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**Date:** July 23, 2004  
**To:** CSU Presidents  
**From:** Jackie R. McClain  
Vice Chancellor  
Human Resources  
**Subject:** CSU Military Leave Policy Update – Reinstatement of “Difference in Pay” CSU Salary Supplement Program

**Code:** HR 2004-21

Reference: HR 2002-10 and  
HR 2001-25 and Sup. #1

Supersedes: HR 2002-10, Sup. #1,  
HR 2001-25, Sup. #2

HR 2001-25, Supplement #2 and HR 2002-10, Supplement #1 introducing and extending the “Difference in Pay” CSU Salary Supplement Program for CSU employees called to active military duty to serve during the War on Terrorism are superseded by this memorandum. This is to inform you the Chancellor is reinstating the “Difference in Pay” CSU Salary Supplement Program for all eligible CSU employees under the provisions outlined below.

**Background**

Under the Military and Veterans Code, eligible CSU employees normally receive up to thirty (30) calendar days of CSU pay in a fiscal year for active duty military leave. Additionally, the Military and Veterans Code grants CSU the authority to negotiate supplemental CSU salary and benefits as they pertain to military leave for represented employees. CSU contacted all employee organizations offering a proposal to augment the 30 calendar days entitlement with “difference in pay” CSU salary supplement program. All unions agreed to this proposal. The “difference in pay” CSU Salary Supplement Program was extended to nonrepresented employees through an amendment to Title 5. The program was effective September 11, 2001 through September 13, 2003, in conjunction with Executive Order 13223 dated September 14, 2001, and the Declaration of National Emergency by Reason of Certain Terrorist Attacks dated September 14, 2001.

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**“Difference in Pay” CSU Salary Supplement Program**

Eligible CSU employees who are on active duty military leave on or after September 11, 2001, who exhaust the thirty (30) calendar days of CSU pay entitlement under statute, shall receive the “difference in pay” CSU salary supplement between their military pay and their CSU pay for up to 360 calendar days. If the CSU employee’s military tour of duty is extended or the employee returns to regular CSU employment and is subsequently recalled to active military duty, the employee is entitled to up to an additional 365 calendar days of “difference in pay” CSU salary supplement for a maximum of 725 calendar days. The maximum “difference in pay” CSU salary supplement an employee may receive under any configuration of active duty military leave is 725 days. CSU pay includes the employee’s base salary rate plus shift differential and/or monthly stipend for which the employee was eligible immediately prior to military leave. For Unit 8 employees, the Special Assignment Stipends are excluded for the purpose of determining the CSU pay rate for difference in pay calculations.

Please note that the “difference in pay” CSU salary supplement is in addition to the thirty (30) calendar days of CSU pay in a fiscal year for active duty military leave under existing statute. In recognition of the fact that some CSU employees had their military tour of duty extended after completing one year of military duty subsequent to September 11, 2001, campuses are authorized to offer the additional 365 days “difference in pay” CSU salary supplement to affected employees on a retroactive basis provided the employee provides the campus with appropriate active duty military leave documentation. Eligible employees whose CSU pay ended due to being called to active duty shall have the appropriate salary under the “difference in pay” CSU salary supplement program reinstated for a maximum period of up to 725 days. If the employee does not return to CSU service within sixty (60) days of being released from active duty, this supplemental compensation shall be treated as a loan payable with interest.

Please note that any pay and benefits provided under this policy would be applicable towards pay and benefits provided under any subsequent legislation applicable to the CSU for this time period.

This “Difference in Pay” CSU Salary Supplement Program will end June 30, 2006. The program will be reviewed in the spring of 2006 to determine its ongoing status.

**CSU Benefits**

Employees on the “Difference in Pay” CSU Salary Supplement Program continue to receive their CSU health, dental, and vision benefits at the current level for the 725 calendar day period. Employees on active duty military leave who are not on “difference in pay” because their military pay exceeds their CSU pay, continue to receive CSU health, dental, and vision benefits at their option during this period. If an employee is required to pay a health benefit premium but is not receiving a State-issued paycheck, the CSU will authorize the continued payment of these premiums via an accounts receivable process. CSU-paid supplemental benefits (life insurance, long-term disability insurance, etc.) for eligible employees continue as long as CSU pay is

generated. Eligible employees, whose CSU benefits lapsed due to being called to active duty and who chose not to continue benefits through direct pay, may now choose to have their benefits reinstated on a prospective basis. Eligible employees who continued their benefits during this period through direct pay will have their premiums reconciled to account for the employer share of premiums during the reinstated “difference in pay” salary supplement period.

Employees receiving CSU pay through the “difference in pay” CSU salary supplement continue to earn sick leave and vacation credits at the rate they earned prior to being placed on military leave.

