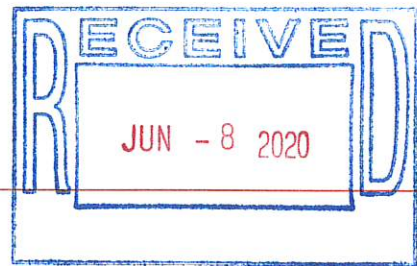


LABOR RELATIONS



June 4, 2020

Mr. Brian J. Wagner
President
National Association of Postal Supervisors
1727 King Street, Suite 400
Alexandria, VA 22314-2753

Dear Brian:

As a matter of general interest, the Postal Service plans to revise Employee and Labor Relations Manual (ELM) Section 490, *Recognition and Awards*. The purpose of the revision is to comport with the Internal Revenue Service's regulation concerning De Minimis Fringe Benefits. The regulation concerns items with a value exceeding \$100 not being considered de minimis. This revision changes the amount in the ELM from \$75.00 to \$100.00

We have enclosed two copies of ELM Section 490, one with and one without changes identified.

Please contact Bruce Nicholson at extension 7773 if you have questions concerning this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Mills".

David E. Mills
Manager
Labor Relations Policies and Programs

Enclosures

490 Recognition and Awards

491 Overview

491.1 Policy and Scope

491.11 Scope

This subchapter establishes the conditions and procedures for the recognition of all Postal Service employees except the following:

- a. Executives and officers assigned to the Postal Career Executive Service (PCES). (Recognition award policy for PCES employees can be found in Handbook EL-380.)
- b. Employees of the Office of Inspector General.
- c. Employees of the Postal Regulatory Commission.

491.12 Policy

The Recognition and Awards Program is intended to recognize employees who have achieved outstanding performance, have superior competence, or have performed some other significant accomplishment. The program is not intended to provide incentives to employees to meet predetermined goals. The program has been broadly designed to ensure that the recognition and award needs of all organizations and functional areas are met. The awards offered range from a letter of appreciation to \$12,500 in cash.

Recognition falls into seven broad categories:

- a. Certificate of Appreciation.
- b. Service Awards, for which noncash recognition items, such as Service Award Pins, Retirement Recognition, and Posthumous Service Certificates are awarded.
- c. Informal Awards, limited to noncash tangible items valued at less than \$100.
- d. Formal Awards, including cash, cash equivalents, gift certificates, and noncash tangible items.
- e. Special Awards, including but not limited to, the Vice President Award, the Postmaster General Award, and the Benjamin Franklin Award.
- f. Other Awards, including the Contest Award for officially sanctioned Postal Service contest winners, and the Safety Award.
- g. Inspection Service Awards, including cash and noncash awards specially designed for employees of the U.S. Postal Inspection Service.

Exhibit 491.1 provides a summary of service recognition and incentive rewards.

Exhibit 491.1

Service Recognition and Incentive Awards

Category		ELM Reference	Employees Eligible	Others Eligible	Description
Certificate of Appreciation		<u>492</u>	All	Contractors and customers	Noncash recognition.
Service Awards	Service Award Pin	<u>493.2</u>	Career	None	Noncash recognition.
	Service Award Certificates for Retirement and Posthumous Service Recognition	<u>493.3</u>	Career	None	Noncash recognition.
Informal Award		<u>494</u>	All	Contractors	Noncash tangible item, less than \$100 in value.
Formal Awards	Spot Award	<u>495.2</u>	Non-Inspection Service, career employees	None	Cash, cash equivalent, gift certificate, or noncash tangible item, up to \$3,000 in value.*
	Noncareer Gift Certificate	<u>495.3</u>	Noncareer	None	Gift certificate valued from \$1 to \$100.
	Quality Step Increase	<u>495.4</u>	Career bargaining unit on step schedule	None	Change in base pay.
Special Awards	Team Award	<u>496.2</u>	Nonbargaining, Non-Inspection Service career employees	None	Cash, cash equivalent, or noncash tangible item, from \$50 to \$2,000 in value.
	Vice President Award	<u>496.3</u>	Career	None	Cash, up to \$5,000 per award.
	Postmaster General Award	<u>496.4</u>	Career	None	Cash, up to \$12,500 per award.
	ELT Award	<u>496.5</u>	Career	None	Cash, up to \$10,000 per award.
	Benjamin Franklin Award	<u>496.6</u>	Designated by the Postmaster General	None	Noncash recognition.
Other Awards	Contest Award	<u>497.2</u>	All	None	Noncash items, up to \$500 in value (see <u>497.23</u> and <u>626.1</u>).
	Safety Award	<u>497.3</u>	Career	None	Noncash items, up to \$500 in value (see <u>843</u>).
Inspection Service Awards	Informal Award	<u>498.2</u>	Career Inspection Service	None	Cash equivalent, gift certificate, or noncash tangible item, up to \$3,000 in value.
	Nonexecutive Award	<u>498.3</u>	Career Inspection Service	None	Cash award up to \$5,000.

