

Overview

A car allowance is a set monthly payment to use toward vehicle-related expenses, e.g., fuel, tires, maintenance, insurance, and is typically provided to executives or employees whose jobs may require frequent, local car travel. When authorized, the allowance will be included in the employee’s monthly paycheck.

SJSU Guidelines

1. A car allowance paid by the university will be incorporated into the monthly base pay of an employee. Allowances paid for by an Auxiliary will be issued on a separate check.
2. An employee receiving an allowance cannot claim reimbursement for local travel expenses such as mileage or other actual expenses. Local travel is defined as travel equal to or less than 100 miles from campus.
3. If actual vehicle-related expenses exceed the allowance, the employee shall pay the difference.
4. Payment Services must be informed of any SJSU employee (current and future) receiving a car allowance paid with either University or Auxiliary funds to ensure the employee is not reimbursed for local mileage, car rentals or other actual expenses.

Transportation by Privately Owned Vehicles

The following information is from the SJSU Travel Guide:

Employees authorized to use a privately-owned vehicle to conduct official business must meet the following requirements:

1. [Authorization to Use Privately-Owned Vehicles on State Business \(Std. 261\)](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std261.pdf) form (<http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std261.pdf>) must be on file with the supervisor who has approved the travel. By signing this form, you are acknowledging that you have insurance. When using your own car, your own private car insurance is the primary coverage. The university's liability coverage will only apply after the limits of your own coverage are reached.
2. The vehicle must be covered by liability/collision insurance.
3. The vehicle must be in safe mechanical condition and be equipped with safety belts in operating condition.
4. If an employee uses their own vehicle for State business more than once a month, the employee must have satisfactorily completed the Defensive Driving Fundamentals course offered through CSU Learn. The course must be retaken every four years. Contact the [University Risk Manager](#) to register for this course.

Car Allowance Amount

The car allowance amount will be determined based upon a combination of average vehicle-related costs, and a flat rate amount assigned to a level of average number of trips per month.

Calculating Car Allowance

- Average car maintenance for one year: \$1,200 \$100/month
- Average insurance cost for one year: \$1,968 \$164/month
- Base = \$264/month

Average trips per month	Cost
1- 3	\$100
4 – 6	\$150
7 – 10	\$200
11 or more	\$250

- Example for employee who travels 5 times a month:

\$264 base
 +\$150 4-6 trips/month
 \$414 car allowance/month