHRM Policy 1.20 for classified employees; authorizes an increase in the total of non-monetary and monetary awards from \$1,000 to \$2,000. Changed references from Personnel Services to Human Resources.

Approved February 22, 2006 by Vice President for Business Affairs, Kurt J. Krause.

- **Revision 3**
September 1, 2006: Technical revisions to include University Staff in accordance with resolution approved by the Virginia Tech Board of Visitors June 12, 2006 to cover University Staff under policies identical to the current human resources policies until the new human resources system is developed.

April 13, 2007: Technical corrections to the definitions section of the document to reflect a recent ruling by the IRS concerning the taxability of gift certificates.

- **Revision 4**
August 25, 2008: Updates to position titles and/or responsibilities due to university restructuring.

Annual review June 1, 2010 by Vice President for Administrative Services, Sherwood G. Wilson. No revisions.

- **Revision 5**
Revised the policy on recognition leave to include faculty as well as staff.
Approved January 3, 2017 by Vice President for Administration, Sherwood G. Wilson.
- **Revision 6**
Revisions to replace DHRM Policy 1.20 with DHRM Policy 1.15 for classified employees; authorizes an increase in the total of non-monetary and monetary awards from \$2,000 to \$5,000.
Approved August 7, 2019 by Vice President for Human Resources, Bryan Garey.

- **Revision 7**
Updates authorization of the Senior Vice President and Chief Business Officer to have authority (along with the President and Provost) to administer this policy and to approve proposals for awards and recognitions programs from deans and vice presidents. The SVPCBO position is generally the current equivalent of the EVP position to which the BOV delegated authority in 2003 (see Revision 1 above).

Technical revisions to update weblinks, references, and names of departments.

Approved September 14, 2021, by Vice President for Human Resources, Bryan Garey.

- **Revision 8**
Revised the policy to remove the requirement that the Virginia Tech Board of Visitors ratify faculty award payments of \$5,000 or greater or be informed of smaller faculty awards. (see Revision 1 above). Approved by the Virginia Tech Board of Visitors November __, 2021.



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| Approved November __, 2021, by Vice President for Human Resources, Bryan Garey.