*See 491.3 for descriptions of cash equivalent, gift certificate, and noncash tangible awards.

491.2 Management Control

Postal Service managers must use appropriate review and control procedures to identify the superior work of individuals, programs, and operational areas. Managers must ensure that related actions, such as performance evaluations, are fully considered to maintain compatibility between awards and other relevant factors. All levels of management are responsible for ensuring that all employees are treated fairly and equitably and for providing a workplace environment characterized by recognition and celebration of business success. Vice presidents, district managers, senior and lead plant managers, and the chief Human Resources officer periodically audit the awards process.

491.3 Awards**491.31 Cash Awards**

A cash award is issued in the form of a check by Accounting Services. All cash awards are considered ordinary income and are subject to the following deductions: (a) federal, state, Medicare, and Social Security (if applicable); and (b) involuntary deductions such as child support and tax levies. (Various

other payroll deductions are not withheld from the cash award.) Since these payroll deductions are made from cash awards, the net amount of the check will be less than the requested dollar amount.

491.32 **Cash Equivalent Awards**

A cash equivalent award is a product purchased from an authorized Postal Service supplier, which is immediately convertible to cash, such as a gift check. All cash equivalent awards, regardless of value, are considered ordinary income and are subject to income tax. All cash equivalent awards must be reported in eAwards under the award category appropriate for the type of employee and reason for the award. Reporting of cash equivalents should occur in the same pay period in which they are received by the employee, but must occur in the same calendar year to avoid tax reporting discrepancies. Cash equivalent awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated in eAwards when reported.

491.33 **Noncash Tangible Awards**

491.331 **Authorized**

Noncash tangible awards authorized by the Postal Service are described below. See 491.332 for noncash tangible awards that are **prohibited**.

- a. *Informal Recognition*, such as pins, pen and pencil sets, coffee mugs, apparel, plaques, event tickets, etc., valued at less than \$100.
 - (1) *Reporting*. Individual noncash tangible award items valued at less than \$100 are not normally considered taxable income and are not reported in eAwards. However, management must track all noncash tangible items valued at less than \$100 received by an employee during the calendar year. If the aggregate total of all noncash tangible items valued at less than \$100 received by an employee in a calendar year meets or exceeds \$100, the total amount must be reported in eAwards under the appropriate noncash tangible award type for the employee category and reason for the award.
 - (2) *Event tickets*. Tickets to a specific event, game, play, concert, movie, etc., for a definite time and place that cannot be exchanged for another event, time, or place, etc., and are valued at less than \$100 are informal awards and do not constitute reportable income. However, any of the preceding items valued at \$100 or more, or any certificate that can be exchanged or redeemed for a ticket or tickets to an event at the time and place of the recipient's choice, regardless of value, are considered gift certificates and must be reported in eAwards under the appropriate noncash award type (see 491.34).
- b. *Formal Noncash Tangible Recognition*, such as clothing, event tickets, merchandise, electronics, and other personal property valued at \$100 or more (see 491.332). The market value of formal noncash tangible award items may range from \$100 up to \$3,000 depending on the reason for the award (Spot Award, Team Award, Contest Award, etc.).

Individual noncash tangible items valued at \$100 or more are always considered taxable income, and should be reported in eAwards in the same pay period in which they are received under the appropriate noncash award type for the employee category and reason for the award. Reporting must take place in the same calendar year to avoid tax reporting discrepancies. Noncash tangible awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability for grossed up awards is charged to the finance number indicated when reported in eAwards.

