

# CHANCELLOR SANDEEN'S TASK FORCE ON FACULTY AND STAFF RECOGNITION

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Organizations of all shapes and sizes, public and private, for-profit and non-profit so often espouse that, “Our people are our most important asset.” Yet recurring outcomes of employee satisfaction surveys at all types of these organizations often show low employee morale, high turnover rates and, in general, a gap between how the organization says it wants to appreciate and recognize its employees and how the employees feel that they are appreciated and recognized.

The Chancellor’s Task Force on Staff and Faculty Recognition was charged with assessing UAA’s current quantity and quality of employee appreciation and recognition and recommending what might be done at UAA to improve the University’s efforts in these areas. A desired outcome of the Task Force’s recommendations would be to assist in bridging the gap between the University’s intent and scope of its several recognition and appreciation programs and/or awards and how UAA employees perceive the University’s efforts in this area.

This report focuses on how current UAA appreciation and recognition measures may be improved, as well as offering some additional recommendations for a sustainable recognition program. While certainly not fully comprehensive in nature, the members of the Task Force are pleased to submit the following for consideration.

### **Current state analysis**

UAA has a wide range of existing employee recognition methods, most of which are decentralized and separated between faculty and staff. The major campus-wide recognition programs are: Longevity, Promotion and Tenure, and the Chancellor’s Awards for Excellence. Some divisions have awards specific to their employee base, such as Administrative Service’s Bill Rose Award. Others are run by specific units or governance groups, such as the Faculty Senate Distinguished Service Awards, CAFÉ Oh Wow, and Staff Council’s Recognition Award. In addition, the Bookstore operates a campus-wide Administrative Professional of the Year Award. For a listing of employee recognition awards please refer to Appendix 1. Currently there is not one specific place where all UAA staff and faculty recognitions and awards are listed. Even the more experienced members of the task force were unaware of some of the awards or whether they were still conferred.

The way these awards are recognized has adapted over time, largely due to the decline in university funds and both faculty and staff having less ability to volunteer in the process. In the past, recognition for longevity, promotion and tenure, and the Chancellor’s Awards were presented at the Faculty and Staff Convocation (more recently, Faculty/Staff Welcome). This campus-wide event at the beginning of the academic year served two purposes: to welcome back all employees and to provide opportunity to celebrate the achievements of colleagues. Some criticized the event, indicating the program was too long and it seemed awkward to distribute awards which have nothing to do with each other in a single event. Housing the evening became a topic too, the space was too crowded for people to walk around and talk with fellow colleagues. Ultimately, a combination of those criticisms, increased costs of food and coffee, and decreases in the number of volunteers to help with the event led us to where we are today.

Now longevity awards are delivered to departments, who determine how/when to distribute the pins and recognize those employees, usually during a departmental meeting. Chancellor’s Awards are recognized at a catered event in the Chancellor’s home. At the beginning of the year, Faculty Senate sponsors a small reception, attended by the Chancellor, Provost, and Deans to recognize and celebrate faculty Promotion and Tenure. For this event, the Provost’s Office provides logistical support, but the

Faculty Senate President either pays out-of-pocket or seeks donations for refreshments. According to a past Faculty Senate President, faculty like the smaller event and appreciate being able to bring their families to the recognition their accomplishments but want more financial support from leadership.

Another main vehicle through which appreciation was expressed at UAA was Development Day, a one-day, all-campus event dedicated to UAA employees to thank them for service and celebrate goals accomplished during the academic year. Development Day offered opportunities for personal and professional growth and development, recognized and celebrated the contribution of employees, encouraged team building, improved morale, and encouraged campus and community connectedness.

Like UAA Convocation, the event grew but fiscal and volunteer resources shrank. It became challenging to find staff volunteers to participate in the organization and coordination efforts. In 2017, the Chair of the Development Day Committee determined there was not enough organizational support for the event. Later that same year UAA Staff Council attempted a smaller version of Development Day coined Employee Appreciation Day. Unfortunately, the event was not considered successful.

### **Best practice peer review**

Part of the process in assessing current status and examining how improvements might be made in the area of faculty and staff awards and recognition programs is to draw comparisons with peer institutions. We surveyed aspects of 12 different universities for the purpose of our review. The information below provides a summary of frequently used methods and are often recognized as best practices. Examples of the universities reviewed include: Boise State, University of Idaho, Ferris State University and University of New Mexico.

#### **Oversite Recommendations for Informal & Formal Strategies:**

##### Human Resources

- Provides consultation and resources to assist departments and staff in developing an open and clear process for recognizing staff efforts. HR:
  - Reviews recognition plan prior to implementation.
  - Maintains a listing of all awards offered throughout the university and publishes the list collectively on the website.
  - Establishes clear guidelines to support the appropriate use of funds, to abide by payroll considerations, and provide equal opportunity for staff to be recognized for their efforts.

