

# Employer Training ALLOWANCES, EXPENSES, AND REIMBURSEMENTS

## INTRODUCTION

Colorado PERA-includable salary does not include any payment to an employee representing reimbursement of an expense incurred in the course of doing business. Similarly, any payment representing a benefit provided by the employer that is converted to a cash payment or any reimbursement for a benefit paid by the employee is also not considered PERA-includable salary.

State law specifies that the following types of compensation are not considered PERA-includable salary, including, but not limited to:

### ALLOWANCES

Amount paid to employees as part of their salary package, or to defray their out-of-pocket expenses incurred on behalf of the employer.

### EXPENSES

Amounts incurred by an employee in the course of doing business that are reimbursable under the employer's rules.

### REIMBURSEMENTS

An amount refunded to an employee for costs incurred, or expenses paid out-of-pocket, by the employee in the course of doing business.

The following examples of allowances, expenses, and reimbursements **cannot** be included as PERA salary:



Computers and tablets



Cellphones



Internet



Automobiles and mileage



Food and beverage



Housing and utilities



Membership fees



School supplies and books



Tuition



Uniforms and clothing



Hotels



Tools and supplies

*(Continued on next page)*

## EXAMPLES



Cellphones

**Scenario:** All administrators at a school district receive \$30 per month for cellphone expenses.

**Explanation:** The \$30 is considered a reimbursement or allowance for an expense, it is not a payment for services rendered.

**Not PERA-includable salary**



Food and beverage

**Scenario 1:** A local government entity allows employees who work overtime to elect to receive one hour of pay in lieu of a meal.

**Explanation:** The payment is considered a meal allowance, provided in lieu of an actual meal, and is not a payment for services rendered.

**Not PERA-includable salary**

**Scenario 2:** A large school district has a policy to pay an additional amount to bus drivers for their meals when they are driving for a field trip. The drivers receive an additional \$8 for trips that last six hours or more, and \$18 for trips that last 10 hours or more.

**Explanation:** The additional pay functions as "extra duty pay" rather than a meal allowance. The amount of the payment is based upon how long the bus driver worked, not how much they spent on meals or if meals are even purchased.

**PERA-includable salary**



Housing and utilities

**Scenario:** A charter school offers a \$500 relocation stipend while recruiting teachers from out-of-state.

**Explanation:** Relocating is not a service to the school so this is not a payment for services rendered.

**Not PERA-includable salary**



Tuition

**Scenario 1:** An employer offers tuition reimbursement as an employee benefit. The employee pays for the expenses directly, but will be reimbursed for the tuition by their employer for earning grades of "B" or higher.

**Explanation:** Although the degree is business related, the payment is a reimbursement for an expense, rather than a payment for services rendered.

**Not PERA-includable salary**

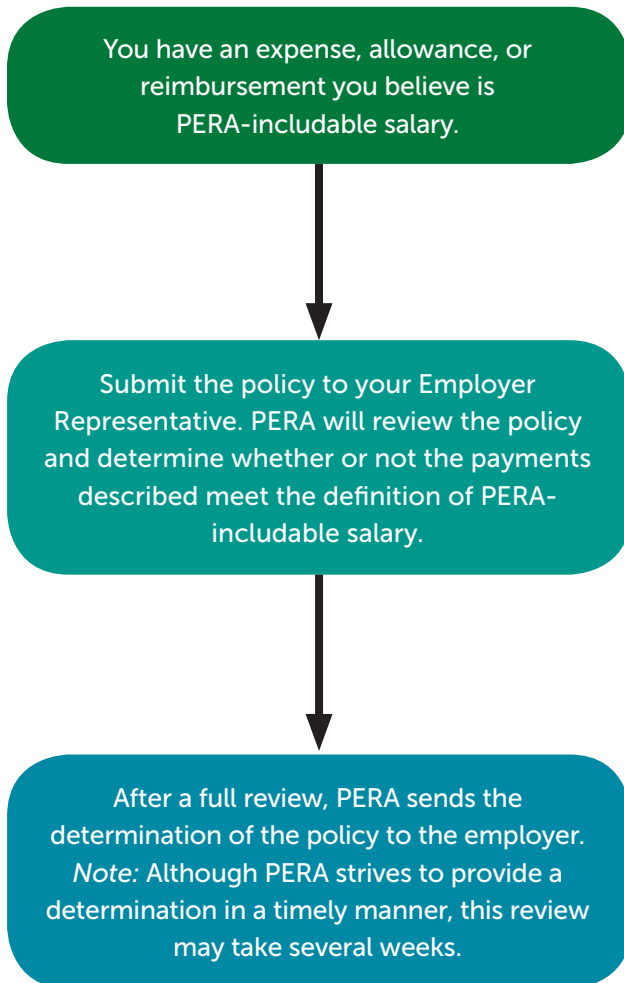
**Scenario 2:** An employee receives a \$100 stipend to attend a training seminar required by their employer.

**Explanation:** The seminar is required by the employer and the employee is being paid for an additional duty outside of the scope of their normal job.

**PERA-includable salary**

## SUBMITTING A POLICY FOR REVIEW

If you have determined that you have any expenses, allowances, or reimbursements that may meet the definition of PERA-includable salary, you must submit the relevant policy documentation to PERA for review. Requests for review should be submitted well in advance of the anticipated pay date. Contact your Employer Representative to help you initiate this process as explained below.



## INCORRECTLY REPORTING SALARY AS INCLUDABLE

If you report a payment as PERA-includable salary and it is later determined the payment did not meet the definition of PERA-includable salary, you will be required to make corrections to member records. This may include crediting the non-includable salary and contribution amounts out of member accounts and returning the withheld contributions to employees and former employees—including PERA retirees. You may also be required by the IRS to correct tax records such as W-2s for the year(s) in question.

## FOR MORE INFORMATION

- » Call PERA's Employer Relations team at 1-800-759-7372 ext.3724.
- » Email the Employer Relations team at [ercontributions@copera.org](mailto:ercontributions@copera.org).
- » Visit the "Employer" page on PERA's website at [www.copera.org](http://www.copera.org).
- » Visit PERA's main office at 1301 Pennsylvania Street in Denver.