



# Supplement to Military Pay

**FORMAL REVIEW CLEAN DRAFT: FEB-MAY 2018**

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| <b>Academic Officer:</b> | Vice Provost – Academic Personnel and Programs                      |
| <b>Academic Office:</b>  | APP - Academic Personnel and Programs                               |
| <b>Staff Officer:</b>    | Vice President – Human Resources                                    |
| <b>Staff Office:</b>     | Human Resources   |
| <b>Issuance Date:</b>    | July 1, 2018  |
| <b>Effective Date:</b>   | July 1, 2018  |
| <b>Scope:</b>            | This policy applies to all University academic and staff employees. |

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## I. POLICY SUMMARY

This policy describes the salary supplement that is provided to those University academic and staff personnel serving on active military duty in support of an ongoing overseas military mobilization campaign. This policy is effective July 1, 2018 through June 30, 2022.

## II. DEFINITIONS

Detailed information about common terms used within Personnel Policies for Staff Members can be found in [Personnel Policies for Staff Members 2 \(Definition of Terms\)](#).

Detailed information about common terms used within the Academic Personnel Manual (APM) can be found in [Academic Personnel Definitions \(APM-110\)](#).

Supplement to Military Pay: Compensation paid to a University employee who has been called to active military duty in support of an ongoing military mobilization campaign.

The Supplement to Military Pay is the difference between an employee's University pay and active military duty pay.

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### III. POLICY TEXT

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#### **A. Eligibility**

All employees who, as members of the National Guard, the Armed Forces, the commissioned corps of the Public Health Service, or any other category designated by the President, are serving on active military duty in support of an ongoing overseas military mobilization campaign are eligible for supplements to their military pay.

For purposes of this policy, "employee" is meant to include individuals who hold an academic, career, limited, floater, casual-restricted, contract, or per diem appointment, regardless of the percentage of time worked.

#### **B. Components of an Employee's Supplement to Military Pay**

An employee's Supplement to Military Pay will depend on the components of the employee's current University compensation as discussed below.

1. Health Sciences Compensation Plan: The University pay of employees compensated under the [Health Sciences Compensation Plan](#) is both the base salary and the negotiated compensation (exclusive of incentive payments) in effect and paid through the University payroll when military leave commences, plus faculty recruitment allowance, if applicable.
2. Staff Physicians and Dentists Compensation Plan: The University pay of employees compensated under the Staff Physicians and Dentists Compensation Plan is both the base salary and non-base salary (exclusive of incentive payments) in effect and paid through the University payroll when military leave commences.
3. All Other Employees:
  - a) Eligible Earnings: The University pay of all other employees is the employee's regular base pay rate plus any of the following eligible earnings:
    - shift differentials;
    - clinical nurse differentials;
    - non-base building pay for nurses;
    - police specialty pay;
    - stipends (department chair, etc.); and
    - faculty recruitment allowance.
  - b) Ineligible Earnings: Ineligible earnings include the following:
    - overtime;
    - uniform allowances;
    - UNEX BYA;
    - summer session salaries;

- on-call pay;
  - honoraria;
  - incentive and performance awards;
  - non-elective deferred compensation
  - consulting fees;
  - pay for a position that is not normally full-time, except if paid on a salary or hourly rate basis;
  - housing allowance;
  - additional academic compensation, including summer and UNEX compensation; and
  - terminal vacation pay.
- c) Range Adjustments, Merit Increases, and Promotion Increases: The base pay rate will be adjusted for range adjustments, merit increases, and promotion increases that would have been granted had the employee not been ordered to active military duty.
- d) Variable-Time Appointments: The base pay rate of an employee with a variable-time appointment will be adjusted for the average hours on pay status during the three months prior to commencement of military leave, exclusive of hours attributed to overtime.
- e) Irregular-Shift Assignments: The shift differential component of the gross University pay of employees who are not assigned to the same shift on a regular basis will be calculated by taking an average of the shift differentials paid over the three months prior to commencement of military leave.