##### Staff Council

- Frequently plays an active role in “outstanding” Employee and Team awards and longevity awards. The recommendations of Staff Council can have great value given the mix of contributors from across Campus units and staffs.

#### **Recognition Strategies by Category of Awards:**

1. *Areas of recognition* include: Achievement, Longevity, Career Development/Improvement, Safety, and Support.
2. *Appreciation efforts and corresponding rewards:* Most programs include a combination of informal and formal appreciation efforts. Similar reward strategies at times were used for one or more effort categories, but most frequently associated under the areas below. Examples of effort categories and typical reward strategies are listed:
  - a. Informal Efforts:

- i. Rewards: Thank you notes (paper, email, on-line), “Traveling” trophies presented annually, Campus correspondence mentions (Newsletters, Websites, etc.), tokens of recognition – stickers, mugs, etc.
  - b. Formal Efforts/Programs: Results /Outcomes (Project Completion), Customer Satisfaction, Collaborative/Teamwork (Often Support Roles, Innovation / Process Improvement, and Longevity.
    - i. Rewards: Cash, Recognition at Special Event, Special Privilege (Reserved Parking), Plaques/Trophies, Professional Association membership, Conference Attendance, Continuing Education, equipment allocations.
  - c. Appreciation Efforts:
    - i. Unit Rewards: Retreats, Holiday Gatherings, Staff “Potlucks”, Appreciation Meal.
    - ii. Teams/Workgroup Rewards: Publicized Staff Break (Friday Afternoon Popcorn), Support Staff Day, Celebrations for completion of training.
    - iii. Individual Rewards: Work Anniversaries, Staff Birthdays, Promotions, Welcome to new staff, Allocated Time for Staff Development, etc.
- 3. *Sample of Awards Given by Area of Recognition:*
  - a. Achievement: Post-doctoral Mentoring Award, Outstanding Graduate Student Teaching Award, Outstanding Master’s Student Research \* Creative Activity Award, Outstanding Doctoral Student Research and Creative Activity Award, Faculty Excellence in Advising Award, Staff Excellence in Advising Award, Outreach and Community Engagement Excellence Award, Excellence in Diversity Award Staff/Faculty, Innovation.
  - b. Longevity was noted in increments of 5 years; often w/lunch.
  - c. Support Recognition included the following example: Community Service Award for staff members who donate considerable personal time/effort towards University’s public service mission. Team Award honors groups for exceptional service creating changes resulting in innovative solutions to University-wide challenges.

\*Note: University of Washington’s recent professional & organizational survey found staff most valued, in order of popularity: Time off/Discretionary time, Food, Peer Recognition, Gift cards, Sporting events, Personal Thank You notes or award certificates, After Hours activities/Team Bonding, “Traveling” trophy, Office Parties or campus tours, Public Recognition, Professional Growth Opportunities, Committee Participation or Contribution to High Visibility Project.

### **Needs Assessment**

What do faculty and staff expect in terms of recognition? Countless research has demonstrated those employees who feel valued and appreciated are more motivated and productive. This type of environment also encourages recruitment of new employees and retention of existing employees. UAA faculty and staff are not different, they want to feel valued and want to feel like their contributions matter.

In the FY19 Staff Morale Survey conducted by the UAA Staff Council, multiple questions addressed recognition of longevity. Survey results indicate a majority of respondents wanted a gift, based on the years of service. Interestingly, when those respondents were asked whom the award should be gifted from, they were split closely, with a very narrow preference in the following order: their current supervisor, current dean, and the chancellor. Acknowledgement was rated second and when followed up with a few options as to how staff would like to be acknowledged, Seawolf Daily was a clear favorite.

The survey also identifies that 61% of the respondents feel that morale is the lowest they have ever seen or that it is slightly lower than they have seen.

In the 2017-2018 Faculty Morale Survey, two-thirds of respondents said that in the past year their morale had either declined a great deal or somewhat. In the breakout sessions of the retreat, faculty commented on the ways in which faculty are no longer recognized (Convocation, a lapel pin versus previous gifts for high numbers of service). They also listed the lack of administrative support for promotion and tenure as problematic and frustration with a pin to recognize many years of service to the university. In the October 2018 Faculty Senate Retreat final report, faculty encouraged the chancellor, provost, and deans to host a dinner or luncheon celebrating faculty that have published books or secured large research grants.

In summary, both faculty and staff want meaningful ways of being recognized. They also want involvement and acknowledgement from senior leadership. In terms of recognition, longevity is important to include for faculty and staff and the way in which it is done is a strong concern among both groups.

