

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

DATE: May 12, 2009

PAYROLL LETTER #09-006

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

FROM: Don Scheppmann, Chief
Personnel/Payroll Services DivisionRE: **2009 CHANGES TO MILITARY LEAVE PAYMENTS**

Effective January 1, 2009, supplemental military leave payments (payment type 7) issued to employees on active duty military leave for more than 30 days will no longer be subject to Social Security/Medicare taxes. Internal Revenue Service Revenue Ruling 2009-11 imposes changes to the Federal Insurance Contribution Act (FICA), identified by the State Controller's Office (SCO) as Social Security/Medicare, regarding long term active duty supplemental military leave payments.

Effective with the April 2009 pay period, the SCO discontinued withholding Social Security and Medicare deductions from long term supplemental military leave payments. Military leave payments issued for short term military leave (less than 30 days) will continue to be subject to Social Security/Medicare deductions. In addition, the SCO will issue refunds for Social Security/Medicare deductions withheld from supplemental long term military payments issued after January 1, 2009 through the March 2009 pay periods. The refunds are expected to be made by June 15, 2009.

The Department of Personnel Administration (DPA) and the California State University (CSU) Chancellor's Office will release a revised Military Work Sheet along with completion instructions. Employees currently on military leave do not need to submit a new worksheet. Employees who are newly eligible to receive the military leave pay must complete the revised form.

Please direct questions or concerns as follows:

DPA	Civil Service Military Leave Policy	PSB@dpa.ca.gov	(916) 323-3343
CSU Chancellor's Office	CSU Chancellor's Office Military Leave Policy	Pamela Chapin	(562) 951-4414
SCO Payroll Liaison	Requesting Military Leave Payments	Dana Lyles	(916) 323-3081

DS:LM:PMAB