### **C. Duration**

Supplement to Military Pay, as defined in this policy, will begin on the first day of unpaid military leave. The Supplement to Military Pay will extend for a period not to exceed the employee's tour of active duty, until June 30, 2022, or until the separation date of an employee's University appointment, whichever comes first.

A University employee who has a separation date due to budgetary restrictions or an appointment end date may be reappointed in accordance with University policy and procedures. If such a reappointment occurs during the employee's active military duty, the employee's Supplement to Military Pay will continue into the subsequent appointment until the end of the active duty, or until June 30, 2022, whichever comes first.

Benefits provided under the policy are subject to a two-year lifetime limit, retroactive to December 14, 2001 (the policy's original start date).

### **D. Benefits**

#### 1. Health and Welfare Benefits

An employee receiving a Supplement to Military Pay will be considered to be on pay status. An employee who is on pay status may continue coverage under the following plans during the employee's tour of active military duty for up to two years:

- [Medical Plans](#)
- [Dental Plans](#)
- [Vision Plan](#)
- [Life Insurance Plans](#)
- [Accidental Death & Dismemberment Plans \(AD&D\)](#)
- [Legal Plans](#)

If an employee is enrolled in TRICARE military medical coverage during the employee's tour of active military duty and the employee continues coverage in a UC medical plan, TRICARE becomes the primary insurer with regard to the employee's medical coverage while eligible family members' primary coverage will continue to be through the University plan.

Coverage for [Basic Disability, Voluntary Short-Term Disability Insurance, and Voluntary Long-Term Disability Insurance](#) will terminate on the last day the employee is actively at work at the University even if the employee is on pay status during a tour of active military duty.

For plans where there is a University contribution, the University contribution for an employee who is on pay status will continue during the employee's tour of active military duty for up to two years. Thereafter, the employee (and eligible family members, if any) may continue medical, dental, vision, and [Health Flexible Spending Account \(Health FSA\)](#) coverage under the [Consolidated Omnibus Budget Reconciliation Act of 1985 \(COBRA\)](#) continuation provisions, provided that the employee pays the entire coverage cost and administrative fee. The employee may continue coverage for medical, life insurance, AD&D, and legal under the respective plan's conversion or porting provisions.

An employee who is on pay status may continue participation in [Dependent Care Flexible Spending Account \(DepCare FSA\)](#) during the employee's tour of active military duty for up to two years. Contributions stop when the Supplement to Military Pay payments end and the employee is no longer on pay status. Eligible expenses incurred through the end of the pay period in which the employee made the last contribution are eligible for reimbursement. Claims must be filed by the filing deadline of the following year or funds left in the account will be forfeited.

An employee who is on pay status may continue participation in Health FSA during the employee's tour of military active duty for up to two years. Contributions will stop when the employee is no longer on pay status. Unless the employee continues participation under COBRA, only eligible expenses incurred through the end of the pay period in which the employee made the last contribution are eligible for reimbursement. Claims must be filed by the filing deadline of the following year or funds left in the account will be forfeited.

An employee may continue automobile and homeowner/rental insurance during the employee's tour of active military duty.

If an employee is separated from University employment while on a tour of active military duty, the employee's coverage will cease at the end of the month in which the separation occurs. An employee may opt to continue medical, dental, vision, and Health FSA coverage under COBRA's continuation provisions.

Most UC-sponsored plans have exclusions that apply to employees on active military duty. Contact your local benefits office for additional information or see applicable Plan Documents for more detail.

## 2. Retirement Benefits

Any applicable University and employee contributions to the University of California Retirement System plans, including the [University of California Retirement Plan \(UCRP\)](#), the [Defined Contribution Plan \(DC Plan\)](#), the [Tax-Deferred Plan \(403\(b\) Plan\)](#) and the [457\(b\) Deferred Compensation Plan \(457\(b\) Plan\)](#) will continue for eligible employees in accordance with the plan provisions while a paycheck is received and will stop with the employee's last paycheck. Employee contributions during the military leave will be based on the Supplement to Military Pay amount and any employee elections as applicable.