### **Policies**

Various policies in effect at both the UA and UAA levels do not prevent but do impose limitations on the enhancement of recognition programs. The Task Force looked at two distinct areas: actual awards/gifts and the planning of ceremonies and/or other functions which may include entertainment and/or prizes. Issues surrounding cost and purchasing requirements, and the paperwork which must support both those efforts, are what tend to make employee recognition difficult. Recognition and “reward” should not be problematic for the recipient. Yet, for awards or prizes over \$24.99 employees must complete the Taxable Status Determination Form and a W-9. Granted, these documents are not difficult, but it takes time and effort to complete them; and depending on the amount of the award may push the employee into a different tax bracket. Alas, there can be tax implications for the employee. Looking at the situation from an alternative perspective, that of the administrative personnel handling the front-end paperwork, the preparation of purchasing documents (including the time it takes to gather necessary approvals and waivers) is often time-consuming when added to the day-to-day activities of one’s actual job. (Appendices are included, which delve into specific details limits and purchasing.)

### **Outcome measures**

Before recommendations or other actions are taken, UAA should establish a baseline for where the campus is regarding perception of recognition and appreciation. UAA Human Resources indicated that they did not have current retention rates and that it was not simple to obtain, but that is important information to determine how long people are staying with the university and continue to gather that information regularly. Based on previous morale studies, we would anticipate low morale, but a yearly survey that delves deeper into ways that an employee has felt valued and what is important to them in terms of recognition would be valuable to do every year. The survey could include questions about specific events/gatherings held and ask for feedback. Tracking attendance at recognition events and gatherings would also be a way to determine if there was an increase in employee engagement. Additionally, it would be beneficial to reach out to faculty and staff governance to assess whether the new initiatives are having the impact desired.

### **Desired future state**

It is important to stress that improvement will come only with the full support from the Chancellor, Cabinet and upper leadership all the way down to individual supervisors. The university needs to make the commitment to focus efforts on prioritizing the way we show our employees they are valued. In the words of Jim Goodnight, CEO of SAS, the world's leading business analytics software vendor, "Treat employees like they make a difference and they will."

The task force established four guiding principles:

1. *Guiding Principle:* The first step is to prioritize the sense of community. With increased workloads, budget concerns, increased scrutiny regarding how state funded portion of the budget is spent, the university has deprioritized spending time and resources to strengthen the UAA community. Many people feel disconnected to UAA and to their colleagues. We need to shift our thinking from I am UAA to **We are UAA**. In an environment where we are becoming so heavily dependent on technology and our focus has become work more and harder, we no longer know our neighbors.
2. *Guiding Principle:* Recognition and appreciation are important and the preferred way in which they are expressed varies between employees. Some employees want public recognition, others prefer a more private recognition. Some people hold more value on recognition from leadership, others find it more meaningful to be recognized by their peers. **There is not a one size fits all solution.**
3. *Guiding Principle:* **UAA employees want recognition, but they also want to give recognition.** For example, this last year, Staff Council sold Thank You-Grams; employees could purchase truffles to give to fellow employees. It was such a successful program that they had to turn people away because the Culinary Arts Department only made a certain number of truffles. UAA employees are looking for small and convenient ways to recognize each other. If the university puts forth resources to create opportunities for fellow faculty and staff to recognize each other, people will be on board. This would increase morale and help strengthen the UAA community.
4. *Guiding Principle:* Regardless of which recommendations are put into place, **delivery matters.** Any way to make something more personal makes the action even more special. For example, a longevity pin in a plastic bag left in a mailbox does not make the same impact as a pin with a handwritten note from the Chancellor and/or a supervisor. In many ways the method of delivering and celebrating an award is just as important as the award itself. Recognizing the achievement of an employee can and should provide an example for others to strive toward and reinforce our institutional values.

*Recommendation 1:*

Create the Denali Award, recognizing UAA employee of the year. This rotating award would stand out above all others. For this to be successful, there should be transparent criteria and a transparent and fair selection process. This should include compensation, time off, Alaska Airline ticket or something equally significant and a brown pass for the year. Winners of this award should receive recognition in and out of UAA; coordinating with Advancement to issue press releases.

*Recommendation 2:*

As the leader of the university, being recognized by the Chancellor is an honor for many employees. Categories for the current Chancellor's Awards for Excellence are:

- Excellence in Teaching
- Excellence in Academic Research / Creative Activity
- Promoting Student Achievement
- Staff Excellence

- Community Engagement
- Diversity
- Chancellor's Stewardship Award for Safety
- Chancellor's Stewardship Award for Operational Effectiveness
- Chancellor's Stewardship Award for Sustainability

In addition to the existing Chancellor's Awards, the committee recommends adding the following:

- Rising Staff Member – an employee that has continued to show excellent leadership skills
- Rookie of the Year – a first year employee that did an amazing job learning the UAA system
- Adjunct of the Year – adjunct employee that goes above and beyond

*Recommendation 3:*

The employee morale at UAA is extremely low, which is expected during our current budgetary climate. One possible antidote to low staff morale is to learn about what others are doing and find motivation and feelings of appreciation for others and the success of UAA. Electronic newsletter with highlights from faculty and staff. Spotlight an employee in monthly e-Newsletter, Facebook, website. Employee spotlight in Green and Gold. Not associated with major accomplishment. Learning more about people at UAA via the employee spotlight will help build a stronger community.

