
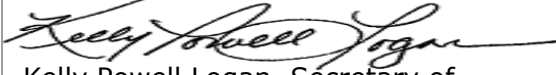


# MANAGEMENT DIRECTIVE

## Commonwealth of Pennsylvania Governor's Office

<b>Subject:</b> Maintenance Charges for Employees Residing or Subsisting in Commonwealth Facilities	<b>Number:</b> 315.14 Amended
<b>Date:</b>  October 16, 2013	<b>By Direction of:</b>  Charles B. Zogby, Secretary of the Budget  Kelly Powell Logan, Secretary of Administration
<b>Contact Agency:</b> Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations, Telephone 717.772.5340 Office of Administration, Office for Human Resources Management, Human Resources Service Center, Telephone 717.787.8001	

**This directive establishes policy, responsibilities, and procedures for determining the value and ensuring the collection of maintenance charges for employees residing or subsisting in commonwealth facilities. This amendment updates the procedures to reflect the roles of agencies and the Office of Administration, Office for Human Resources Management, Human Resources Service Center in establishing and updating payroll deductions for maintenance charges. Marginal dots are excluded due to major changes.**

- 1. PURPOSE.** To establish policy, responsibilities, and procedures for determining the value and ensuring the collection of maintenance charges for employees residing or subsisting in commonwealth facilities.
- 2. SCOPE.** This directive applies to all departments, boards, commissions, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction and independent agencies that use the SAP Human Resource and Payroll Module.
- 3. OBJECTIVE.** To ensure employees are properly charged for residing and subsisting in commonwealth facilities based on the determination of the fair market value of the benefit received and based on the applicable tax regulations.

#### 4. DEFINITIONS.

- a. **Commonwealth Facility.** An institution or other building owned or leased by the commonwealth.
- b. **Executive Board.** An organization consisting of the Governor, as Chairman, and six agency heads designated by the Governor, with the power to regulate management and administrative activities in agencies under the Governor's jurisdiction in accordance with *Section 204 of The Administrative Code of 1929 (71 P.S. § 64)*.
- c. **Maintenance Charge.** The fair market value for services provided to employees, including residence, utilities, laundry, domestic service (housekeeping), garage, and meals.
- d. **Schedule of Maintenance Charges.** A listing of classifications, rates, and guidelines for the application of maintenance charges.

#### 5. POLICY.

- a. All employees residing or subsisting in commonwealth facilities shall be charged for the fair market value of the services received.
- b. In accordance with Executive Board Resolution MC-08-086, the rates for maintenance charges shall be increased annually in the first full pay period in January each year. Current rates for maintenance charges are available in the Schedule of Maintenance Charges.
- c. The change in rates for maintenance charges is based on the percentage change in Consumer Price Index for All Urban Consumers (CPI-U) for Pennsylvania, New Jersey, Delaware, and Maryland area for the most recent 12 month period for which figures have been officially reported by the United States Department of Labor, Bureau of Labor Statistics.
- d. A payroll deduction is mandatory for all maintenance charges, including meals, for which a flat biweekly charge is made.
- e. Maintenance charges for meals and lodging, including utilities, deducted from the pay of qualifying employees, meeting the Internal Revenue Service criteria listed below, will be excluded from the employee's gross income for the purpose of calculating and reporting federal withholding tax, Social Security tax, and state and local income tax. This does not include employees on work-related injury leave.
  - (1) The value of meals furnished to an employee on a biweekly payroll deduction shall be excluded from the employee's gross income for the purpose of calculating the taxes listed in section 5.e. of this directive, provided:
    - (a) The meals must be furnished on the business premises of the employer.