An employee on military leave may suspend 403(b) Plan loan repayments for the period of military leave as provided under the [Uniformed Services Employment and Reemployment Rights Act \(USERRA\)](#) and the 403(b) Plan provisions.

Retirement service credit will be earned in accordance with the [University of California Retirement Plan \(UCRP\)](#) provisions for the period of military service and for a period following military service, provided that the employee returns to University employment following the leave or notifies the University in writing of his or her intent to return to work in accordance with any applicable reemployment rights and UCRP provisions.

For those employees who elect to continue their University coverage but are ineligible for the Supplement to Military Pay because their military pay exceeds their University pay, the University will continue to pay the UC contribution to their health plan premiums through the employee's tour of active duty, until June 30, 2022, or until the separation date of an employee's University appointment, whichever comes first. Benefits provided under the policy are subject to a two-year limit, retroactive to December 14, 2001.

If the employee returns to University employment, the employee may be eligible to make up contributions to the DC Plan, the 403(b) Plan, and/or the 457(b) Deferred Compensation Plan that were missed due to the period of military leave, in accordance with USERRA and applicable plan provisions.

## ***E. Special Situations***

1. **Leaves With and Without Pay:** Employees who received orders to report for active military duty while on an approved leave, with or without pay (e.g., sabbatical, personal, or research leave), will, for the purpose of calculating the Supplement to Military Pay, be returned to their regular status.
2. **Temporary Reductions in Time:** Employees who received orders to report for active military duty while on a temporary reduction in time will, for the purpose of calculating the Supplement to Military Pay payments, be returned to their regular status at the expiration date of such temporary reduction in time. The employee's department or applicable unit will be responsible for adjusting the Supplement to Military Pay payments at such expiration date.
3. **Temporary Layoffs:** Employees who received orders to report to active military duty while on a temporary layoff will, for the purpose of calculating the Supplement to Military Pay payments, be returned to their regular status at the expiration date of the temporary layoff. The employee's department or applicable unit will be responsible for submitting the documentation required to initiate the Supplement to Military Pay payments at such expiration date. The Supplement to Military Pay payments should begin at the expiration date of the temporary layoff.
4. **Indefinite Layoffs:** Employees who received orders to report to active military duty while on an indefinite layoff are not eligible for Supplement to Military Pay payments.
5. **Partial Year Career Employees:** Military pay will not be supplemented during the months when employees are on furlough unless such employees have elected to spread their paychecks over 12 months. Periods of time spent on unpaid furlough will not be included in the calculation of the Supplement to Military Pay payments.

The employee's department or applicable unit will be responsible for terminating the Supplement to Military Pay payments when such employee would normally go on unpaid furlough and for reinstating the Supplement to Military Pay payments when such employee would normally return to pay status.

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## **IV. COMPLIANCE / RESPONSIBILITIES**

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### ***A. Implementation of the Policy***

Responsible Officers have the authority to develop procedures or other supplementary information to support the implementation of this policy. Responsible Officers may apply appropriate and consistent interpretations to clarify the policy provided that the interpretations do not result in substantive changes to the underlying policy.

The Executive Officer at each location is authorized to establish and is responsible for local procedures to implement the policy. Local procedures must be consistent with the policy. Exceptions to procedures required by this policy must be approved by the Executive Officer.

### **B. Revisions to the Policy**

The President is the Policy Approver and has the authority to approve policy revisions upon recommendation by the Responsible Officers.

The Responsible Officers have the authority to initiate revisions to the policy, consistent with approval authorities and applicable Bylaws and Standing Orders, and Policies of the Regents.