This content could be repurposed on the existing link on the Chancellor's webpage devoted to faculty and staff recognition. The page could also contain information regarding awards, nominations, ways to recognize faculty and staff.

*Recommendation 4:*

Create a UAA Recognition and Appreciation Committee, composed of diverse representatives from the following areas: Chancellor's Cabinet, Faculty Senate, Staff Council, representative from each College, each Community Campus, Human Resources, 2-3 UAA representatives from additional administrative units. This committee together would work on planning and execution of recognition and appreciation related initiatives; this could include, but would not be limited to details regarding events, communications, and a role in selection of the Denali Award recipient.

*Recommendation 5:*

Once a semester, hold an Employee Appreciation Night at Seawolf athletic event. For example: late fall or early winter for volleyball or basketball or late winter for hockey or gymnastics. Chancellor attends and publicly thanks all employees and she could recognize some of the awards mentioned below or list them on the big screen.

*Recommendation 6:*

Provide modest financial support to both faculty and staff governance groups to honor chosen achievements.

Staff Council Recognition

Recognize a staff member monthly based on peer nomination process. With support, those awardees could be recognized at a small reception once a year.

Promotion and Tenure

As mentioned above, Promotion and Tenure recognition is currently celebrated at the beginning of the year by the Faculty Senate. It is believed that faculty prefer the smaller event hosted by their peers, but faculty feel strongly that the financial burden should not be on the Faculty Senate President of faculty from their own pockets and that the university should do more to support it financially.



*Recommendation 7:*

Host an annual UAA gathering where all faculty and staff are invited to celebrate and recognize what it means to be part of UAA. This event should be held during the semester when the majority of employees are on campus, possibly early to mid-Fall. Leadership should strongly encourage all employees to attend and connect with other employees.

At the gathering, recognize longevity awards in a brief way, then allow for adequate time for employees to enjoy the event and others. Possible food trucks available after presentation.

Additionally, receiving a small card handwritten from the chancellor would go a long way in making staff feel appreciated and valued. We also recommend a complete rebranding of the pins. We could hold a contest to have students design the pins and even have a different design for each year.

*Recommendation 8:*

Based on the above, the task force strongly recommends that there should be a staff member whose job is dedicated to UAA Faculty and Staff Recognition and Appreciation. This is a difficult recommendation to submit in our current climate, especially when current employees are being laid off or having their contracts reduced. The historic practice of asking for volunteers is not a sustainable or effective solution. This person would report to the Chancellor and specialize in the coordination and communication of employee recognition and appreciation.

## Appendix 1a: Current Employee Recognition Awards

### Current Employee Recognition Awards

- University Wide Award
  - Staff Make Students Count
  - All regular full-time permanent and part-time permanent exempt and non-exempt staff employed by the university recognizes university staff who provide outstanding service to students.
- UAA Award
  - Campus Bookstore Admin Professional of the Year Award  
Any UAA employee you want to recognize for their hard work and contributions.
  - Staff Emeritus  
A retiring employee who has provided outstanding service to the university can be conferred emeritus status.
  - Chancellor's Awards for Excellence
  - Individuals and groups recognized for their exceptional service to our university community.
- Department Award
  - Bill Rose Memorial Award
  - An annual award presented to UAA Administrative Services regular employee whose performance has been such that they have contributed to the mission of the University of Alaska Anchorage and has sustained superior performance over a minimum period of one year.
  - Employee of the Quarter Award
  - Any Administrative Services Division regular employee, other than the senior executive team, is eligible to receive the award and any University employee can submit a nomination.
- College Award
  - No longer active - CBPP used to have internal recognition for best advisor, outstanding staff and outstanding faculty awards.
- Staff Council
  - Staff Recognition Award
  - An opportunity to recognize a regular and/or term full-time or part-time staff member based on criteria such as going above and beyond, brings their best every day, customer service, good ambassador, etc.
- Other Forms of Recognition
  - Longevity Pin
  - Online Thank You Card/Note
  - Thank You Gram
- Previous Events/Ceremonies
  - Faculty and Staff Convocation
  - Development Day

Add P&T and other faculty focused awards and recognitions. CAFÉ COW awards were posted in G&G 4/12.

