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Special Compensation Circular Letter

October 30, 2019

Circular Letter: 200-050-19

Distribution: IV, V, VI, X, XII, XVI

To: All CalPERS Employers
Subject: Uniform Allowance – Reportable and Nonreportable Components

Purpose

The purpose of this Circular Letter is to inform CalPERS contracting employers on a form of special compensation, the uniform allowance, reportable to CalPERS pursuant to Government (Gov.) Code section 20636 and 20636.1, and section 571 the California Code of Regulations (CCR) (Uniform Allowance), which pertains only to classic CalPERS members. This Circular Letter supersedes and replaces Circular Letter No. 200-045-02, dated July 9, 2002.

Definition of Uniform Allowance

Uniform allowance is defined in subdivision (a)(5) of CCR section 571 as the following:

“Uniform Allowance – Compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing, including clothing made from specially designed protective fabrics, which is a ready substitute for personal attire the employee would otherwise have to acquire and maintain. This excludes items that are solely for personal health and safety such as protective vests, pistols, bullets, and safety shoes.”

Reportable Uniform Allowance Items

Compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing, which is a ready substitute for personal attire the employee would otherwise have to acquire and maintain, is reportable to CalPERS as a uniform allowance, under the designation of statutory item as special compensation.

The uniform allowance is reportable even if the required clothing is made from specially designed protective fabrics, such as arc-resistant material and antibacterial fabric, if the required clothing is a ready substitute for personal attire the employee would otherwise have to acquire and maintain. Additionally, the uniform allowance is reportable even if the required clothing includes other specific features (such as a color) to serve a personal health and safety purpose, as long as the required clothing is a ready substitute for personal attire the employee would otherwise have to acquire and maintain. In other words, even if required clothing serves a personal health and safety purpose, it may also be a ready substitute for personal attire under subdivision (a)(5) of CCR section 571, such that compensation paid, or the monetary value for the purchase, rental and/or maintenance of the clothing, is reportable.

Note that identifying required clothing items as “safety” items in a written labor agreement or policy is not determinative of whether the compensation paid or the monetary value for the purchase, rental and/or maintenance of the clothing item is or is not a uniform allowance that must be reported to CalPERS. In addition, failure to include reportable uniform allowance in a written labor policy or agreement is not a valid basis for excluding reporting of this compensation to CalPERS. If reportable uniform allowance should be reported, the agency should revise the written labor policy or agreement to include uniform allowance as a reportable item of compensation.

Below are examples of items employers may require employees to wear and that CalPERS generally would deem ready substitutes for personal attire the employee would otherwise have to acquire and maintain, even if they are made from specially designed protective fabrics and even if they have other features that serve a personal health and safety purpose. However, these are simply examples, and CalPERS’ actual determinations are completed on a case-by-case basis.

- Common items for uniform allowance:
 - Dress shoes
 - Pants
 - Polo shirts
 - Slacks
 - Socks

Nonreportable Items

Compensation paid, or the monetary value for the purchase, rental and/or maintenance of required clothing, that are not ready substitutes for personal attire are not reportable to CalPERS as uniform allowance.

Below are some examples of items that CalPERS generally would not deem ready substitutes for personal attire the employee would otherwise have to acquire and maintain.

- Note that these are simply examples and that CalPERS' actual determinations are completed on a case-by-case basis:
 - Ammunition
 - Aprons
 - Ballistic vests
 - Batons
 - Citation booklets
 - Coveralls
 - Duty belts
 - Fire extinguishers
 - Firearms
 - Firearm accessories
 - Flashlights
 - Foul weather apparel
 - Goggles
 - Hand axes
 - Handcuffs
 - Helmets
 - Holsters
 - Lab coats
 - Knives
 - Motor breeches
 - Narcotic kits
 - Safety harness
 - Self-contained breathing apparatus
 - Shop coats
 - Steel toe boots
 - Turnout gear
 - Window punches
 - Whistles
- Miscellaneous items, defined as permanently attached to, and/or associated with, safety uniform items:
 - Badges
 - Batteries
 - Buttons
 - Chevrons
 - Embroidery
 - Ensigns
 - Epaulets
 - Insignias: brass, collar, or rank
 - Labor for affixing patches
 - Laces
 - Metal bars
 - Patches
 - Shoe polish
 - Shoulder braids
 - Tie bars
 - Zippers

Uniform Allowance and New Members Under the Public Employees' Pension Reform Act of 2013 (PEPRA)

Pensionable compensation is applicable to new members under PEPRA. Pursuant to subdivision (c)(7) of Gov. Code section 7522.34, all employer-provided allowances, reimbursements, or payments made for uniforms are **not** reportable for new members under PEPRA.

Reporting Standards

Compensation pertaining to uniform allowance can be reported through my|CalPERS two ways:

1. The aggregate amount for each pay period can be reported within the earned period report.
2. A Retroactive Special Compensation Adjustment can be reported which includes a payroll record start and end date that matches the effective start and end date of the uniform allowance for each fiscal year.

Example: An annual uniform allowance item that has an effective date of the 2019 fiscal year would have a start date of July 1, 2019, and an end date of June 30, 2020.

Questions

It's the contracting employer's responsibility to comply with all terms and conditions set forth in the contract with CalPERS and to ensure their data and reportable information is compliant with the Public Employees' Retirement Law (PERL) and CCR. CalPERS employers may contact us at **888 CalPERS** (or **888-225-7377**) or via email at MOU_Review@Calpers.ca.gov with specific questions.

Renee Ostrander, Chief
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