The UC Provost and Executive Vice President and the Executive Vice President and Chief Operating Officer have the authority to ensure that policies are regularly reviewed, updated in a manner that is consistent with other University policies.

### **C. Approval of Actions**

Actions within this policy must be approved in accordance with local procedures. Executive Officers and Responsible Officers are authorized to determine responsibilities and authorities at secondary administrative levels in order to establish local procedures necessary to implement this policy.

All actions that exceed this policy, or that are not expressly provided for under any policy, must be approved by the Responsible Officers.

### **D. Compliance with the Policy**

Noncompliance with the Policy is managed in accordance with:

1. For employees covered by *Personnel Policies for Staff Members (PPSM)*, PPSM [61](#), [62](#), [63](#), and [64](#), pertaining to disciplinary and separation matters, and in accordance with other University policies;
2. For academic appointees, the following policies include, [The Faculty Code of Conduct \(APM - 015\)](#) and [University Policy on Faculty Conduct and the Administration of Discipline \(APM - 016\)](#), [Non-Senate Academic Appointees/Corrective Action and Dismissal \(APM - 150\)](#); or
3. For employees covered by a collective bargaining agreement, the applicable collective bargaining agreement.

The Executive Officer at each location will designate the local management office responsible for monitoring, enforcing, and reporting compliance mechanisms.

The Senior Vice President–Chief Compliance and Audit Officer will periodically audit and monitor compliance with the Policy.

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## **V. PROCEDURES**

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The steps an employee must take to initiate the Supplement to Military Pay are explained below. The procedures below reflect how locations that have not yet migrated to UCPath will process an employee's request for a Supplement to Military Pay. For locations that have already migrated to UCPath, procedures may differ; the local Academic Personnel or Human Resources Office may be consulted for additional

information. At some locations, the responsibilities of the employee's department may be handled by a central unit.

**A. Documentation Required to Initiate Supplement to Military Pay Payments**

1. Supplement to Military Pay Worksheet: The employee's department and the employee, or the person who holds the power of attorney on behalf of the employee, are responsible for completing the [Supplement to Military Pay Worksheet](#). The purpose of the worksheet is to calculate the gross Supplement to Military Pay and to obtain acknowledgement from the employee that any overpayments will be returned to the University.
2. Personnel Action Form or Equivalent Document & Sabbatical Leave/Special Leave of Absence: The employee's department is responsible for completing a Personnel Action Form, Personnel Transaction Request Form or equivalent document and Sabbatical Leave/Special Leave of Absence Form (UPAY 573) to place the employee on military leave. The department should establish as the end date on the current pay Distribution(s) the last date that the employee will receive University pay.

In accordance with local procedures the department should establish a new Distribution for the period of the military leave, using the calculated gross supplemental pay (line 13, 14, or 15) determined on the [Supplement to Military Pay Worksheet](#). The department should associate the Gross Supplemental Pay amount with the Description of Service Code "SMP." The department should establish a new Distribution with a Begin Date as of the last day of the employee's Military Leave Date and with the same End Date on the original Distribution. If the employee remains on active military duty, the department should complete a Leave of Absence action.

3. Leave and Earnings Statement: The employee, or the person who holds the power of attorney on behalf of the employee, will be responsible for documenting/estimating the military pay. If available, a Leave and Earnings Statement (LES) will be used to determine the gross monthly military pay. If an LES is not available, the gross military pay may be estimated.
4. Power of Attorney: If an employee has designated a power of attorney, documentation of such power of attorney will be submitted along with the completed worksheet.
5. Cancelling Coverage for All Health & Welfare Benefits: An Enrollment, Change, Cancellation, or Opt-Out Form (UPAY 850) will be given to the employee, or the person who holds the power of attorney on behalf of the employee. This form must be submitted to the employee's local benefits office to cancel any plans the employee chooses not to continue during their military leave. Failure to submit UPAY 850 will result in automatic deductions from the Supplement to Military Pay payments to continue enrollment in these plans.