### Current Faculty Awards:

- Promotion and Tenure
- Faculty Emeriti

- Chancellor's Awards for Excellence
  - Excellence in Teaching: 3 awards; faculty and adjuncts
  - Excellence in Academic Research/Creative Activity: 2 awards; faculty
  - Promoting Student Achievement: 2 awards, 1 faculty and 1 staff
  - Diversity: 1 award; either faculty or staff
  - Community Engagement and Service: 2 awards; faculty and/or staff
- Innovate Awards
- Selkregg Community Engagement and Service-Learning Award
- Patent Wall of Fame
- Faculty Senate Distinguished Service Awards
  - Service to the Senate
  - Service to the University Outside of the Senate
  - Service to the University and the Community
- CAFE Oh Wow (COW)

## Appendix 2 – Additional Information Surrounding Convocation and Development Day

### Faculty/Staff Convocation

#### History

- 2005 -2007 – Chancellor hosted State of the University Address and Promotion and Tenure Awards in Wendy Williamson Auditorium. The program stayed much the same for three years.
- 2008 – 2013 – Event grew to include on-stage recognition of Chancellor’s Awards, Longevity, and Promotion and Tenure.
- 2014 – Chancellor’s Awards were dropped from program in favor of online/electronic recognition in the spring. Event program recognized Promotion and Tenure and Longevity Awards of 20+ years on stage.
- 2015 – Event merged with Freshman Convocation and was held on the Saturday prior to fall classes beginning. Faculty/Staff Welcome preceded with remarks by faculty leadership and chancellor was held in Cuddy Hall, followed by program in WWA. Program consisted of student emcees and entertainment and three students and alums shared their personal stories. Promotion and Tenure and Longevity were recognized in printed program and asked to stand during event.
  - Faculty Services held reception this year for P&T recipients in Nov.
- 2016 – Event rebranded as Faculty/Staff Welcome and was held in Wells Fargo Sports Complex. Guests were invited to a reception in the hallway prior with cake and coffee. Programs listing the year’s P&T recipients and longevity awardees were handed out and mentioned in the chancellor’s remarks. President Johnsen spoke, followed by Q&A.
- 2017 – Faculty/Staff Welcome returned to the Wendy Williamson Auditorium and featured an alumni speaker, chancellor’s state of the university address and Q&A with cabinet. The chancellor directed guests to look in the program for the year’s chancellor’s award recipients, Promotion & Tenure and Longevity awardees.
  - Chancellor hosted reception for Chancellor’s Awards recipients at chancellor’s house.
  - Faculty Senate hosted ceremony and reception for P&T awardees in ARTS 150.
- 2018 – Faculty/Staff Welcome held in Cuddy Hall featuring Chancellor’s Cabinet on stage, video from incoming Chancellor Sandeen and printed program listing year’s P&T, Longevity and Chancellor’s Awardees.
  - Faculty Senate hosted ceremony and reception for P&T awardees in ARTS 150.

### Development Day

#### History

The first Development Day was held in May 1990 and the last was in May 2016. The main goals of the event were:

- Offer opportunities for personal and professional development.
- Recognize and celebrate the contribution of employees.
- Encourage team building within and among College, unit, department, and program faculty and staff.
- Improve employee connection to the UAA and Anchorage community.
- Improve employee morale.
- Provide the information, knowledge, skills and relations necessary to advance the UAA 2017 Strategic Plan.

Initially, Development Day was geared only toward UAA Staff employees, and it was called Staff Development Day. At the time, faculty were the only members of the UAA employee community who received annual professional development training, typically held at the end of the Spring semester. In 1990, the Human Resource Services department, along with several staff volunteers, formed the Staff Development Day committee to ensure staff also received professional development training. In 2009, the event was broadened to include all UAA employees because faculty no longer had a week of separate training opportunities.

**Event Layout:** Development Day was a one-day event that consisted of an opening ceremony showcasing a guest speaker followed by a variety of workshops held throughout the day geared toward professional and personal development. There was also a community engagement fair consisting of booths from organizations in the community and UAA department/services/programs. A closing ceremony marked the end of the event.

**Budget:** In 2009, the annual Development Day budget was approximately \$50,000. Over time, that amount decreased to roughly \$5,000 due to budget cuts to the University.

Initially, the majority of the Development Day budget went to the purchase of food. Breakfast, lunch, and snacks were typically provided to approximately 500-700 faculty and staff. As the budget amount decreased, the committee had to find creative ways to continue offering the event but at a reduced budget.

#### **Impact of Budgetary Constraints:**

In 2015 and 2016, the University cut the Development Day budget drastically. As a result of those cuts, we could no longer hire Seawolf Catering. However, we circumvented this constraint by inviting food truck vendors to campus, and employees were responsible for purchasing their lunch.

As mentioned, the committee was primarily comprised of staff volunteers. Through the years, it became challenging to rally staff volunteers to participate because many supervisors no longer allowed staff to work on the event during business hours. This meant that volunteer staff had to dedicate personal time to putting on Development Day.

The Chancellor and Vice Chancellor of Administrative Services encouraged supervisors to allow their employees to participate in day-of Development Day events and workshops. There were a variety of departments/units that would close their offices for the day to allow all employee to participate in Development Day activities. However, the organizing committee often received feedback that supervisors were not allowing staff to participate.

In 2017, the Chair of the Development Day Committee felt there was not enough organizational support for the event due to time constraints. The Staff Council did proceed with a smaller version of Development Day that year. However, it was called Employee Appreciation Day, and the event was not considered successful.

