

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

DATE: May 2, 2016

PAYROLL LETTER #16-003  
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief  
Personnel and Payroll Services Division (PPSD)

**RE: 2016 EXCLUDED EMPLOYEE LEAVE BUY-BACK PROGRAM**

This Payroll Letter provides information on how to process payments for the 2016 Excluded Employee Leave Buy-Back Program. For details of the program, please reference CalHR's Personnel Management Liaison (PML) memorandum 2016-011.

Departments electing to participate in the 2016 Excluded Employee Leave Buy-Back Program must submit payment requests between May 1, 2016 and no later than June 27, 2016. Per CalHR, payments must be charged to the fiscal year 2015-2016; therefore, payments must be issue dated by June 28, 2016.

The 2016 Excluded Employee Leave Buy-Back payments are based on the employee's hourly or daily (Personal Holiday only) salary rate multiplied by the number of hours/units bought back. For example:

- A. the calculation for an employee whose salary full rate is \$4,200.00 and the State is buying back 80 hours of annual leave credits is as follows:

Hourly Rate (\$4,200.00 divided by 173.33 hours)  
\$24.23  
Annual Leave hours bought back  
Multiplied by 80  
Annual Leave Buy Back Gross  
\$1,938.40

- B. the calculation for an employee whose salary full rate is \$4,200.00 and the State is buying back 2 Personal Holiday units is as follows:

Daily Rate (\$4,200.00 divided by 21.667 days)  
\$193.84  
Personal Holiday units bought back  
Multiplied by 2  
Personal Holiday Buy Back Gross  
\$387.68

Note: If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be added to the hourly/daily rate for calculations.

## TAXES

The 2016 Excluded Employee Leave Buy-Back payments are subject to federal and state income tax withholdings. Payments are also subject to Social Security and Medicare tax withholdings where applicable. The 2016 Excluded Employee Leave Buy-Back payments are NOT subject to retirement. The tax rates are as follows:

- 25% Federal Tax (flat rate)
- 6.6% State Tax (flat rate)
- 6.2% Social Security (if applicable)
- 1.45% Medicare (if applicable) **OR**
- 2.35% Medicare for wages over \$200,000 (if applicable)

## PROCESSING PAYMENTS

Submit all payment requests via the PIP System. Use form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System and keep forms for department records. Please refer to the Payroll Procedures Manual (PPM) Section G 105 and below for form STD. 671 completion instructions and PPM Section K for PIP System instructions. Also review the PIP exceptions in PPM Sections G 045 and G 105

Use the following Earning IDs to request Leave Buy Back payments, and manually update leave balances.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave and Vacation Buy Back	9V
Holiday Credit Buy Back	9H
Personal Holiday Credit Buy Back	9P
Personal Leave Buy Back- Personal Leave 1992, 2003, 2010/2011/2012 and/or	99*
Voluntary Personal Leave	

For California Leave Accounting System (CLAS) users the Earnings IDs listed below will issue Leave Buy Back payments and update CLAS leave records.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave Buy Back	AL34
Holiday Credit Buy Back	HC34
Personal Holiday Buy Back	PH34
1992 Personal Leave Buy Back	PL36*
2003 Personal Leave Buy Back	LD36*
2010/2011 Personal Leave Buy Back	LP36*
2012 Personal Leave Buy Back	LV36*
Voluntary Personal Leave Buy Back	PV36*
Vacation Leave Buy Back	VA34

\*For the 2016 Excluded Employee Leave Buy-Back Program, Earnings ID's 99, PL36, LD36, LP36, LV36 and PV36 "Cash Out" transactions will be used to issue buy back payments.

Before keying via PIP, complete form STD. 671, items 1 through 3, 15 through 17, and 19 through 21 as follows:

<u>ITEM NUMBER(S)</u>	<u>ITEM NAME</u>	<u>ACTION</u>
1 through 3	Pay Period	Complete (must be May 2016 or June 2016)
15	Earnings ID	Complete
16	Days	Complete with units if Earnings ID = PH34*
17	Hrs/Hdths	Blank if Earnings ID = 9V, 9H, or 9P Complete if Earnings ID = 99, AL34, HC34, VA34, PL36, LD36, LP36, LV36, or PV36
19	Hourly Rate	Blank
20	WWG/FLSA	Blank
21	Computed Gross	Blank if Earnings ID = 99, PL36, LD36, LP36, or LV36 Complete if Earnings ID = 9V, 9H, 9P, AL34, HC34, PV36, VA34 or PH34

Note: Earnings IDs AL34, HC34, PH34, PV36, and VA34 will generate as Payment Type 9 with associated suffices V, H, P, or 9 payment. Also, the payments will not reflect hours or days paid on the payroll outputs (i.e., warrant register, Payroll On-Line Information System (POIS)).

\*Personal Holiday (PH) is cashed out in units. When using PH34, units must be keyed as days.

#### FORM STD. 674 PAYMENT REQUESTS

Earnings IDs 99, PL36, LD36, LP36 and LV36 will issue as Payment Type 1(overtime). For these Earnings IDs submit a form STD. 674 to request pay only if:

1. The employee's Leave Buy Back hourly rate includes premium pays that are NOT locked-in on the employee's employment history record, or
2. The employee's premium pay is locked-in and the premium pay rate is not included in overtime payments but should be included in the leave buy back hourly/daily rate. Please refer to the Human Resource Network (HR NET) or the CalHR Payscale for applicable pay differential information.

If an employee is off pay status during May 2016 or June 2016, pay must be requested via form STD. 674. If requesting payment using form STD. 674, do not use the CLAS earnings ID's. Refer to PPM Section G 045 and G 105 for form STD. 674 completion instructions for requesting leave buy back payments.

Please direct questions regarding Leave Buy Back payments to the Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Hot Line at (916) 327-0756.

DS:CJ:SACS