STATE OF CALIFORNIA   JOHN CHIANG
                                                      California State Controller

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

DATE: April 23, 2010   PERSONNEL LETTER #10-006
                                              (Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
        Personnel/Payroll Services Division

RE: **FURLOUGH PROCEDURES FOR DISABILITY LEAVE OF ABSENCE**

As a follow up to Personnel Letter #09-020, the following provides the furlough processing procedures for employees on the various disability leave of absences which includes Temporary Disability (TD), Industrial Disability (IDL), Non-Industrial Disability (NDI) and State Disability Insurance (SDI). Disability pay and disability supplementation pay are not subject to the furlough pay reduction. Pay for actual time worked while on disability leave is subject to the furlough pay reduction and will be administered via the dock process (i.e. the employee will not be paid regular pay for the furlough days).

The furlough pay differential EID must be deleted the beginning of the pay period in which an employee is approved for a disability leave **with the exception of employees on NDI via the EH SPC transaction or retroactive processing for any disability transaction where regular pay has already issued for the pay period**. For employees on NDI via the EH SPC transaction the furlough pay reduction EID should remain on the employee's record. For all other types of disability leave that is approved on a retroactive basis and regular pay has issued for the prior pay period(s), the furlough pay differential EID is deleted beginning with the current pay period. To delete the furlough pay reduction EID, process an EH 350 transaction and enter '*EOF' in the appropriate Established Earnings ID field. If the disability leave transaction effective date is other than the beginning of the pay period, regular pay and any unpaid furlough time prior to the effective date of the disability must be documented on the disability leave transaction using PAR item 606, Time To Be Paid New.

Disability Related Pay for Employees on TD, IDL, NDI, or SDI

The disability pay and the disability supplementation pay are not subject to the furlough pay reduction. However, pay for time worked while on disability leave is subject to the furlough pay reduction. This will be achieved by reducing the employee's regular time worked rather than reducing the salary rate. While the employee is on disability status and if approved by their doctor for a partial return to work, the employee should not be scheduled to work for any furlough time that she/he would not normally have if not on a disability leave (see below examples). Depending upon the circumstances, the payroll actions for disability related pay will vary as follows.

   A. Employee has a retroactive effective date disability action and no regular pay has been issued while the disability status was pending (EH S57 transaction processed). The EH transactions may be keyed decentrally as follows.

- Process a 350 transaction to the employee's EH record to delete the furlough pay differential EID effective the beginning of the pay period of the disability action.

- Process the appropriate disability leave EH transaction to the employee's EH record to place the employee on the appropriate disability leave.

The payroll actions are as follows.

- For IDL, submit the IDL pay and IDL supplementation pay requests on a Form STD. 674D for the retroactive pay periods. For current and future pay periods, request the IDL/IDL supplementation pay via the PIP system. Use the salary rate that is not reduced by the furlough and the time to be paid must reflect actual time worked only.

- For TD/NDI/SDI, submit Form STD. 674/674D to request NDI pay, TD/NDI/SDI supplementation pay, and/or any regular pay for time worked during the TD/NDI/SDI period. Use the salary rate that is not reduced by the furlough and the time to be paid must reflect actual time worked only.

B. Employee has a retroactive effective date disability action and regular pay was issued while the disability status was pending (no EH S57 transaction processed). The EH and payroll transactions must be submitted to PPSD for processing as follows.

- Complete and submit to PPSD the appropriate disability leave EH transaction to place the employee on disability leave.

- Complete and submit to PPSD an EH 350 transaction to remove the furlough EID effective the first day of the current pay period.

- For the IDL/TD/NDI/SDI retroactive pay periods, submit Form STD. 674/674D to request the appropriate adjustments. Use the salary rate that is not reduced by the furlough and the time to be paid must reflect actual time worked only. Note in the Remarks/Additional Information section "RETROACTIVE DISABILITY APPROVAL EMPLOYEE FURLOUGH EID REMOVED CURRENT MONTH".

Example #1:

Employee is approved for disability leave retroactive to 08/18/2009 and regular pay has already issued at the furlough reduced rate of $5,513.60 per month. Employee has been approved by her/his doctor to work 4 hours per day beginning on 08/24/2009.

- Regular salary rate = $6,400.00
- Furlough salary rate = $5,513.60

Based on the work schedule below, the furlough time prior to the disability leave will be documented as dock time. The payroll documents are completed as if the furlough EID is not present on the EH record. The one furlough day that falls within the disability period is to be paid as disability pay. The Form STD. 674 and Form STD. 674D would reflect the following:

- Regular pay for 13 days (10 days @ 8 hours each day worked prior to going on disability with 2 unpaid furlough days and 6 days @ 4 hours each day working while on disability) with the salary rate of $6,400.00
- IDL Full pay for 7 days (4 days @ 8 hours each day which includes 1 furlough day and 6 days @ 4 hours each day) with the salary rate of $6,400.00