### **Appendix 3a: Additional Information Regarding Policy**

UA and UAA Policies surrounding human resources (employment and tax reporting), procurement, and purchasing affect all award and recognition efforts.

#### **UA policy: Gift-giving guidelines**

According to UAA BOR, Chapter 05.02. Accounting and Fiscal Reporting, F Gifts (<https://www.alaska.edu/bor/policy/05-02.pdf>), the following applies:

- Gifts represent voluntary transfers of money or property for which no consideration is received.
- Gifts include awards and tokens of appreciation or recognition to students, employees, dignitaries, community leaders, visitors, guests, and other associates, and may be based on achievement, service to the university, cultural traditions, or contributions to the mission, purposes or goals of the university or its community.
- Except for issuance of modest cost (less than \$25) plaques or similar tokens of appreciation or recognition which may be charged to non-representational accounts, all gifts and awards will be subject to the following.
  - Gifts may not be purchased or charged to accounts supported by public funds. However, these costs may be funded through non-public funding sources, such as agency funds, restricted funds or private contributions, if such expenditures are appropriate from the specified funding source and are "ordinary and necessary" for the conduct of the university's or the agency's business.
  - Gifts and awards to employees represent compensation which is subject to federal withholding requirements and will only be awarded and recorded under criteria established or approved by the Statewide Office of Human Resources. 05.02 41 Accounting and Fiscal Reporting.
  - Gifts and awards which represent honoraria are compensation for non-employee services and will be awarded and governed by the procurement regulations and procedures.
  - The purchase of, or reimbursement for, gifts costing more than \$100 require approval of the MAU chief financial officer regardless of funding source.
  - Documentation required for gifts:
    - Cost of the gift (invoice required for any item in excess of \$25);
    - Date of the gift;
    - Description of the gift;
    - Business reason or benefit gained or expected to be gained (generally requires a written statement unless it is obvious from surrounding circumstances);
    - Name, occupation, title or other information about the person receiving the gift which establishes his or her business relationship with the university or the respective agency; and
    - Certification of benefit to the university or the respective funding agency.

#### **UAA HR policy: Giving leave as an award**

When adding leave to an employee's leave balance, there is a cost (based on the individual in terms of their hourly rate and ECLS) that needs to be added to the statewide leave pool. For example, an exempt employee who earns \$25 (hourly equivalent rate) the cost for two days of annual leave would be \$677.98. (\$400.00 base salary and \$277.98 for the associated benefit and leave rate). In this case, with an exempt employee, the university pays the employee's base rate plus an additional 69.5%. (Refer to the Supporting Documentation folder for the spreadsheet used in the calculations.)

**RECOMMENDATION:**

- Establish criteria for award (merit-based).
- Establish central pool.

**Task Force considerations include:**

- Items for issuance cannot be bought with state appropriation or tuition / fee revenue.
- Adherence to the \$25 limit or obtaining additional documentation and/or MAU CF approval as necessary (>\$100).
  - Required documentation (5.), which should be easy to obtain.
- What gifts are allowable on the ProCard?
  - Gifts under \$25 that are coded to nonrepresentational accounts 4008 or 4018 may be purchased with a ProCard after an approved Rep Expense Allowance Form (aka Rep/Non-Rep Form or RNR) is obtained.
  - Gifts that require an approved ProCard Policy Waiver Form and an approved RNR prior to the purchase include gifts \$25 and over, gifts to employees & retirement gifts. These gifts may need additional approvals.

The following documents may have implications for the UAA Chancellor's Task Force (TF) in meting out tangible forms of recognition:

- Regarding FY18 Staff Council's position supporting a UAA Staff Recognition Policy:
  - <https://www.uaa.alaska.edu/about/governance/assembly/documents/Staff%20Recognition%20Policy.pdf>.
- UAA Honorariums (applies if the TF contracted with an outside individual to speak at a formal ceremony or otherwise):
  - <https://www.uaa.alaska.edu/about/administrative-services/departments/financial-services/procurement/honorariums.cshtml>.
- Guidance regarding UAA procurement policies and guidelines:
  - <https://www.uaa.alaska.edu/about/administrative-services/departments/financial-services/procurement/rules-policies.cshtml>.
- Guidance regarding UAA non-representational purchases:
  - <https://www.uaa.alaska.edu/about/administrative-services/departments/financial-services/procurement/nonrepresentational.cshtml>.
- UAA ProCard Handbook (provides regulation for utilizing a University ProCard for purchases of gifts, awards, prizes, etc.):
  - <https://www.uaa.alaska.edu/about/administrative-services/departments/financial-services/procurement/documents/ProCard-Handbook-Revised-August-2017.pdf>.

## **Appendix 3b: Supporting Policy Documentation Summary (UA HR Procedure Gifts and Awards FAQ)**

### **What is considered a non-cash gift?**

- A non-cash gift/award is any benefit, prize or award which is given to an employee or non-employee. This includes, but is not limited to, airline vouchers or miles, tickets to UA or community events, artwork, clothing, parking passes, UA/UAA logo items, mugs, etc.

