

POLICY GUIDELINES AND PROCEDURES FOR THE PRE-TAX BUS PASS PILOT PROGRAM

1.0 PURPOSE

- 1.1 To implement a Pre-Tax Bus Pass Pilot Program (“PTBP” or “Program”), in accordance with section 132(f) of the Internal Revenue Code, for eligible State of Hawaii Executive Branch employees, hereinafter “State.” The duration of the pilot period shall be as designated by the Director of the Department of Human Resources Development (“DHRD”).
- 1.2 These guidelines implement the Program and are intended to comply with the requirements of the Internal Revenue Code. If there are any conflicts between the provisions of the Code and these guidelines, the Code shall prevail.

2.0 DEFINITIONS

- 2.1 As used in these guidelines, unless a different meaning clearly appears in the context:

“Bus Pass” means a bus ticket purchased through TheBus, Oahu’s bus transit system contracted by the City and County of Honolulu, for transportation services on Oahu.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“Departmental PTBP Coordinator” means the employee designated by the department’s Director who shall be responsible for administering the PTBP Program for his/her department’s employees. **NOTE:** The University’s PTBP Coordinator is the Manager of the University Parking Office.

“Director” means the director of the State of Hawaii Department of Human Resources Development.

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

“Eligible Employee” means a person who:

- 1) is an employee of the State Executive Branch (excluding the DOE) who is eligible to participate in the State of Hawaii Employees’ Retirement System,
- 2) lives and works on Oahu, and
- 3) does not have parking in a State-controlled lot with a parking payroll deduction.

“New Hire” means:

- 1) an employee hired from the private sector;
- 2) an employee transferring to the University from the State Executive Branch, Judiciary, HHSC, or counties; or
- 3) newly eligible employee (e.g., employee converting from 89-day hire to permanent status; teaching credits for UHM lecturer increases from 3 credits to at least 7 credits for the semester)

“Pay day” means the 20th of the month for State employees on the “lagged” payroll, and the 15th of the month for UH Faculty on the “non-lagged” payroll. If a pay day falls on a State holiday, Saturday, or Sunday, the pay day shall be the immediately preceding weekday.

“Program year” means the twelve-month period commencing July 1 and ending on June 30.

3.0 PLAN ADMINISTRATION

- 3.1 The Director shall be the overall administrator of the Program and shall have the powers and duties to take all actions and make all decisions necessary or proper to carry out this Program.
- 3.2 The department heads, or their designees, shall be responsible for the day-to-day administration of the Program for their respective department employees.

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

- 3.3 The Program shall be administered in a nondiscriminatory manner and in accordance with the Code and other applicable federal and State laws.

4.0 BENEFIT COVERAGE AND ELIGIBILITY INFORMATION

- 4.1 The Program allows eligible employees (see the definition of “eligible employee” in Section 2.1) to pay for bus passes on a pre-tax basis. Deductions shall be made before FICA, federal and State taxes are calculated. The amount deducted per month under the Program shall not exceed the amount allowable under the Code.

Note: As of 2008, the maximum amount allowable under the Code is \$115 per month for transit expenses. The maximum amount may be subject to change in accordance with the provisions of section 132(f) of the Code.

- 4.2. The bus passes shall be for employee use only, and cannot be used by the employee’s spouse, dependents, or others.
- 4.3 Employees with parking in a State-controlled lot with a payroll deduction for parking shall not be eligible for the Program.

5.0 GENERAL PROCEDURES

5.1 Enrollment

a. New Hire Enrollments

Eligible new employees shall have sixty (60) calendar days from date of hire to submit the “University of Hawai’i Pre-Tax Bus Pass Pilot Program Enrollment Form” to the Personnel Officer. The enrollment form must be received by the Personnel Officer by the 60th calendar day. Participation shall become effective as soon as administratively possible, on a prospective basis, after the

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

employee and the deduction have been established on the payroll system and a valid payroll deduction can be made from the employee's paycheck.