491.332 Prohibited

The purchase of any season or partial season sporting or entertainment ticket is prohibited. The purchase of any single event ticket (sporting events, movies, and concerts, etc.) that costs \$100 or more requires advance approval, in the form of an email or letter, from the Vice President, Controller.

491.34 Gift Certificates

The value of gift certificate awards may range from \$1 to \$3,000 depending on the reason for the award (Spot Award, Contest Award, etc.) and employee category (career, noncareer).

- a. *All gift certificates*, regardless of dollar value, are considered taxable income by the Internal Revenue Service and should be reported in eAwards in the pay period they are received under the appropriate noncash award category for the type of employee and reason for the award. Reporting **must** take place in the same calendar year to avoid tax reporting discrepancies.
- b. The eAwards system withholds appropriate payroll deductions from the recipient's paycheck relevant to the pay period the gift certificate is reported in eAwards.
- c. Gift certificates valued at \$50 or more presented to all employees are grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated when reported in eAwards.

491.4 Privacy Act Considerations

Award records contain personal information; therefore, such records must be handled and disclosed only as stipulated in the Privacy Act and implementing instructions (see Handbook AS-353, *Guide to Privacy, the Freedom of Information Act, and Records Management*). Records of awards received by employees are maintained in the Postal Service Privacy Act system of records, as follows: 100.000, General Personnel Records; 100.200, Employee Performance Records; 100.400, Personnel Compensation and Payroll Records.

491.5 Presentation Ceremonies

Whenever feasible, installation heads should (a) coordinate publicity with communications staff or the area communications program specialist, and (b) provide an appropriate ceremony for each award in the presence of the employee's managers and coworkers.

491.6 Documenting Awards

Cash, cash equivalent, gift certificate, and reportable noncash tangible awards are documented electronically in eAwards for 7 years after processing. In addition, awards may be documented by a record (e.g., copy of the nomination, letter to the recipient, copy of a certificate) filed in the recipient's electronic official personnel folder (eOPF).

492 Certificate of Appreciation

492.1 Overview

The characteristics of the Certificate of Appreciation are as follows:

Type	Who Is Eligible	Description	Approval Authority	Basis
Certificate of Appreciation	All employees, contractors, suppliers and customers	Certificate	Vice president, installation head, district manager, senior plant manager, or designee	Recognizes contributions to the betterment of the Postal Service

492.2 Purpose

The *Certificate of Appreciation* provides executives, managers, postmasters, and other installation heads with a method for recognizing and commending career and noncareer employees, contractors, suppliers, and customers for their contributions to the betterment of the Postal Service.

492.3 Description

The Certificate of Appreciation is a nonmonetary award consisting of a printed certificate with the Postal Service corporate signature and "Certificate of Appreciation" printed at the top. At the discretion of the approving official, a commendatory letter may accompany the certificate. The certificate and letter of commendation (if included) are presented in an official service award folder.

492.4 Eligibility

Career and noncareer employees, contractors, suppliers, and customers are eligible to receive the Certificate of Appreciation. Eligibility for a Certificate of Appreciation is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

492.5 Basis

The Certificate of Appreciation may be issued for noteworthy assistance to the Postal Service. Examples of such contributions are:

- a. Reflecting credit on the Postal Service through civic service and humanitarian endeavors.
- b. Participating significantly in Postal Service programs such as Savings Bond drives, Combined Federal Campaigns, and blood donor drives.

- c. Performing exceptionally in one or more important job projects.
- d. Meeting unusual demands on one's own initiative, along with regularly assigned duties, during unplanned absences of associates.
- e. Improving public relations or sustaining good public relations in unusual circumstances.
- f. Enabling a unit to meet unanticipated demands by performance of unusual duties for short periods.
- g. Demonstrating unusual courage or competence in an emergency.
- h. Improving service through actions that Postal Service management feels are significant.

492.6 **Responsibility**

492.61 **Headquarters and Headquarters-Related Field Units**

The manager of Corporate Personnel Management administers the Certificate of Appreciation program for Headquarters and Headquarters-related field units.