### **Why does the University of Alaska need to know about gifts we give?**

- Non-cash transactions may result in taxable income to the individual and/or reportable income to the Internal Revenue Service (IRS). The IRS requires the university to track such transactions.

### **Are all non-cash gifts/awards reportable to the university?**

- Each university of Alaska MAU is responsible for tracking non-cash transactions. UAA requires reporting of non-cash gifts / awards when the fair market value of the gift/award exceeds \$24.99. (Note: UAF requires reporting of non-cash gifts/awards when the fair market value of the gift/award exceeds \$50.)

### **What is meant by the “fair market value”?**

- Per the IRS, “Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.”

### **I heard that only non-cash gifts/awards valued at \$600 or more must be reported to the IRS; why does UAA require reporting when the value exceeds \$24.99?**

- The IRS reporting threshold is currently \$600; however, it is cumulative for all non-cash gifts/awards received by an individual from all university of Alaska MAU’s during the course of the calendar year. Each reported non-cash gift/award is entered into the Banner finance system to consolidate the information and arrive at the total given to each individual during the calendar year. So, it might be that a UAF department has given an individual a gift valued at \$75 and they then won an airline voucher from UAA valued at \$495 and then won a jacket from UAF Athletics valued at \$90. Since the IRS looks at UA as a whole, this would result in a total of \$660 received by this individual, exceeding the IRS reporting threshold.

### **Do employees or non-employees receiving gifts need to be reported?**

- Both, a non-cash gift/award given to any person (employee, student, volunteer or, in general, any member of the public) must be reported to UAA. Non-cash gift/awards given to non-employees must be reported when the fair market value of the gift/award exceeds \$24.99; all non-cash gift/awards given to employees must be reported regardless of the value.

### **If university funds were not used to purchase the gift/award, does it still have to be reported?**

- Yes, items donated to the university and then given away as gifts/awards may result in taxable income to the individual and/or reportable income to the IRS. The IRS requires the university to track such transactions.

### **My department is giving away items that were purchased through a restricted fund grant, are they still reportable?**

- Yes. Remember, non-cash transactions are tracked because they may result in taxable income to the individual and/or reportable income to the Internal Revenue Service (IRS). The manner in which the university obtains the items is not taken into consideration for this purpose.

### **What information should I gather from the gift recipient?**

- The following information must be reported for all recipients of a non-cash benefit, prize or award:
  - Date non-cash benefit, prize or award was granted
  - Brief description of benefit, prize or award
  - Fair market value of benefit, prize or award



- Recipient's contribution – the value of a single raffle ticket, etc. (***only required when prize is due to the purchase of a raffle ticket***)
- Recipient's name (as provided to the IRS and/or SSA)
- Recipient's mailing address
- Recipient's Banner ID number (if applicable)
- Recipient's social security number or TIN
- Recipient's phone number (if available)
- US Citizen (Yes or No)

**Why do we need to gather personal information from the recipient?**

- This information is required for IRS reporting. If it is determined that the gift/award results in potentially taxable income to the individual and/or reportable income to the IRS, the university must have all the information required for reporting to the IRS. The recipient's name must match the Social Security Administration (SSA) or the IRS records EXACTLY. Abbreviations are not allowable.

**What if the recipient of the gift/award doesn't give me his social security number?**

- If the recipient does not give you his social security number, he should not receive the award. Failure to obtain the required information from the recipient may result in IRS penalties to the university.

**How often do non-cash gifts/awards need to be reported?**

- Non-cash benefits, prizes or awards with a fair market value exceeding \$24.99 that are given to NON-EMPLOYEES must be reported to the Office of Finance & Accounting quarterly. Current calendar year reporting due dates may be found in the non-cash transactions reporting schedule. To avoid duplicate entries into Banner finance, each quarterly report should include non-cash transactions occurring during that particular quarter and/or transactions that have not been previously reported.
- Non-cash benefits, prizes or awards that are given to EMPLOYEES must be reported directly to UAA Human Resources at the time of the award regardless of the value.

(Information contained in this document was borrowed from <https://www.uaf.edu/finserv/finance-accounting/operational-reports/non-cash-reporting/faq/> and adapted.)

### **Appendix 3c: Supporting Policy Documentation Summary (UA Statewide Human Resources Procedure: Gifts and Awards)**

University of Alaska departments may give gifts or awards to employees for staff appreciation, longevity awards, or community service recognition. They may be given in the form of cash, cash-equivalents (e.g., gift certificates), or non-cash items. These awards have different tax consequences for the employee, based on the type of award and particular circumstances. The following procedure is an explanation of the types of awards and how they should be processed in the Banner HR system.

NOTE: Any cash incentives given to an employee that directly relate to their job should be considered a bonus. Earnings code 710 must be used.