For employees with more than one appointment at the University, the employee shall enroll with the "home base" department. A bus pass shall be issued provided that a valid payroll deduction can be made from the employee's paycheck.

b. Open Enrollment

Employees eligible to participate in the Program, who did not previously enroll, will have an opportunity to enroll in the Program during an annual open enrollment period. The Office of Human Resources (OHR) will announce the open enrollment period and provide instructions for the submittal of the "University of Hawai'i Pre-Tax Bus Pass Pilot Program Enrollment Form."

c. Enrollment Outside of the Annual Open Enrollment Period

Enrollment outside of the annual open enrollment period may be allowed if an eligible employee has a qualifying event that would allow enrollment outside the annual open enrollment period.

A qualifying event would be:

- loss of parking that the employee may currently hold;
- a movement in position that results in a change of transportation needs; or
- the employee possesses an annual bus pass that will be expiring.

Other circumstances may be considered in allowing enrollment. Please contact OHR who will consult with DHRD-EAO.

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

If enrollment outside the open enrollment period is allowed, OHR will provide instructions to the employee regarding submittal of the “University of Hawaii Pre-Tax Bus Pass Pilot Program Enrollment Form.”

5.2 Deductions

A payroll deduction for the bus pass shall be made in full from the employee’s earnings on the applicable pay day of each month. The deduction shall be for payment of the bus pass for use during the following month. For example, if a payroll deduction is made on the applicable pay day in July, the bus pass that will be issued shall be for the month of August. Subsequent deductions shall automatically be made on the applicable pay day of each month until the enrollment is cancelled by the employee.

- a. If the employee does not have sufficient funds to cover the payment of the bus pass for a month, no deductions shall be made and no bus pass shall be issued to the employee.
- b. If an employee works in more than one department, the deduction shall be made from the payroll of the “home base” department.
- c. An employee who transfers to another University or State department must cancel the existing payroll deduction and re-enroll in the Program with the new department.
- d. Reimbursement to the State: If an employee is overpaid, and the employee was erroneously issued a bus pass, the employee shall reimburse the department in cash or check for the cost of the bus pass.

5.3 Distribution of Bus Passes

The bus passes shall be delivered by TheBus Customer Service Department to the University Parking Office approximately five (5) working days prior to the applicable pay day. Employees of UH Mānoa may pick up their bus pass at the Parking Office in accordance with the pre-determined schedule. Employees of Kapi'olani CC, Leeward CC, and Windward CC may pick up their bus pass at the respective campus Human Resources Office; and employees of Honolulu CC and UH West O'ahu at the respective campus business office. Employees are asked to bring identification when picking up the buss pass.

Each employee shall be responsible for his or her own bus pass once it has been distributed. TheBus Company, the University, or any other State agency or employee of the State shall not replace any lost bus passes.

5.4 Enrollment Cancellations

To cancel enrollment in the Program, the employee shall submit a "University of Hawai'i Pre-Tax Bus Pass Pilot Program Cancellation Form" to their Personnel Officer. The Personnel Officer must receive the cancellation form by the designated due date to cancel according to the State of Hawai'i Pre-Tax Bus Pass Pilot Program Processing Schedule – University of Hawaii.

6.0 DEPARTMENTAL PROCEDURES

6.1 Ordering and Distribution of Bus Passes

Regular Monthly Bus Passes

- (1) The University Parking Office shall provide TheBus with the bus pass order count as outlined in the applicable Pre-Tax Bus Pass Pilot Program Processing Schedule.

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

- (2) TheBus shall deliver the bus passes ordered to the University Parking Office approximately five (5) business days prior to the applicable pay day.
- (3) When University picks up its usual mid-month paychecks from DAGS, Accounting Division, Pre-Audit Branch, they shall also receive a check made payable to TheBus with a listing of employees for whom bus pass payroll deductions were made.
- (4) The University Parking Office shall verify that the amount of the check, number of bus passes received from TheBus, and the number of bus passes ordered is correct. The University Parking Office shall resolve any discrepancies. If the number of bus passes ordered exceed the number of payroll deductions made, the University Parking Office shall return the extra passes to TheBus at the time the payment check is provided to TheBus.
- (5) The University Parking Office shall distribute the bus passes to the employees in time for them to receive the bus passes by the end of the month.
- (6) The University Parking Office shall provide the payment check to TheBus.