492.62 **Areas, Districts, and Plants**

Area vice presidents, district managers, and senior or lead plant managers administer the Certificate of Appreciation program in their organizational units.

492.7 **Approval Authority**

492.71 **Headquarters and Headquarters-Related Field Units**

PCES executives may approve the Certificate of Appreciation for career and noncareer employees, customers, suppliers, and contractors.

492.72 **Areas**

The area vice president may approve a Certificate of Appreciation for career and noncareer employees, customers, suppliers, and contractors.

492.73 **Field**

Managers, postmasters, and installation heads may approve the Certificate of Appreciation to suit local needs.

492.8 **Ordering Certificates**

Certificates and folders may be ordered from the Material Distribution Center by local offices under the following item numbers:

Item No.	Description
0-1100-F	Certificate of Appreciation
0-1100-H	Service Award Folder (Single Window)
0-1100-K	Service Award Folder (Double Window)

The double window service award folder is to be used when presenting a commendatory letter along with a Certificate of Appreciation (see [492.3](#)).

492.9 **Presenting Awards**

The Certificate of Appreciation is presented by the immediate supervisor or higher-ranking official with appropriate ceremony and publicity in the presence of top officials and coworkers, preferably at the employee's work site.

490 Recognition and Awards

491 Overview

491.1 Policy and Scope

491.11 Scope

This subchapter establishes the conditions and procedures for the recognition of all Postal Service employees except the following:

- a. Executives and officers assigned to the Postal Career Executive Service (PCES). (Recognition award policy for PCES employees can be found in Handbook EL-380.)
- b. Employees of the Office of Inspector General.
- c. Employees of the Postal Regulatory Commission.

491.12 Policy

The Recognition and Awards Program is intended to recognize employees who have achieved outstanding performance, have superior competence, or have performed some other significant accomplishment. The program is not intended to provide incentives to employees to meet predetermined goals. The program has been broadly designed to ensure that the recognition and award needs of all organizations and functional areas are met. The awards offered range from a letter of appreciation to \$12,500 in cash.

Recognition falls into seven broad categories:

- a. Certificate of Appreciation.
- b. Service Awards, for which noncash recognition items, such as Service Award Pins, Retirement Recognition, and Posthumous Service Certificates are awarded.
- c. Informal Awards, limited to noncash tangible items valued at less than \$10075.
- d. Formal Awards, including cash, cash equivalents, gift certificates, and noncash tangible items.
- e. Special Awards, including but not limited to, the Vice President Award, the Postmaster General Award, and the Benjamin Franklin Award.
- f. Other Awards, including the Contest Award for officially sanctioned Postal Service contest winners, and the Safety Award.
- g. Inspection Service Awards, including cash and noncash awards specially designed for employees of the U.S. Postal Inspection Service.

Exhibit 491.1 provides a summary of service recognition and incentive rewards.

Exhibit 491.1

Service Recognition and Incentive Awards

Category		ELM Reference	Employees Eligible	Others Eligible	Description
Certificate of Appreciation		<u>492</u>	All	Contractors and customers	Noncash recognition.
Service Awards	Service Award Pin	<u>493.2</u>	Career	None	Noncash recognition.
	Service Award Certificates for Retirement and Posthumous Service Recognition	<u>493.3</u>	Career	None	Noncash recognition.
Informal Award		<u>494</u>	All	Contractors	Noncash tangible item, less than \$1,007.5 in value.
Formal Awards	Spot Award	<u>496.2</u>	Non-Inspection Service, career employees	None	Cash, cash equivalent, gift certificate, or noncash tangible item, up to \$3,000 in value.*
	Noncareer Gift Certificate	<u>496.3</u>	Noncareer	None	Gift certificate valued from \$1 to \$100.
	Quality Step Increase	<u>496.4</u>	Career bargaining unit on step schedule	None	Change in base pay.
Special Awards	Team Award	<u>496.2</u>	Nonbargaining, Non-Inspection Service career employees	None	Cash, cash equivalent, or noncash tangible item, from \$50 to \$2,000 in value.
	Vice President Award	<u>496.3</u>	Career	None	Cash, up to \$5,000 per award.
	Postmaster General Award	<u>496.4</u>	Career	None	Cash, up to \$12,500 per award.
	ELT Award	<u>496.5</u>	Career	None	Cash, up to \$10,000 per award.
Other Awards	Benjamin Franklin Award	<u>496.6</u>	Designated by the Postmaster General	None	Noncash recognition.
	Contest Award	<u>497.2</u>	All	None	Noncash items, up to \$500 in value (see <u>497.23</u> and <u>626.1</u>).
Inspection Service Awards	Safety Award	<u>497.3</u>	Career	None	Noncash items, up to \$500 in value (see <u>843</u>).
	Informal Award	<u>498.2</u>	Career Inspection Service	None	Cash equivalent, gift certificate, or noncash tangible item, up to \$3,000 in value.
	Nonexecutive Award	<u>498.3</u>	Career Inspection Service	None	Cash award up to \$5,000.