### **Retirement Contributions**

Employees on active duty military leave are eligible to earn service credit towards retirement but are not required to make retirement contributions. The California Public Employees’ Retirement System (CalPERS) has determined that compensation earned as a result of the “difference in pay” CSU salary component is considered non-reportable income to CalPERS. Therefore, no employee or employer retirement contributions are made on this CSU pay for military leave. Once an employee returns from active duty military leave, the employee is required to submit the appropriate paperwork to document his/her absence for military leave. Upon receipt and review of the documents, CalPERS will credit the employee’s retirement account with the appropriate service credit at no cost to the employee. CalPERS will make a determination at a future date if an adjustment is required in the employer’s retirement contribution rate to fund this cost.

Employees on active duty military leave with no “difference in pay” CSU salary component are also eligible to earn CalPERS service credit under the process outlined above.

CalPERS’ Circular Letter 200-093-02 to employers dated November 29, 2001, provides detailed information to assist employees with the military leave service credit process upon their completion of active duty military leave and return to full CSU active status.

### **General Provisions**

Any active duty served voluntarily, during and after the end of the War on Terrorism, will not be covered by this supplemental “difference in pay” policy.

The Chancellor reserves the right to end the “Difference in Pay” CSU Salary Supplement Program at any time.

Attachments A and B explain the supplemental CSU pay for military leave procedures in detail and contain a suggested work sheet to assist your Human Resources or Payroll staff and affected employees with this process.

If you have any questions, please contact Pamela Chapin in Human Resources Administration at (562) 951-4414 or via e-mail at [pchapin@calstate.edu](mailto:pchapin@calstate.edu). This Human Resources memorandum is also available on Human Resources Administration's web page at: <http://www.calstate.edu/HRAdm/memos.shtml>.

JRMcC/pc

Attachments

## **Military Leave “Difference in Pay” CSU Salary Supplement Program Procedures**

Under current procedures, employees ordered to active duty must notify their employer by providing a copy of their military active duty orders. Current statute provides 30 calendar days of CSU pay in a fiscal year for active duty military leave. Upon the 31<sup>st</sup> calendar day, CSU employees become eligible for the “difference in pay” CSU Salary Supplement Program provided for in HR 2004-21. At the beginning of the military leave, in addition to a copy of their orders, the affected employees must provide their Human Resources office an estimate (if an exact amount is not known) of their military base pay and allowances in order to estimate their adjusted CSU pay. The Human Resources or Payroll office is responsible for computing the adjusted gross CSU pay, minus all mandatory deductions (taxes, Social Security and Medicare). Retirement contributions are NOT deducted from the CSU pay. Based upon the adjusted net pay, each affected employee will then determine what, if any, action to take regarding his/her discretionary deductions. The employee must also indicate where to forward the adjusted pay warrant. In order to issue the adjusted pay, the Military Leave Work Sheet (Attachment B) must be signed by the employee. If the employee is unavailable and someone else has power of attorney, that signature is acceptable.

This process is designed to be as flexible as possible, realizing that each employee’s situation will be different. In those instances where the employee is unable to document his/her military earnings, an estimate of the military pay and allowances will suffice until documentation is possible. Upon return from active duty, the employee must provide a copy of actual military pay records to determine if money is owed the individual or the CSU. For those employees who have already reported for active duty, employees can opt to continue with their current arrangements or follow the outlined procedures.

Once the Military Leave Work Sheet has been completed, the employee receives a copy, the campus retains a copy and a third copy is forwarded to the State Controller’s Office (SCO) with a Form 674 for processing. SCO Letter #02-007 dated January 29, 2002 provides specific instructions for processing the “difference in pay” CSU salary supplement. (Please note: although the instructions reference the superseded policy, the instructions are the same under HR 2004-21.) An adjusted warrant is issued monthly to the employee’s campus, which is then responsible for dispersing the warrant pursuant to the employee’s request. Each campus is responsible for monitoring the amount of time the employee receives adjusted CSU pay.

For those employees who have already been called to active duty and are unavailable to complete the work sheet, campuses will be responsible for informing them or the power of attorney of the provisions under HR 2004-21 and obtaining completed documents. Without the necessary signature or authorization, the adjusted CSU pay cannot be issued and will have to be adjusted upon the employee’s return. However, campuses must still take the necessary action to ensure the employee’s CSU-provided benefits are continued at their current levels, even if they are unable to obtain a signature on the work sheet. Due to the lapse in the “Difference in Pay” CSU Salary Supplement Program, a decision has been made to permit employees and their dependents to have the option of reenrolling in their medical, dental, and vision coverage on a prospective basis if they so choose. Campuses should notify these individuals accordingly and process appropriate paperwork in a timely manner.

