STATE OF CALIFORNIA   JOHN CHIANG,
                                                                   California State Controller

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: October 29, 2014   PERSONNEL LETTER #14-018
                                            (Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
        Personnel/Payroll Services Division

RE: **JULY 1, 2014 GENERAL SALARY INCREASE FOR RANK-AND-FILE EMPLOYEES IN R13 CLASSES**

Based on an agreement between the State of California and Bargaining Unit 13, a 2.0% general salary increase (GSI) has been approved for rank-and-file employees in classes designated R13, effective July 1, 2014. Please refer to CalHR's Pay Letter #14-20 for further information.

Departments should key a GEN transaction effective 07/01/14 for eligible employees, and correct any resulting out-of-sequence transactions. After the GEN transaction is keyed, payroll adjustments will issue for the 07/2014, 08/2014, 09/2014, and 10/2014 pay periods. See below for additional information on the adjustment payments.

SPECIAL EH DOCUMENTATION/PROCESSING INSTRUCTIONS

Once the GEN transaction is posted to an employee's EH record, any new out-of-sequence transaction must have the old salary rate entered, if allowable on the transaction. If not entered, the salary rate information per the GEN transaction will be reflected on the new transaction and could cause an overpayment. See PAM Section 9 for further processing information.

If correcting a 07/01/14 effective date transaction that was processed prior to the GEN being posted, key enter the GSI Code O (alpha O) in the GSI field on the PAR1 update screen on the correct transaction to denote the old salary rate. Per DPA rule 599.689, MSA/SIS transactions with a 07/01/14 effective date must be posted prior to the GEN, if applicable. Key enter the GSI Code O on the MSA/SIS transaction to denote the old salary rate. Failure to enter the GSI Code O could result in an incorrect base salary rate and/or anniversary date (i.e., overpayment).

PAYROLL ADJUSTMENTS

Adjustments for regular pay payments and overtime payments (i.e., non-FLSA overtime pay) that have already been issued will be automatically made after the employees' EH records are updated for the salary change.

Departments will need to request GSI adjustments for the following payments that have issued for the 07/2014, 08/2014, 09/2014, and 10/2014 pay periods via the PIP system on form STD. 671. See PPM Section K for PIP system instructions.

- FLSA Overtime Pay (Payment Type 1, Payment Type Suffix F) – see PPM Section G 024 for further information.

- Out-of-Class Pay (Earnings ID SI only) – see PPM Section G 831 for further information.

- Awards/Bonus/Special Pay (Payment Types A, G, 9, and S (except Holiday Pay)) if the pay rate is based on the employee's based on salary and the employee is receiving a GSI. Determine the difference in gross due and key the difference in the gross field on the PIP system's miscellaneous detail screen.

Departments will need to submit form STD. 674/674D to request adjustments for the following payments that have issued for the 07/2014, 08/2014, 09/2014, and 10/2014 pay periods:

- Regular pay with dock applied for employees with a mid-month change.

- Regular pay for employees on an alternate work schedule or working a shift and time paid does not equal time possible for the pay period.

- Industrial Disability Leave (IDL).

- Temporary Disability (TD).

- Nonindustrial Disability Leave (NDI).

- Supplemental Premium Payment Type 8 only if the pay rate it based on a percentage of the employee's based on salary rate and the employee is receiving a GSI.

RETROACTIVITY CHARGES

The transactions resulting from the July 1, 2014 GSI update are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass update or initiated by PPSD will be reflected on the Monthly Retroactivity Report, but should be removed. The EH transactions and payroll transactions that are key entered by the department will also appear on the department's report. The department should return the report identifying the items associated with the July 1, 2014 salary change, along with the appropriate explanation.

Please direct questions on the GSI as follows:

SUBJECT AREA	CONTACT	TELEPHONE NUMBER
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Customer Contact Center SCO	(916) 372-7200

LC:RC:PMAB