August 2009 Pay Period

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					07/31/09 **Work 8 hrs**	08/01/09
08/02/09	08/03/09 **Work 8 hrs**	08/04/09 **Work 8 hrs**	08/05/09 **Work 8 hrs**	08/06/09 **Work 8 hrs**	08/07/09 **Furlough**	08/08/09
08/09/09	08/10/09 **Work 8 hrs**	08/11/09 **Work 8 hrs**	08/12/09 **Work 8 hrs**	08/13/09 **Work 8 hrs**	08/14/09 **Furlough**	08/15/09
08/16/09	08/17/09 **Work 8 hrs**	08/18/09 IDL 8 hrs	08/19/09 IDL 8 hrs	08/20/09 IDL 8 hrs	08/21/09 **Furlough** IDL 8 hrs	08/22/09
08/23/09	08/24/09 **Work 4 hrs** IDL 4 hrs	08/25/09 **Work 4 hrs** IDL 4 hrs	08/26/09 **Work 4 hrs** IDL 4 hrs	08/27/09 **Work 4 hrs** IDL 4 hrs	8/28/09 **Work 4 hrs** IDL 4 hrs	08/29/09
08/30/09	08/31/09 **Work 4 hrs** IDL 4 hrs					

Example # 2:

An employee is approved for disability retroactive to 07/31/2009 and regular pay has already issued at the furlough reduced salary rate of $5,513.60 per month. The employee is approved by her/his doctor to work 4 hours per day during the month of August.

- Regular salary rate $6400.00
- Furlough salary rate $5513.60

The Form STD. 674D is completed as if the furlough EID is not present on the EH record and no regular pay is to be requested for the furlough days. If the furlough day falls within the disability period, only the furlough hours minus the disability hours will be treated as dock (unpaid) time. The Form STD. 674D would reflect the following:

- Regular pay for 9 days 4 hours (4 hours each day minus furlough days) with the salary rate of $6400
- IDL Full pay for 11 days (4 hours each day including furlough days) with the salary rate of $6400

August 2009 Pay Period

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					07/31/09 **Work 4 hrs** IDL 4 hrs	08/01/09
08/02/09	08/03/09 **Work 4 hrs** IDL 4 hrs	08/04/09 **Work 4 hrs** IDL 4 hrs	08/05/09 **Work 4 hrs** IDL 4 hrs	08/06/09 **Work 4 hrs** IDL 4 hrs	08/07/09 **Furlough 4 hrs** IDL 4 hrs	08/08/09
08/09/09	08/10/09 **Work 4 hrs** IDL 4 hrs	08/11/09 **Work 4 hrs** IDL 4 hrs	08/12/09 **Work 4 hrs** IDL 4 hrs	08/13/09 **Work 4 hrs** IDL 4 hrs	08/14/09 **Furlough 4 hrs** IDL 4 hrs	08/15/09
08/16/09	08/17/09 **Work 4 hrs** IDL 4 hrs	08/18/09 **Work 4 hrs** IDL 4 hrs	08/19/09 **Work 4 hrs** IDL 4 hrs	08/20/09 **Work 4 hrs** IDL 4 hrs	08/21/09 **Furlough 4 hrs** IDL 4 hrs	08/22/09
08/23/09	08/24/09 **Work 4 hrs** IDL 4 hrs	08/25/09 **Work 4 hrs** IDL 4 hrs	08/26/09 **Work 4 hrs** IDL 4 hrs	08/27/09 **Work 4 hrs** IDL 4 hrs	8/28/09 **Work 4 hrs** IDL 4 hrs	08/29/09
08/30/09	08/31/09 **Work 4 hrs** IDL 4 hrs					

Note: The furlough time off should be treated as if the employee is not on disability leave. If the department is observing designated furlough Friday closure days the employee would not be able to work on the furlough day. If the department is self directed for furloughs then the employee should be allowed to take the furlough time during the month. If it is not possible for the employee to take the furlough during the month then she/he will receive the appropriate number of furlough hours to use as at a later date. In the above example, the employee would be docked for the 12 furlough hours but if she/he actually worked on those days then she/he would receive 12 hours of furlough credit to use in a future pay period.

- For the IDL current and future pay periods, process the IDL pay and IDL supplementation pay requests via the PIP system. Submit Form STD. 674D to request any regular pay for time worked during the IDL period. Use the salary rate that is not reduced by the furlough and the time to be paid must reflect actual time worked only.

- For TD/NDI/SDI current and future pay periods, submit Form STD. 674/674D to request TD/NDI/SDI pay, TD/NDI/SDI supplementation pay and/or any regular pay for time worked during the TD/NDI/SDI period. Use the salary rate that is not reduced by the furlough and the time to be paid must reflect actual time worked only.

Questions regarding the furlough program and disability processing information can be directed as follows:

SUBJECT AREA	CONTACT	TELEPHONE NUMBER
Furlough Program (e.g., rules, regulations, benefits/pay impacts)	DPA	(916) 323-3343

Employment History PAR Procedures	Personnel Operations Liaison Unit	(916) 322-6500
General Payroll	Payroll Liaison Unit	(916) 323-3081
Disability Payroll Procedures	Disability Telephone Liaison	(916) 322-3619

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