**“Difference in Pay” CSU Salary Supplement Program  
Military Work Sheet**

This work sheet must be completed by both the employee and the Human Resources/Payroll office prior to reporting for active duty. The employee completes numbers 1 through 6, 13 and 14; the campus completes numbers 7 through 10. Numbers 11 and 12 require completion by both parties. The employee should be apprised of and complete any additional documentation as a result of necessary discretionary deduction changes.

1) NAME \_\_\_\_\_ 2) SSN # \_\_\_\_\_

3) CSU CAMPUS \_\_\_\_\_ ACADEMIC YEAR EMPLOYEE? (Y/N) \_\_\_\_\_

4) MILITARY RANK \_\_\_\_\_

5) DATE MILITARY LEAVE BEGINS \_\_\_\_\_ ENDS \_\_\_\_\_

6) MILITARY GROSS PAY:

BASE PAY: \_\_\_\_\_

ALLOWANCES:

BAQ: \_\_\_\_\_

Hazardous Duty: \_\_\_\_\_

Flight Pay: \_\_\_\_\_

Foreign Duty: \_\_\_\_\_

Diving Pay: \_\_\_\_\_

Clothing Allowance: \_\_\_\_\_

Foreign Language Proficiency: \_\_\_\_\_

Medical/Dental Officers: \_\_\_\_\_

Active Duty Reserve Medical Officers: \_\_\_\_\_

Other: \_\_\_\_\_

Other: \_\_\_\_\_

Other: \_\_\_\_\_

TOTAL GROSS MILITARY PAY: \_\_\_\_\_

7) CURRENT CSU GROSS SALARY: \_\_\_\_\_

8) ADJUSTED CSU GROSS SALARY: \_\_\_\_\_

(CSU gross salary minus military  
gross pay)

9) ESTIMATED MANDATORY DEDUCTIONS:

Estimated Federal Taxes (27.5%): \_\_\_\_\_

Estimated State Taxes (6%): \_\_\_\_\_

Estimated Social Security (6.2%): \_\_\_\_\_

Estimated Medicare (1.45%): \_\_\_\_\_

Total Mandatory Deductions: \_\_\_\_\_

10) ADJUSTED NET CSU SALARY: \_\_\_\_\_

11) MAINTAINED PAYROLL CSU DEDUCTIONS:  
(These deductions will be maintained automatically.)

Employee:

Check those deduction(s) you wish maintained.

Human Resources/Payroll Office:

Complete all deduction organization codes and deduction amounts.

<u>DEDUCTION</u>	<u>DEDUCTION ORGANIZATION CODE</u>	<u>CSU CONTRIBUTION AMOUNT</u>	<u>EMPLOYEE DEDUCTION</u>
_____ Health Benefits	_____	_____	_____
_____ Dental	_____	_____	n/a
_____ Vision	_____	_____	n/a
_____ Life Insurance	_____	_____	n/a
_____ Long Term Disability	_____	_____	n/a

12) DISCRETIONARY CSU DEDUCTIONS:

Employee:

Check those deductions you wish maintained, providing there are sufficient funds. If there are insufficient funds, it is your responsibility to make the appropriate arrangements.

Human Resources/Payroll Office:

Complete all deduction organization codes and employee deduction amounts.

<u>DEDUCTION</u>	<u>DEDUCTION ORGANIZATION CODE</u>	<u>DEDUCTION AMOUNT</u>
_____ Deferred Compensation	_____	_____
_____ United Way Supplemental	_____	_____
_____ Sanders & Assoc. Insurance	_____	_____
_____ Standard Voluntary Life	_____	_____
_____ A+ Auto Ins.	_____	_____
_____ Parking	_____	_____
_____ Union Dues	_____	_____
_____ Union-Offered Insurance	_____	_____
_____ Credit Union Deductions	_____	_____
_____ Spousal/Child Support	_____	_____
_____ Other - (List)	_____	_____

NOTE: The employee is responsible for contacting the appropriate source for any changes to discretionary deductions.

13) IF YOU HAVE DIRECT DEPOSIT, DO YOU WISH TO CONTINUE? \_\_\_\_\_ YES \_\_\_\_\_ NO  
(If no, submit Form 699 to cancel.)

14) FORWARD MY CSU PAY WARRANT TO:

I understand the provisions of HR 2004-21. I understand that it is my responsibility to estimate, if necessary, and document, if possible, my military pay allowance for purposes of determining my adjusted CSU pay, and that I am responsible for returning to the California State University any overpayments made to me and hereby authorize the CSU to offset from my future earnings amounts that will reimburse CSU for any overpayments. I further understand that failure to return to CSU employment following military service will result in my repaying CSU for the adjusted CSU pay received during military service.

\_\_\_\_\_  
EMPLOYEE'S SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
EMPLOYEE'S PRINTED NAME

COPIES FOR:

Employee  
Campus  
State Controller's Office