*See 491.3 for descriptions of cash equivalent, gift certificate, and noncash tangible awards.

491.2 Management Control

Postal Service managers must use appropriate review and control procedures to identify the superior work of individuals, programs, and operational areas. Managers must ensure that related actions, such as performance evaluations, are fully considered to maintain compatibility between awards and other relevant factors. All levels of management are responsible for ensuring that all employees are treated fairly and equitably and for providing a workplace environment characterized by recognition and celebration of business success. Vice presidents, district managers, senior and lead plant managers, and the chief Human Resources officer periodically audit the awards process.

491.3 Awards**491.31 Cash Awards**

A cash award is issued in the form of a check by Accounting Services. All cash awards are considered ordinary income and are subject to the following deductions: (a) federal, state, Medicare, and Social Security (if applicable); and (b) involuntary deductions such as child support and tax levies. (Various

other payroll deductions are not withheld from the cash award.) Since these payroll deductions are made from cash awards, the net amount of the check will be less than the requested dollar amount.

491.32 Cash Equivalent Awards

A cash equivalent award is a product purchased from an authorized Postal Service supplier, which is immediately convertible to cash, such as a gift check. All cash equivalent awards, regardless of value, are considered ordinary income and are subject to income tax. All cash equivalent awards must be reported in eAwards under the award category appropriate for the type of employee and reason for the award. Reporting of cash equivalents should occur in the same pay period in which they are received by the employee, but must occur in the same calendar year to avoid tax reporting discrepancies. Cash equivalent awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated in eAwards when reported.

491.33 Noncash Tangible Awards

491.331 Authorized

Noncash tangible awards authorized by the Postal Service are described below. See [491.332](#) for noncash tangible awards that are **prohibited**.

- a. *Informal Recognition*, such as pins, pen and pencil sets, coffee mugs, apparel, plaques, event tickets, etc., valued at less than \$10075.
 - (1) *Reporting*. Individual noncash tangible award items valued at less than \$10075 are not normally considered taxable income and are not reported in eAwards. However, management must track all noncash tangible items valued at less than \$10075 received by an employee during the calendar year. If the aggregate total of all noncash tangible items valued at less than \$10075 received by an employee in a calendar year meets or exceeds \$10075, the total amount must be reported in eAwards under the appropriate noncash tangible award type for the employee category and reason for the award.
 - (2) *Event tickets*. Tickets to a specific event, game, play, concert, movie, etc., for a definite time and place that cannot be exchanged for another event, time, or place, etc., and are valued at less than \$10075 are informal awards and do not constitute reportable income. However, any of the preceding items valued at \$10075 or more, or any certificate that can be exchanged or redeemed for a ticket or tickets to an event at the time and place of the recipient's choice, regardless of value, are considered gift certificates and must be reported in eAwards under the appropriate noncash award type (see [491.34](#)).
- b. *Formal Noncash Tangible Recognition*, such as clothing, event tickets, merchandise, electronics, and other personal property valued at \$10075 or more (see [491.332](#)). The market value of formal noncash tangible award items may range from \$10075 up to \$3,000 depending on the reason for the award (Spot Award, Team Award, Contest Award, etc.).