Special Annual Bus Passes

(1) Disability Bus Pass

An employee who qualifies for an annual disability bus pass and wishes to enroll in the Program shall contact the Personnel Officer and follow the procedure for disability bus pass. Enrollment may occur at anytime during the year.

State of Hawaii Pre-Tax Bus Pass Pilot Program
Policy Guidelines and Procedures

(2) Senior Bus Pass

An employee 65 years of age and older may qualify for a Senior Bus Pass. An employee wishing to enroll in the Program shall contact the Personnel Officer and follow the procedure for senior bus pass. Enrollment may occur at anytime during the year.

6.2 Changes in Status

6.2.1. Loss of eligibility due to termination of employment

Termination of Program participation shall be effective on the last day of the month in which the action occurred. If a payroll deduction is made prior to the loss of eligibility, the employee shall still receive a bus pass for the following month. For example, if an employee's last day of work is March 20th and a deduction was made on the March applicable pay day, then the employee will be issued a bus pass for April.

6.2.2. Leave Without Pay ("LWOP")

During a LWOP where there are insufficient earnings in a given pay period to deduct the full amount for the employee's bus pass deduction, the employee shall not receive a bus pass for the following month. Upon return from the LWOP the deductions shall re-start automatically.

6.3 Recordkeeping

The Personnel Officer shall maintain forms and records of Program participants by filing the forms into the employees' official personnel file and shall input employees' enrollment/cancellation information into the bus pass enrollment system.

7.0 AMENDMENT OR TERMINATION OF THE PROGRAM

- 7.1 The State or the director may amend or terminate the Program, in whole or in part, for any reason, and at any time without the consent of any employee or other person.

8.0 GENERAL PROVISIONS

8.1 Effect of the Program on employment

- 8.1.1 The Program shall not be deemed to constitute a contract of employment between the State and any participant, or to be a consideration or an inducement of the employment of any participant or eligible employee.

- 8.1.2 Nothing contained in this plan shall be deemed to give any participant or eligible employee the right to be retained in the service of the State or to interfere with the right of the State to terminate any participant or eligible employee at any time regardless of the effect which such termination will have upon the eligible employee as a participant of the Program.

8.2 Tax consequences

Neither the State nor the director makes any warranty or other representation as to whether or not any benefits received by an eligible employee participating under the Program shall be treated as includible in gross income for federal and State income tax purposes.

8.3 Headings and captions

The headings and captions set forth in these guidelines are provided for convenience only, and shall not affect the construction or interpretation of the Program.

8.4 Liability of the State

The State, including its employees, shall not be liable for any loss, taxes, or penalties due to an error or omission in administration of the Program unless the loss, taxes, or penalties are due to the gross negligence or willful misconduct of the State.

8.5 Severability

If any provision of these guidelines or the Program is declared to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions of these guidelines or the Program, and these guidelines and the Program shall be construed and enforced as if such provision had not been included.

9.0 FORMS AND PARTICIPANT GUIDE

- University of Hawai'i Pre-Tax Bus Pass Pilot Program Enrollment Form
- University of Hawai'i Pre-Tax Bus Pass Pilot Program Cancellation Form
- University of Hawai'i Employee Pre-Tax Bus Pass Pilot Program Enrollment Form for Disability Annual Bus Pass
- University of Hawai'i Employee Pre-Tax Bus Pass Pilot Program Enrollment Form for Senior Annual Bus Pass - Initial Enrollment
- University of Hawai'i Employee Pre-Tax Bus Pass Pilot Program Enrollment Form for Senior Annual Bus Pass - Renewal
- Pre-Tax Bus Pass Pilot Program Participant Guide