



CHAPTER 12

REWARDS & RECOGNITION

INTRODUCTION

Motivating employees by rewarding sustained performance is one of the four goals identified to support and operationalize the Commonwealth's compensation philosophy. Often motivation can be achieved and enhanced through recognition. Employee rewards and recognition programs are designed to acknowledge employees' contributions to the overall objectives of the agency and the Commonwealth. These recognition programs must be designed to support the mission and goals of the specific agency and may vary in approach to include planned or impromptu types of recognition.

Agencies must develop the following recognition programs: ***Awards for Length of Service (Policy # 1.10), Employee Suggestion Program (Policy # 1.21)*** and ***Employee Recognition Program (Policy # 1.20)***. All monetary recognition awards are in the form of a bonus and are not included in base pay. For discussion of other non-base awards, see In-Band Bonus discussed in the Chapter 8 - Pay Practices and Exceptional Recruitment and Incentive Options outlined in Appendix I.

MONETARY AND NON-MONETARY AWARDS

The level of an employee's contribution to the work unit, agency, and/or the Commonwealth should be considered when determining the award to be provided to the employee. Recognition awards may be in the form of monetary and non-monetary items. Monetary awards are those paid by any negotiable instrument such as cash, check, money order, and direct deposit. This type of award also includes any item that can be readily converted to cash such as savings bonds or refundable gift certificates. Non-monetary awards include items such as non-refundable gift certificates, meals, trips, plaques, clothing, or other similar items.

TYPES OF EMPLOYEE RECOGNITION PROGRAMS

The three types of employee recognition programs support and enhance the Commonwealth's Compensation Management System. Each of these programs are independent of one another.

- **Awards for Length of Service**

The Commonwealth's ***Award for Length of Service*** program provides employees non-monetary recognition for years of service with the Commonwealth. Awards are based on length of service in five-year increments.

- **Employee Suggestion Program**

Employee Suggestion Programs give agencies a mechanism for recognizing employees for adopted ideas that improve their agencies' and the Commonwealth's operations. Awards may be monetary, non-monetary, and leave. A percentage of the savings generated for the agency and/or the Commonwealth is used to determine the amount of the monetary or leave award.

- **Employee Recognition Program**

Employee Recognition Programs are designed to encourage employees to make a performance difference either individually or through teams. These awards recognize achievements or accomplishments that contribute to the overall objectives of the agency and state government. The criteria for such awards are different from and cannot overlap with the criteria of In-Band Adjustments or In-Band Bonuses described in Chapter 8 Pay Practices.

Agencies must develop an ***Employee Recognition Program*** that provides monetary and non-monetary recognition awards for employees. The total of monetary and non-monetary awards (excluding recognition leave) shall not exceed one thousand dollars (\$1,000.00) per employee per fiscal year. In addition, recognition leave of up to five workdays may be awarded to an employee in a leave year. Recognition leave lapses within twelve months from the date it is awarded. Agencies may extend the twelve-month retention period for recognition leave if the agency has been unable to allow the employee to use the leave or may pay out the leave in accordance with the situations specified in the policy.

A handbook has been developed to assist agencies in developing an ***Employee Recognition Program***.

TAX IMPLICATIONS

All monetary awards, regardless of the amount, are considered income for the employee and taxed accordingly. Any recognition leave paid to the employee is

considered income and must also be taxed. Agencies shall be responsible for determining whether or not non-monetary awards are taxable, in accordance with Department of Accounts guidelines and Internal Revenue Service tax regulations. There will be no tax on any non-monetary award that is determined de minimus by the agency