- (b) The meals must be furnished for the convenience of the employer.
- (2) The value of lodging, including utilities, furnished to an employee on a biweekly payroll deduction, shall be excluded from the employee's gross income for the purpose of calculating the taxes listed in section 5.e. of this directive, provided:
  - (a) The lodging must be furnished on the business premises of the employer.
  - (b) The lodging must be furnished for the convenience of the employer.
  - (c) The employee must be required to accept such lodging as a condition of employment.
- (3) The determination of qualifying employees shall be made by the appropriate agency personnel and reviewed by the Office of Administration.
- (4) Employees residing in commonwealth facilities for personal convenience who are not required to do so as a condition of employment will be required to enter into leases through the Department of General Services (DGS), Bureau of Real Estate, Land Management Division. DGS policy requires fair market rental payments. These payments will be processed as payroll deductions but will not be excluded from gross income for tax purposes.

## **6. RESPONSIBILITIES.**

### **a. Department of General Services, Bureau of Real Estate, Land Management Division shall:**

- (1) Ensure that a lease is executed for employees who are residing in commonwealth facilities for personal convenience based on the fair market value of the property and service provided.
- (2) Ensure that the lease information is provided to the employee's agency in order to process the employee's maintenance charges.

### **b. Agencies shall:**

- (1) Ensure that proper maintenance charges are processed from an employee's salary when an employee is residing or subsisting in a commonwealth facility.
- (2) Periodically review the list of properties under the authority of the agency and verify that employees who are residing and subsisting in commonwealth facilities are paying for the benefit via payroll deductions.

**c. Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations shall:**

- (1)** Annually determine the rates for maintenance charges and update the Schedule of Maintenance Charges.
- (2)** Notify agencies of the annual changes to the Schedule of Maintenance Charges.

**7. PROCEDURES.**

**a. Establishing and Processing Payroll Deductions for Maintenance Charges for Employees Residing or Subsisting in Commonwealth Facilities.**

**(1) Agency.**

- (a)** Determine whether an employee residing or subsisting in a commonwealth facility is doing so as a condition of employment or for personal convenience.
- (b)** Complete [Form STD-377, Report of Maintenance Charges \(Form STD-377\)](#) authorizing payroll deductions for maintenance charges based on the determination made in section 7.a.(1)(a) of this directive.
  - 1** If the employee is residing or subsisting in a commonwealth facility as a condition of employment, use the rates listed in the Schedule of Maintenance Charges.
  - 2** If the employee is residing or subsisting in the commonwealth facility for personal convenience and not as a condition of employment, use the rates established by the lease agreement between the employee and DGS.

**NOTE:** Agencies should contact DGS, Bureau of Real Estate, Land Management Division for details on preparing and executing lease agreements.

- (c)** Obtain the signatures of the employee and the facility business manager or equivalent agency official.
- (d)** Process [Form STD-377](#) in accordance with standard procedures for establishing payroll deductions.
  - 1** Agencies supported by the Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC) must request the payroll deduction transaction by submitting an enterprise personnel action request (E-PAR) with the [Form STD-377](#) attached.

**2** Agencies not supported by the HRSC should process the appropriate payroll deduction in the SAP HR/Payroll Module.

(e) Retain the original [Form STD-377](#) in accordance with applicable records retention and disposition schedules.

**(2) Office of Administration, Office for Human Resources Management, Human Resources Service Center.**

(a) Update SAP IT0014 with the deduction amount(s) as specified by the agency human resources office.

(b) Close the E-PAR.

**b. Updating Rates for Payroll Deductions for Maintenance Charges.**

**(1) Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations.**

(a) Periodically prepare a report listing the employees who have payroll deductions processed for maintenance charges and distribute the report to agencies.

(b) At the end of each calendar year, determine the rates for maintenance charges, update the Schedule of Maintenance Charges (if necessary), and notify agencies of any changes.

**(2) Agency.**

(a) Review the report provided by BCPO in accordance with section 7.b.(1)(a) of this directive and evaluate the status of employees residing or subsisting in commonwealth facilities.

(b) Follow the procedures listed in section 7.a. of this directive to update employee payroll deductions as needed for any changes resulting from the evaluation of the status of employees residing or subsisting in commonwealth facilities or from annual changes to the Schedule of Maintenance Charges.

**This directive replaces, in its entirety, *Management Directive 315.14*, dated January 6, 2011.**