

**Cash Awards to WSU Employees****OVERVIEW**

Employing departments giving cash awards to employees in recognition of achievements related to employment are to process the awards through Payroll Services.

**Students**

Departments process cash awards to students as departmental scholarships (see *BPPM* 30.90).

**Supporting Account**

Expenditures for employee awards from state funds are limited to \$200 gross in accordance with *RCW* 41.60.150. Any awards over \$200 gross must be paid by or supplemented with FN057 funds.

Expenditures from a function FN057 account to support expenditures for employee awards must be allowable in accordance with section *BPPM* 70.33.

**PROCEDURE**

The employing department sends a memorandum including the following information to the Director, Payroll Services:

- Name of recipient
- WSU ID number of recipient
- Whether the money is to be included in the employee's pay or issued as a separate check
- Whether or not the award is to be confidential until issued
- Supporting account code
- Gross amount to be awarded (see below under *Deductions*)
- Short description of the award
- If the award is a separate check, indicate when the check is required and who will pick up the check
- Signature of the responsible dean or equivalent administrator

Route the memorandum to Payroll Services at least two weeks before the award is to be given to the employee.

**Deductions**

Payroll Services deducts the following from all payments:

- Withholding tax (If the award is issued as a separate check, withholding tax is calculated at the supplemental rate of 22 percent of gross. If the award is paid with the employee's regular paycheck, withholding is calculated in accordance with the employee's withholding elections (see *BPPM* 55.10).)
- Social Security (6.2% of gross)
- Medicare (1.45% of gross)
- Paid Family and Medical Leave (0.2533% of gross)

## **Cash Awards to WSU Employees**

### **Deductions (cont.)**

Payroll Services can calculate the award one of two ways, gross to net or gross up. Either way, Payroll Services makes appropriate deductions and remits and reports them to the federal government.

#### Gross to Net

EXAMPLE: Using the gross-to-net method, Payroll Services would generate a payment to the employee of \$140.19 from a gross of \$200.

#### Gross Up

If the department wants the employee to actually receive a set amount with taxes and withholding prepaid, Payroll Services would calculate the necessary gross using the gross-up method. EXAMPLE: To generate a check to the employee of \$1000 net, the department would have to actually pay \$1,426.60 gross to the employee and an additional \$111.23 in employer contributions.

### **Supporting Documentation**

The department is responsible for retaining supporting documentation that provides justification for the award and describes the selection process.