#### ***Cash Awards***

Cash awards to employees (usually issued in the form of a check) from an employer are always considered income and are subject to Federal Income Tax (FIT) and FICA. Therefore, these transactions must be processed through payroll. Refer to University Regulation 05.02.070.F. at <http://www.alaska.edu/bor/policy-regulations/>.

Before an award check is processed, a letter on department letterhead must be signed by the person authorizing the award, and then forwarded to the Payroll office. The letter must state: 1) who is to be paid, 2) the amount to be paid, 3) whether the amount to be paid is the net or the gross, and 4) the fund/org/acct number to be charged for the award.

NOTE: Charging awards to restricted funds is not usually permitted. Contact your Grants & Contracts office for additional information. The document must be signed by a person who is authorized to charge the specified account.

#### ***Cash Award Processing***

Awards may be paid by a manually printed or a computer printed paycheck. Use earning code 700 - Award. Applicable deductions:

- 020: Federal withholding is deducted from cash awards. If a separate check is issued for the award, use the supplemental wage withholding rate. Refer to IRS Publication 15 (Circular E) for the current year's rate.
- 030 and 040: FICA taxes are deducted from awards, if FICA is applicable to the ECLS of the employee's job assignment.
- 100-187: Child support, levies, and garnishment deductions must be deducted from award as per the order.
- 201-236: Retirement is not applicable on awards.
- 500-536: Pension is not applicable on awards.
- All other deductions/benefits do not apply.
- SBZ: Only the staff benefit charge (no leave benefits) are applicable on the award gross amount.

Many awards are for a flat net amount and must be grossed up to allow withholding of the required taxes and deductions. Refer to the Gross-Up template at [http://www.alaska.edu/files/hr/payroll.taxable\\_benefits.gross\\_up\\_template.xls](http://www.alaska.edu/files/hr/payroll.taxable_benefits.gross_up_template.xls).

#### ***Cash-Equivalent Awards***

Cash-equivalent awards to employees from an employer are always considered income and are subject to Federal Income Tax (FIT) and FICA. Cash-equivalent awards include all gift certificates, vouchers, check cards, etc., no matter the value of the certificate. If the certificate is for a commodity, then the fair market value of the item or service is considered the cash-equivalent award. Therefore, these transactions must be processed through payroll. Refer to University Regulation 05.02.070.F. at <http://www.alaska.edu/bor/policy-regulations>.

#### *Cash-Equivalent Award Processing*

Use deduction code 830 – Misc. Taxable Benefit. Applicable deductions:

- 020: Federal withholding is deducted from cash awards.
- 030 and 040: FICA taxes are deducted from awards, if FICA is applicable to the ECLS of the employee's job assignment.
- All other deductions/benefits do not apply.

If the individual is not able to pay FICA taxes, the amount must be grossed up to allow withholding of the required taxes and deductions. Refer to the Gross-Up template at [http://www.alaska.edu/files/hr/payroll.taxable\\_benefits.gross\\_up\\_template.xls](http://www.alaska.edu/files/hr/payroll.taxable_benefits.gross_up_template.xls).

#### **Non-Cash Awards**

Non-cash awards or gifts to employees are normally considered subject to Federal Income Tax (FIT) and FICA but may be exempt in certain limited circumstances. Exceptions:

- Non-cash awards which are infrequent and have a fair market value of less than \$25.00 are considered de minimis and are not subject to FIT and FICA.

Note: Gift certificates are always taxable; refer to the "Cash-Equivalent Awards" section.

- When purchasing non-cash awards, use account code 1761.
- Items given as retirement or length of service awards are considered exempt if they meet all of the following requirements:
  - The award has a value of less than \$400.00.
  - It is awarded as a part of a meaningful presentation.
  - It is awarded under conditions and circumstances that do not create a significant likelihood of disguised pay.
  - The employee receives the award after his or her first 5 years of employment and in increments of 5 years thereafter.
- Items given as safety awards are considered exempt if they meet all of the following criteria:
  - The award has a value of less than \$400.00.
  - It is awarded as a part of a meaningful presentation.
  - It is awarded under conditions and circumstances that do not create a significant likelihood of disguised pay.
  - The award cannot be given to a manager, administrator, clerical employee, or other professional employee.
  - During the current tax year, no more than 10% of the employees have already received a qualified safety award.

#### *Non-Cash Award Processing*

Use deduction code 830 - Misc. Taxable Benefit. Applicable deductions:

- 020: Federal withholding is deducted from cash-equivalent awards.

- 030 and 040: FICA taxes are deducted from awards, if FICA is applicable to the ECLS for the employee's job assignment.
- All other deductions/benefits do not apply.

If the individual is not able to pay FICA taxes, the amount must be grossed up to allow withholding of the required taxes and deductions. Refer to the Gross-Up template at [http://www.alaska.edu/files/hr/payroll.taxable\\_benefits.gross\\_up\\_template.xls](http://www.alaska.edu/files/hr/payroll.taxable_benefits.gross_up_template.xls).