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Date: August 28, 1995

To: Personnel Officers

From: Cathy Robinson, Director
Human Resources Administration

Subject: UNIFORM REIMBURSEMENTS- CSEA

The recently ratified 1994/95 CSEA benefits agreement has changed the terms of the uniform allowance/reimbursement provisions for campus guards, parking officers, fire apparatus engineers and dispatchers. In the past, some classifications of employees received an annual uniform allowance regardless of actual expenditures, and dispatchers were reimbursed for actual expenditures as specified in the Memorandum of Understanding.

For CSEA uniform payments to be issued in October 1995, all payments will be based upon replacement costs subject to maximums stated in the contract. In addition, documentation of expenditures and campus payment procedures are subject to the attached accountable plan regulations in order to satisfy IRS requirements for non-taxable and non-reportable payments. **No uniform payments may be paid for expenses which fail to meet the accountable plan criteria.**

Because these payments are no longer taxable or reportable as income, they should not be paid through the Payroll Input Process (PIP) System and they should not be reported through non-USPS (form Std. 676). Instead, **please process a claims schedule through the State Controller’s Office (or issue revolving fund checks) for these non-taxable reimbursements.**

If you have questions, please contact systemwide benefits at (310) 985-2669.

CR/pb
Attachment

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Distribution: (All with Attachment)

- Presidents
- Vice Chancellor, Human Resources and Operations
- Business Managers
- Accounting Officers
- Budget Officers
- Payroll Supervisor
- Benefits Officers
- Public Safety Directors
- Employee Relations Designees
THE CSU/CSEA ACCOUNTABLE PLAN FOR UNIFORM PAYMENTS

The CSU and the CSEA have negotiated payment of uniform expenses under an accountable plan, as defined by the IRS, in order to avoid reporting and taxation of the payments. Please refer to the Memorandum of Understanding for a listing of the eligible classifications and the maximum dollar reimbursements permitted. **NO UNIFORM REIMBURSEMENTS WILL BE PAID FOR EXPENSES NOT MEETING THE ACCOUNTABLE PLAN CRITERIA DESCRIBED BELOW.**

**IRS Definition of Uniform** -- To qualify for nontaxable/nonreportable status, the uniform expense must meet all three of the following criteria:

1. The uniform must be specifically required as a condition of employment; and
2. The uniform must not be adaptable to general wear (as measured by an objective standard rather than a subjective impression based on individual taste); and
3. The uniform must not be worn as general wear.

**IRS Substantiation Requirement** -- To qualify for nontaxable/nonreportable status, the uniform expenses must meet all three of the following criteria:

1. Expenses for uniforms being reimbursed must be job related to the extent they would be deductible on the employee's personal tax return if paid by the employee.
2. The employee must submit receipts for the uniform purchase which include the date, place and amount of expense and the business purpose.
3. Receipts must be submitted within 60 days of the purchase.
4. For the 1993 payments only, if the original receipt has been lost, any of the following substitutes will be acceptable:
   - Copy of the canceled check
   - Copy of the credit card charge slip
   - Copy of the itemized credit card statement
   - Duplicate receipt prepared by the store where the item(s) were purchased

**Plan Administration for eligible CSEA classifications** -- Claims for reimbursement under the accountable plan must meet the following criteria:

1. Uniform reimbursements shall be paid each October.
2. Employees may purchase uniforms and submit properly substantiated claims for reimbursement of up to the amount of their total allowance stated in the Memorandum of Understanding. (Actual expenses for employees hired prior to January 14, 1992 in Class Code 8349, Public Safety Dispatcher, are reimbursed in full.)
3. To be considered timely, claims must be submitted within 60 days of purchase. **There is a one-time exception to this rule for uniform purchases made prior to adoption of this portion of the Memorandum of Understanding (MOU) -- those expenses must be submitted within 60 days the date of this Technical Letter.**
4. Timely claims submitted by September 30 will be processed for nontaxable/nonreportable reimbursement in the current year. Timely claims received after September 30 will be processed for nontaxable reimbursement in the following year.
5. No advances against the uniform allowance are permitted.
6. No payment shall be processed for claims which do not meet the IRS substantiation requirements or which are not submitted in a timely manner.

**PERS treatment of Uniform Allowances** -- In accordance with the MOU, reimbursements for uniform expenses are excluded from the PERS' definition of compensation for retirement purposes.