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HR/Benefits 2007-14

References: HR 2001-19  
HR 2005-36

To: Human Resources Directors  
Payroll Managers  
Benefits Representatives

From: Bruce Gibson   
Interim Senior Director  
Human Resources

Subject: Benefits Update: Uniform Allowance Payments

The California Public Employees' Retirement System (CalPERS) implemented a program to audit all 23 campuses of the California State University (CSU) over the next several years to ensure compliance with CalPERS health benefits and retirement regulations. To date, seven campuses have been audited and notified of areas requiring correction at the campus level. The Chancellor's Office is working with CalPERS to resolve issues that have systemwide impact. The purpose of this technical letter is to communicate new procedures to address the reporting of uniform allowances as a lump sum payment and to clarify existing policy where it applies.

#### General Information

Employees designated in certain employee category classifications, who are required to wear uniforms as a condition of employment, are responsible for the purchase and maintenance of uniforms.

Depending on the employee's classification, a uniform allowance may be provided as determined by collective bargaining agreement for represented employees or systemwide policy for non-represented employees. Uniform allowances are processed in accordance with either Accountable or Non-Accountable Plan Procedure(s), as defined by Internal Revenue Code. Under Non-Accountable Plan Procedures, employees are not required to supply supporting documentation (e.g., receipts, statements) to be reimbursed for uniform purchases. Uniform allowances under Non-Accountable Plan Procedures are subject to applicable federal and state taxes, including Social Security (with the exception of Public Safety employees appointed in Management Personnel Plan or Unit 8 classifications) and Medicare. Under Accountable Plan Procedures, uniform allowances are not subject to taxation. However, the employee is required to submit a claim along with supporting documentation to the campus to substantiate the reimbursement of uniform replacement and maintenance costs, subject to the respective campus procedures.

In order for uniform allowances to be reportable to CalPERS as compensation for retirement withholdings, the allowances must be reported to CalPERS in the month that the uniform allowance is earned.

The following provides Uniform Allowance Program changes to comply with CalPERS audit findings:

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**Distribution:**

CSU Presidents  
Executive Vice Chancellor, CFO  
Interim Vice Chancellor, Human Resources  
Vice Presidents, Administration

Directors, Public Safety  
Budget Officers  
CalPERS

### State University Police Association (SUPA) Unit 8

- Uniform Allowance Amount: \$57.00 per qualifying month of service
- Type of Accounting Plan Procedure: Non-Accountable
- Payroll Earnings ID Assigned: S1

Currently, uniform allowance payments are processed as a one-time lump sum annual payment each October. Campuses have processed the payment for 2007.

To ensure that future uniform allowance payments remain subject to CalPERS retirement withholdings, the California State University (CSU) and the State University Police Association (SUPA) recently negotiated a side letter agreement to modify provisions 17.20-17.22 of Article 17 of the collective bargaining agreement to correct the payment schedule to adhere to CalPERS' regulations. Therefore, effective **November 2007 pay period**, uniform allowance payments will be processed on a monthly basis, and reported to CalPERS in the month the allowance is earned. Effective October 2007 pay period, the requirement to process annual lump-sum uniform allowance payments for Unit 8 employees is no longer applicable.

Uniform allowance payments are taxable and reportable. In addition, each monthly payment is subject to Medicare withholding, and is includable in calculations for overtime and NDI/IDL payments. These payments are reportable to CalPERS as compensation toward retirement.

A copy of the SUPA (Unit 8) side letter agreement is available for download at: [http://www.calstate.edu/LaborRel/Contracts\\_HTML/SUPA\\_Side\\_Letter.pdf](http://www.calstate.edu/LaborRel/Contracts_HTML/SUPA_Side_Letter.pdf).

#### **The following processing instructions are provided in Attachment A:**

- Bonus/Additional Pay Program I – Uniform Allowances – R08, E99.

### Public Safety Police Cadets (Non-Represented) E99

- Uniform Allowance Amount: \$57.00 per qualifying month of service
- Type of Accounting Plan Procedure: Non-Accountable
- Payroll Earnings ID Assigned: S1

Public Safety Police Cadets appointed in classification code 8346, who are required to wear a uniform, are eligible for a uniform allowance. Currently, these payments are processed as a one-time lump sum annual payment each October.

Effective **November 2007 pay period**, uniform allowances for Police Cadets will be processed on a monthly basis and reported to CalPERS as earned.

