

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

DATE: January 28, 2008

PAYROLL LETTER #08-003  
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief  
Personnel/Payroll Services Division

RE: **HEALTH DEPENDENT VESTING DEDUCTION - DECEMBER 2007 PAY PERIOD**

Due to a programming problem, an incorrect state share contribution amount for some employees under the Consolidated Benefits Program and Health Dependent Coverage Vesting schedule was applied to the December 2007 pay period. Rank and file employees in bargaining units 7, 16, 17, 18, and 19 with less than 25 months of State service, received the maximum employer contribution amount of 100% instead of the appropriate 50% or 75% coverage level. The vesting schedule requires that new employees in the aforementioned bargaining units hired on or after July 1, 2006 for unit 7 or January 1, 2007 for units 16, 17, 18, and 19 complete 24 months of State service before the maximum employer contribution can be paid for health dependent coverage.

The State Controller's Office (SCO) has identified the affected employees and established the appropriate state share contribution amount for the January 2008 pay period. To correct the state share contribution amount that was applied to the December 2007 pay period and provide the employees with the correct coverage level, the SCO will establish agency collection account receivables. The SCO anticipates that the account receivables will be established in February 2008. These will be established against the December 2007 pay period and will be identified as Payment Type K.

For departments with affected employees, a report is available on ViewDirect under the report name of Employees With Vesting Overpayment For 12/2007 and the report ID of PDH6097. The report will include the amount that was applied, the amount that should have been applied, and the overpayment amount. Please notify the listed employees of the overpayment situation before or at the time they receive their January 2008 pay if at all possible. Also, please refer to the Payroll Procedures Manual Section I 010 for further processing information on the account receivables.

For information concerning Health Dependent Coverage Vesting, please reference the Department of Personnel Administration's Personnel Management Liaison Memo's 2006-022 for unit 7, and 2006-030 for units 16, 17, 18, and 19. If you have questions concerning this letter, please contact Sandy Westlake at (916) 324-9008 or email at [swestlake@sco.ca.gov](mailto:swestlake@sco.ca.gov).

DS:LB:PMAB