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*Disbursement Guidelines for Miscellaneous Payments to  
ISU Employee and Students  
(other than salary/wages)*

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**Faculty/Staff Payments (cash, gift cards, cash equivalents)**

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Payments made to university employees as awards, bonuses, recognition, or for services in excess of their usual duties is taxable income to the recipient. The amount of the payment will be subject to tax withholding and included on Form W-2 for employees. The IRS specifically defines gift certificates, gift cards, and any financial instruments redeemable for cash as cash equivalents and states that the value of these items is considered taxable income to the recipient regardless of dollar value. All such payments should be processed through the University in accordance with its policies and procedures. The ISU Foundation cannot pay a University employee directly for an award; however the Foundation can be requested to reimburse the department's university account from the appropriate Foundation account.

Gift cards or certificates for employees to be given as a personal gift should not be purchased with any University funds (this includes ISU Foundation, and grant related funds). Gift cards may be purchased by individual employees with their own money as a personal gift, but the employee will *not* be reimbursed for the expense by the University or Foundation.

Travel for University business related activities should be handled through a University account. The Foundation can reimburse University departmental funds for expenses related to travel after the payments are processed through the University. Travel associated with the Foundation or related to potential donors or fundraising may be processed by the Foundation.

Payments to new employees for relocation expenses should be paid out of an ISU departmental account. These reimbursements are reviewed by the Tax Compliance Officer and will be paid via accounts payable or payroll once taxability has been determined. The department may request reimbursement from the ISU Foundation if they have funds available for that purpose.

Reimbursements for entertainment and hospitality that are not covered by ISU's Entertainment Policy may be reimbursable by the ISU Foundation to the extent that such expenses are necessary, appropriate to the occasion, reasonable in amount and serve a purpose consistent with the mission and fiduciary responsibilities of the foundation/university.

**Student Scholarship and Awards:**

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The Foundation cannot pay students directly for scholarship and awards that cover tuition and related fees, nor can it reimburse individuals who made such payments on behalf of a student. These payments must go through University Financial Aid in order to comply with Federal guidelines that the University must follow in tracking the support that a student receives. The Foundation can reimburse the department's University account for these expenses.