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To: CSU Presidents

From: Jackie R. McClain
Vice Chancellor
Human Resources



Subject: New CSU Pre-Tax Parking Deduction Plan

We are pleased to announce the CSU Pre-Tax Parking Deduction Plan, a new employee benefit, for eligible California State University (CSU) employees. This Plan will provide a benefit to employees who currently pay for parking deductions with after-tax dollars.

The CSU Pre-Tax Parking Deduction Plan is a voluntary benefit that offers employees the ability to pay for CSU parking expenses with pre-tax dollars. This pre-tax benefit is available only through payroll deduction for qualified parking as defined by the Internal Revenue Service and established by your campus (e.g., CSU owned, leased or contracted parking facility). Parking deductions will be taken from the employee's pay before Federal, State, Social Security, and Medicare taxes are withheld. Taxable income is reduced, and consequently, taxable income reflected on a participant's W-2 statement is reduced.

The CSU Pre-Tax Parking Deduction Plan will be implemented January 1, 2002, and reflected in the January 1 pay warrant. All employee groups will be eligible for this plan. (We anticipate Trustee approval for Executives at the November board meeting.) Enrollment for this plan will be automatic for employees who currently pay for parking through payroll deduction. Employees who wish to continue to pay for parking with after-tax dollars will be given the opportunity to "opt out" by completing a Pre-Tax Parking Deduction Election Authorization form. A technical letter providing specific implementation and administrative information will be sent to campuses later this week.

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If you have any questions, please contact systemwide benefits at (562) 951-4411.
This HR letter is also available on the Human Resources Administration's web site at:
<http://www.calstate.edu/HRAdm/memos.shtml>.

JRMcC/pc