

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

DATE: August 24, 2007

PERSONNEL LETTER #07-012
Civil Service Only

TO: All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services Division

RE: **JULY 1, 2007 GENERAL SALARY INCREASE FOR CIVIL SERVICE BARGAINING UNIT 5**

Pursuant to the memorandum of understanding for rank and file employees and per Department of Personnel Administration's (DPA) authorization for excluded employees, the employee's retirement rate for specific bargaining unit R05, S05 and M05 employees will be two percent of the gross salary in excess of \$863.00 per month effective July 1, 2007. The employee's base salary will be increased by 1.84% to 1.95% depending on the employee's class and range to offset the increase in the employee retirement contribution. In addition, a 6.1% general salary increase (GSI) is approved for all bargaining unit 5 employees effective July 1, 2007. Refer to DPA Pay Letter 07-36 for further salary increase information.

The exception to the above retirement increase is the CHP Commissioner's retirement contribution will remain fully paid by the state. To accomplish this, new retirement ID "6S" has been established for the Commissioner. The retirement ID for all other classes will remain unchanged and only the employee contribution rate will be changed effective July 1, 2007. A 505 transaction will be processed via mass update and manually (see below) to effect the retirement changes.

After the 505 transaction has been processed, the GSI will be processed via mass update and manually for those who cannot be included in the mass update (see below). The resulting GEN transaction's new base pay rate will reflect both the 1.84% to 1.95% and the 6.1% increases effective July 1, 2007. The retirement change and salary increases should be reflected in the employees' September 2007 master payroll. Also, adjustments payments will be made for the 07/2007 and 08/2007 pay periods which will also include the employee retirement rate increase. See below for additional information on the adjustment payments.

1. EH UPDATE PROCESSES

Two EH mass updates will be processed on Sunday August 26, 2007 to post the 07/01/07 effective date 505 transaction and/or GEN transaction.

PPSD will manually update the EH records not included in the mass update. Typically, the manual update will include employees who are in an out-of-sequence transaction situation (i.e., have one or more transactions with an effective date after 07/01/07) or are separated prior to July 1, 2007 with lump sum extending into the new salary pay period. These employees will be processed on a flow basis. Also, PPSD will notify the department of situations requiring department action.

Only one turnaround (TAD) PAR will be issued from the two updates. The TAD PARS will be released on a flow basis.

2. SPECIAL EH DOCUMENTATION/ PROCESSING INSTRUCTIONS

Once an employee's EH record is updated, the 07/01/07 effective date 505 and GEN transactions could create an out-of-sequence condition. If allowed, salary rate must be entered on any new out-of-sequence transaction. If not entered, the salary rate per the 07/01/07 effective date GEN transaction will be reflected on the new transaction and could create an overpayment situation. See PAM Section 9 for further processing information.

If correcting a 07/01/07 effective date transaction that was posted before the 07/01/07 effective date 505 and GEN transaction, key enter the GSI Code O (alpha O in the GSI field on the PAR1 update screen) on the correct transaction to denote old salary rate. Also, per DPA, an MSA transaction shall be applied before a salary range change. Thus, the 07/01/07 effective date MSA transaction must be posted on an employee's EH record before the 07/01/07 effective date 505 and GEN transaction. Key enter the GSI Code O on the MSA transaction to denote 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).

3. 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 employee's EH record is updated for the salary change. For employees updated via the above EH mass update the adjustments will be made in the August 27, 2007 payroll cycle.

Departments will need to request GSI adjustments to FLSA overtime pay (payment type 1, payment type suffix F) via the PIP System. See PPM Sections G020-024 and K for further information. Likewise, departments will need to submit Form STD. 674/674D to request adjustments for the following payment that have issued for the 07/2007 and 08/2007 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 (IDL).
- Temporary Disability (TD).
- Nonindustrial Disability Leave (NDI) if benefits began after the 06/2007 pay period.
- NDI Annual Leave Supplementation.
- Supplemental premium/pay differential pay if the pay rate is based on a percentage of the employee's based on salary rate and the employee is receiving a GSI.

4. RETROACTIVITY CHARGES

The transactions as a result of the July 1, 2007 retirement/salary change are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass updates or initiated by PPSD should not be reflected on the Monthly Retroactivity Report. The EH transaction and payroll transactions that are key entered by the departments will appear on the department's report. The department can return the report identifying the items associated with the July 1, 2007 retirement/salary change along with the appropriate explanation.

5. TELEPHONE CONTACTS

Questions regarding the salary changes and EH/Payroll processing information can be directed as follows:

<u>SALARY AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Salary Program	DPA	(916) 324-9381
EH Procedures	Personnel Operations Liaison Staff	(916) 322-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619
Retirement Procedures	Retirement Unit – Lynn Leino	(916) 322-7975
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081

DS:JB:PMAB