6. Payroll Earnings Distribution Authorization: A Pay Disposition Authorization Form will be given to the employee. This form must be completed and returned to the department if the employee wishes to change his or her disposition of pay.

### ***B. Initiating the Supplement to Military Pay***

1. If the Employee Has Not Yet Reported To Active Military Duty: The employee's department and the employee (or the person who holds the power of attorney on behalf of the employee) are responsible for providing and/or completing the forms outlined within these procedures.
2. If the Employee Has Reported To Active Military Duty and Not Returned: The employee's department will attempt to contact and inform the employee on military leave (or the person who holds the power of attorney on behalf of the employee) of the Supplement to Military Pay and the procedures required to initiate the Supplement to Military Pay payments.

The Supplement to Military Pay payments will not be issued without the signature of the employee, or the person who holds the power of attorney on behalf of the employee, on the [Supplement to Military Pay Worksheet](#). If a department is unable to obtain a completed worksheet and LES from an employee, or the person who holds the power of attorney on behalf of the employee, the Supplement to Military Pay payment will be calculated and issued upon the employee's return to work.

3. If the Employee Has Returned From Active Military Duty: The employee will submit copies of all LES covering the period of time in which the employee was eligible for Supplement to Military Pay payments. The employee's department will be responsible for calculating the total gross Supplement to Military Pay payment and submitting the required paperwork in accordance with established location procedures.

### ***C. Issuing Payments***

1. Retroactive Payments: The employee's department will be responsible for submitting all retroactive paperwork, including the PAF or equivalent document, [Sabbatical Leave/Special Leave of Absence Form \(UPAY 573\)](#), and late pay transactions. If an employee is eligible for future Supplement to Military Pay payments, the department will complete a PAF or equivalent document based upon the most recent worksheet and LES obtained from the employee, or the person who holds the power of attorney on behalf of the employee.
2. Pro-Rated Payments: The employee's department will be responsible for pro-rating Supplement to Military Pay payments that do not cover a full pay period for employees covered by positive time reporting.
3. Extensions and Multiple Military Leaves: The employee's department will be

responsible for ensuring that Supplement to Military Pay payments for employees with extensions of their original orders or with multiple military leaves are consistent with these guidelines.

4. Deductions:

a) Mandatory Deductions: Supplemental payments will be subject to Federal income tax, State income tax, OASDI, and Medicare. Garnishments/Earnings Withholding Orders for Support, if applicable, will be withheld.

b) Voluntary Deductions: Voluntary deductions will continue to be withheld unless cancelled by submittal of the appropriate cancellation forms.

c) Employer Contributions: Departments are responsible for University contributions.

5. Issuance: Supplement to Military Pay payments will be issued as part of the normal payroll cycle for each affected employee, except for retroactive payments. The Supplement to Military Pay will be distributed to the disposition selected by the employee.

6. Terminating Supplement to Military Pay Payments: The employee's department will be responsible for ensuring that, upon expiration of the Supplement to Military Pay payments, the employee's status is correctly reflected on the PAF or equivalent document.

**D. Reconciliation**

1. Reinstatement: When an employee returns to work from active military duty, the employee will submit an LES for each month for which the Supplement to Military Pay was earned or received. The employee's department will be responsible for reconciling actual Supplement to Military Pay payments with all LES. Any overpayments or underpayments will be adjusted in accordance with established location payroll procedures.

2. Benefits: Employees returning from military leave have a 31-day period of initial eligibility to reenroll in coverages which lapsed or were cancelled during the extended military leave. The period begins with the date of return to normal pay status.

3. Retirement Service Credit: Covered compensation and retirement service credit earned during an extended military leave will be manually adjusted when the employee returns to pay status by submitting a copy of the PAF or equivalent document documenting the extended military leave and verification of the employee's military orders to the retirement membership unit.

