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

DATE: March 13, 2009

PAYROLL LETTER #09-003

TO: To All Agencies/Campuses in the Uniform State Payroll System

FROM: Don Scheppmann, Chief  
Personnel/Payroll Services Division

RE: **2009 FEDERAL TAX WITHHOLDING RATE CHANGES**

This is to advise you of changes in Federal Tax Withholding rates as a result of the American Recovery and Reinvestment Act of 2009. The rate changes are for the percentage method of withholding. The supplemental/flat method of withholding rate will remain the same. The changes will be effective beginning with payments issue dated March 31, 2009.

The new rates will be published in the next update of the Payroll Procedures Manual. The paycheck calculators have been updated and are accessible from our website at <http://www.sco.ca.gov/ppsd/empinfo/calc/paycalc.shtml>

If you have any questions regarding this Payroll Letter, agencies should contact Payroll Liaison at (916) 323-3081 and campuses should contact CSU Payroll Liaison at (916) 322-7980.

DS:bs