

OFFICE OF STATE CONTROLLER
PERSONNEL/PAYROLL SERVICES DIVISION
300-Capitol Mall
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Sacramento, CA 94250-5878

Date: December 30, 1999

PAYROLL LETTER # 99-026

To: All Agencies/Campuses in the Uniform State Payroll System

From: Ralph Zentner, Chief
Personnel/Payroll Operations Bureau

Re: FRINGE BENEFIT PAYMENTS

Effective immediately, fringe benefit payments identified below should be issued via the Uniform State Payroll System (USPS) using the Payroll Input Process (PIP) System.

Fringe benefits paid via PIP will reduce workload. Agencies/campuses will no longer have to request these payments through the claims process and report taxable income via form STD. 676P, NON USPS Adjustment Request-Payment. Issuing fringe benefit payments through the USPS will also benefit the employees by the following:

1. Employees will receive an earnings statement/Direct Deposit Advice with the payment.
2. Taxes will be applied to the fringe benefit payment when issued.
3. Arrears tax deductions will no longer have to be applied to the employees master payroll warrant for fringe benefit payments issued via PIP.

PROCESSING PROCEDURES

Agencies/campuses should request fringe benefit payments via the PIP System using the Earnings Identifier's (EARN ID'S) listed below. Payment type F will be used to issue the payments.

<u>FRINGE BENEFIT</u>	<u>EARN ID</u>
Aircraft Reimbursement Plan	AR
Bicycle Mileage	BM
Call Back Mileage	CB
Commuter Mileage	CC
Educational Assistance	EA
Electronic Devices	ED
Employee Recognition & Morale Program	AE
Entertainment Expenses	EE
Gratuities	TP

Health and Safety Award	AH
Long Term Travel	LTT
Miscellaneous Incentive Program	IM
Remote Headquarter Mileage	RHM
Safety Incentive Award Program	AS
Tips	TI

Agencies/campuses should use form STD. 671, Miscellaneous Payroll/Leave Action, or Form 672, Time and Attendance Report, to document the fringe benefit request for entry into the PIP System. Refer to Payroll Procedures Manual (PPM) sections G 005 and G 006 instructions for completion of form STD. 671 and Form 672 respectively.

Complete the form STD. 671 and Form 672 using the following information:

- Earnings ID - see chart above
- Alt. Fund Code - use a separate code for each fringe benefit payment type requested in the PIP batch (refer to information on blanket serial numbers below)
- Gross to be paid - on the form STD. 671 enter the gross amount in the "Gross" field. On the Form 672 enter the gross amount in the "Rate" field.
- Serial (Alternate Funding Position) - refer to information on blanket serial numbers below

BLANKET SERIAL NUMBERS

Separate and unique blanket serial numbers should be used by each agency/campus when issuing fringe benefit payments. Each agency/campus can designate their own blanket serial numbers but should not use serial numbers already designated for other types of pay.

WITHHOLDING REQUIREMENTS

Fringe benefit payments are subject to Federal/State Income and applicable Social Security/Medicare taxes.

BUDGET INFORMATION

The fringe benefit payments made through the USPS will be included on the monthly Blanket Expenditure Report. Agencies/campuses are not to add expenditures for fringe benefits to their Schedule 7A as these expenditures are treated as operating expenses.

CLEARANCE SYSTEM REPORTING (Accounting Information)

The Clearance System was modified to include fringe benefit payments and new Object of Expenditure codes. The new codes will appear on the SM62 Clearance Report under the following titles:

FRINGE BENEFIT	OBJECT OF EXPENDITURE CODE
TRAVEL IN-STATE (PRIVATE CAR)	
Remote Headquarter Mileage	317296
Call Back Mileage	317296
Commuter Mileage	317296

TRAVEL IN-STATE (NOT OTHERWISE CLASSIFIED)

Aircraft Reimbursement Plan	317308
Bicycle Mileage	317308

SALARY AND WAGES

Employee Recognition & Morale Program	101089
Health and Safety Award	101089
Safety Incentive Award Program	101089
Miscellaneous Incentive Program	101089

TRAINING/TUITION & REGISTRATION FEES

Educational Assistance	321332
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TRAVEL IN-STATE PER DIEM

Long Term Travel	317292
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SALARY & WAGES - TIPS & GRATUITIES

Tips	101090
Gratuities	101090

COMMUNICATIONS NOT OTHERWISE CLASSIFIED

Electronic Devices	313258
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MISCELLANEOUS - OTHER ITEMS OF EXPENSE NOT OTHERWISE CLASSIFIED

Entertainment Expense	333570
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Revisions to the Payroll Procedures Manual are forthcoming. Should you need further assistance please contact the Civil Service Payroll Telephone Liaison Unit at (916) 323-3081, CALNET 473-3081 or for CSU, contact your CSU Audit Representative.

RZ:PQ