4. Employees Who Do Not Return to University Service: Employees who elect to terminate their University appointment will be responsible for contacting their

former departments to initiate reconciliation between their estimated and actual military earnings. Employees who have been underpaid will receive the balance due. Overpayments will be repaid to the University.

Overpayments will be forgiven if an employee is killed or is disabled to the extent that such employee cannot return to University employment.

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## VI. RELATED INFORMATION

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- [Consolidated Omnibus Budget Reconciliation Act of 1985 \(COBRA\)](#)
- [Legal Plan insurance](#)
- [Supplemental Life Insurance](#)
- [Homeowner/Rental/Auto Insurance](#)
- [Basic Disability, Voluntary Short-Term Disability Insurance, and Voluntary Long-Term Disability Insurance](#)
- [Health Flexible Spending Account \(Health FSA\)](#)
- [Dependent Care Flexible Spending Account \(DepCare FSA\)](#)
- [Accidental Death & Dismemberment \(AD&D\)](#)
- [Defined Contribution Plan \(DC Plan\)](#)
- [457\(b\) Deferred Compensation Plan](#)
- [Tax-Deferred 403\(b\) Plan](#)
- [The Uniformed Services Employment and Reemployment Rights Act \(USERRA\)](#)
- [University of California HR Forms and Publications](#)
- [University of California Retirement System \(UCRS\)](#)
- [University of California Retirement Plan \(UCRP\)](#)
- [Supplement to Military Pay Worksheet](#)
- [Enrollment, Change, Cancellation, or Opt-Out Form \(UPAY 850\)](#)
- [Health Sciences Compensation Plan](#)
- [Personnel Policies for Staff Members \[61\]\(#\), \[62\]\(#\), \[63\]\(#\), and \[64\]\(#\)](#)
- [The Faculty Code of Conduct \(APM - 015\)](#)
- [University Policy on Faculty Conduct and the Administration of Discipline \(APM - 016\)](#)
- [Non-Senate Academic Appointees/Corrective Action and Dismissal \(APM - 150\)](#)

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## VII. FREQUENTLY ASKED QUESTIONS

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### General

**1. *What is the definition of military pay for purposes of this policy?***

Military pay is all compensation received by the employee from the military, including allowances.

**2. *How is the Supplement to Military Pay funded for purposes of this policy?***

Each location will determine the source of funds for the Supplement to Military Pay. University general funds, unrestricted gift funds, medical school compensation plan funds, and other funds identified by the campus may be used. Extramural contract and grant funds may be used to the extent such funds were used to pay the employee immediately prior to his or her call to active military duty.

**3. *If an employee separates from University employment during their tour of active military duty, what other types of coverage can the employee continue?***

An employee may opt to continue medical, dental, vision, and Health FSA coverage under COBRA's continuation provisions.

Alternatively, for medical coverage only, an employee may apply — within 31 days after group coverage ends — for conversion to an individual policy. An employee may also apply to the insurance carrier directly for individual coverage. The Affordable Care Act's Health Insurance Marketplace may also provide options.

The employee should contact the local benefits office for assistance with the details.

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## VIII. REVISION HISTORY

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Policy update as of Spring 2018 TBD

**August 23, 2017:** This Policy was remediated to meet Web Content Accessibility Guidelines (WCAG) 2.0 and updated the contact info for Academic Personnel and Programs.

**July 1, 2014 Policy changes:**

- Academic Personnel and Programs and Human Resources both reflected as the Responsible Offices for this Policy.
- “War on Terror Campaign” updated to “Overseas Contingency Campaign (formerly the War on Terror campaign) or any successor military mobilization campaign.”
- Dep Care FSA language clarified and Health FSA language added.

As a result of the issuance of this Policy, the following document is rescinded as of the effective date of this Policy and is no longer applicable:

- *Supplement to Military Pay Policy*, dated July 1, 2014

- *Supplement to Military Pay Policy*, dated July 1, 2012

**July 1, 2012:** This Policy was reformatted into the standard University of California policy template.

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