Individual noncash tangible items valued at \$10075 or more are always considered taxable income, and should be reported in eAwards in the same pay period in which they are received under the appropriate noncash award type for the employee category and reason for the award. Reporting must take place in the same calendar year to avoid tax reporting discrepancies. Noncash tangible awards are automatically grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability for grossed up awards is charged to the finance number indicated when reported in eAwards.

491.332 Prohibited

The purchase of any season or partial season sporting or entertainment ticket is prohibited. The purchase of any single event ticket (sporting events, movies, and concerts, etc.) that costs \$10075 or more requires advance approval, in the form of an email or letter, from the Vice President, Controller.

491.34 Gift Certificates

The value of gift certificate awards may range from \$1 to \$3,000 depending on the reason for the award (Spot Award, Contest Award, etc.) and employee category (career, noncareer).

- a. *All gift certificates*, regardless of dollar value, are considered taxable income by the Internal Revenue Service and should be reported in eAwards in the pay period they are received under the appropriate noncash award category for the type of employee and reason for the award. Reporting **must** take place in the same calendar year to avoid tax reporting discrepancies.
- b. The eAwards system withholds appropriate payroll deductions from the recipient's paycheck relevant to the pay period the gift certificate is reported in eAwards.
- c. Gift certificates valued at \$50 or more presented to all employees are grossed up by eAwards so that the Postal Service assumes the tax liability for the recipient. The additional tax liability is charged to the finance number indicated when reported in eAwards.

491.4 Privacy Act Considerations

Award records contain personal information; therefore, such records must be handled and disclosed only as stipulated in the Privacy Act and implementing instructions (see Handbook AS-353, *Guide to Privacy, the Freedom of Information Act, and Records Management*). Records of awards received by employees are maintained in the Postal Service Privacy Act system of records, as follows: 100.000, General Personnel Records; 100.200, Employee Performance Records; 100.400, Personnel Compensation and Payroll Records.

491.5 Presentation Ceremonies

Whenever feasible, installation heads should (a) coordinate publicity with communications staff or the area communications program specialist, and (b) provide an appropriate ceremony for each award in the presence of the employee's managers and coworkers.

491.6 **Documenting Awards**

Cash, cash equivalent, gift certificate, and reportable noncash tangible awards are documented electronically in eAwards for 7 years after processing. In addition, awards may be documented by a record (e.g., copy of the nomination, letter to the recipient, copy of a certificate) filed in the recipient's electronic official personnel folder (eOPF).

492 **Certificate of Appreciation**

492.1 **Overview**

The characteristics of the Certificate of Appreciation are as follows:

Type	Who Is Eligible	Description	Approval Authority	Basis
Certificate of Appreciation	All employees, contractors, suppliers and customers	Certificate	Vice president, installation head, district manager, senior plant manager, or designee	Recognizes contributions to the betterment of the Postal Service

492.2 **Purpose**

The *Certificate of Appreciation* provides executives, managers, postmasters, and other installation heads with a method for recognizing and commending career and noncareer employees, contractors, suppliers, and customers for their contributions to the betterment of the Postal Service.

492.3 **Description**

The Certificate of Appreciation is a nonmonetary award consisting of a printed certificate with the Postal Service corporate signature and "Certificate of Appreciation" printed at the top. At the discretion of the approving official, a commendatory letter may accompany the certificate. The certificate and letter of commendation (if included) are presented in an official service award folder.

492.4 **Eligibility**

Career and noncareer employees, contractors, suppliers, and customers are eligible to receive the Certificate of Appreciation. Eligibility for a Certificate of Appreciation is without regard to race, color, religion, national origin, sex, age, or presence of physical or mental disability.

492.5 **Basis**

The Certificate of Appreciation may be issued for noteworthy assistance to the Postal Service. Examples of such contributions are:

- a. Reflecting credit on the Postal Service through civic service and humanitarian endeavors.
- b. Participating significantly in Postal Service programs such as Savings Bond drives, Combined Federal Campaigns, and blood donor drives.

492.9 **Presenting Awards**

The Certificate of Appreciation is presented by the immediate supervisor or higher-ranking official with appropriate ceremony and publicity in the presence of top officials and coworkers, preferably at the employee's work site.