Uniform allowance payments for Police Cadets are considered taxable and reportable. In addition, each monthly payment is subject to Social Security and Medicare withholding, and is includable in calculations for overtime and NDI/IDL payments. These payments are reportable to CalPERS as compensation toward retirement.

Please note: Public Safety Police Officers (E99) appointed in classification code 8347 on an intermittent basis, are ineligible for uniform allowances.

#### **The following processing instructions are provided in Attachment A:**

- Bonus/Additional Pay Program I – Uniform Allowances – R08, E99.

### Management Personnel Plan (MPP) Public Safety Employees

- **Uniform Allowance Amount: \$57.00 per qualifying month of service paid as an annual payment**
- **Type of Accounting Plan Procedure: Non-Accountable**
- **Payroll Earnings ID Assigned: 91**

The CalPERS audit has no impact on the uniform allowance policy for MPP Public Safety employees (e.g., Police Chiefs, Lieutenants). MPP Public Safety employees that wear a uniform earn a uniform allowance per qualifying month of service, whether the uniform is worn full-time or part-time.

The total uniform allowance earned by an employee is paid in a lump sum in October. Employees who have been employed on the campus for less than one (1) year (up to the October pay period) receive payment/reimbursement on a pro rata basis in October of that respective year.

The annual uniform allowance payment is taxable and reportable, and also is subject to Medicare withholding. However, the annual payment is not reportable to CalPERS as compensation toward retirement.

Refer to the Uniform Allowance program information and processing instructions for MPP, available on the Human Resources website at: [http://www.calstate.edu/HRAdm/SalaryProgram/MPP/procinst\\_uniallow.shtml](http://www.calstate.edu/HRAdm/SalaryProgram/MPP/procinst_uniallow.shtml).

### California State University Employees' Union (CSUEU) Units 2,5,7,9

- **Uniform Allowance Amount: Up to \$250/annually or \$350/annually – depending on classification**
- **Type of Accounting Plan Procedure: Accountable**
- **Payroll Earnings ID Assigned: Not Applicable**

The CalPERS audit has no impact on the payment of uniform allowances for CSUEU employees. Uniform allowance payments for CSUEU employees apply to the following classifications, and the employee must be required to wear a uniform as a condition of employment:

- Parking Officer (8810-8812);
- Community Service Specialist (8820-8822);
- Fire Apparatus Engineer (8830-8832); and
- Police Dispatcher (8800-8802) appointed for more than six (6) months

The Police Dispatcher classification, is eligible to receive up to \$250.00 annually in uniform allowance. The remaining CSUEU classifications specified in this technical letter are eligible to receive up to \$350.00 annually in uniform allowance.

As with Accountable procedures, eligible CSUEU employees must submit a claim to the campus for reimbursement of uniform purchases and maintenance costs. Reimbursements are processed in accordance with campus accounting procedures, and may be submitted on a monthly basis. Consequently, these payments are considered non-taxable and non-reportable, and are not subject to Social Security or Medicare withholding. In addition, uniform allowance payments for CSUEU employees are not reportable to CalPERS as compensation toward retirement.

Questions regarding this Technical Letter may be directed to Human Resources Administration at (562) 951-4411. This Technical Letter is also available on the Human Resources Administration's Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

BG/mh

<b>PROCESSING INSTRUCTIONS</b>
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Bonus/Additional Pay Program I – Uniform Allowances – R08, E99

PIP PROCESSING INFORMATION FOR :	
CBID:	Public Safety (Unit 8) and Public Safety Police Cadet (E99)
Processing Responsibility:	Campuses
Processing Date(s):	Monthly – Beginning November 2007 pay period
Earnings ID:	S1
Amount:	\$57.00 per qualifying month
Subject to Retirement Withholdings:	Yes
Taxable/Reportable:	Yes
Subject to Medicare:	Yes
Subject to Social Security:	Police Cadet class only
Included in Calculation for Overtime:	Yes
Included in the Calculation for NDI/IDL Payments:	Yes
Additional Information:	Side Letter Agreement for Unit 8

CMS PROCESSING INFORMATION:	
Workforce Administration:	N/A
Temporary Faculty:	N/A
Benefits:	N/A
Time and Labor:	Earnings ID: (Process via Additional Pay) <ul style="list-style-type: none"> <li>• UA2 (S1) – Unit 8 and E99</li> <li>• Amounts: Use amount as referenced above</li> </ul>
Leave Accounting:	N/A
Absence Management:	N/A
Labor Cost Distribution:	N/A
Additional Instructions:	N/A