

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

Date: April 15, 2009

To: All Civil Service/Exempt Departments

From: State Controller's Office
Cynthia Rounds, Manager
Ann Mitchell, Manager
Personnel/Payroll Operations
(916) 324-6290/323-2539

Re: PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES

This recaps the March 5, 2009 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the **May 7, 2009** meeting.

We would like to thank those department representatives that participated in the March meeting for their time and effort. There were 40 representatives from 25 departments that participated in this meeting.

Personnel/Payroll Review Committee
March 2009 Meeting Notes

Cindy Rounds called the meeting to order at 1:30.

Departments Represented:

Board of Equalization, California Highway Patrol, CalPERS, Conservation, Consumer Affairs, Department of Technology Services, Developmental Services, DPA, Emergency Services, Environmental Health Hazard Assessment, Food and Agriculture, Franchise Tax Board, General Services, Industrial Relations, Inspector General, Insurance, Justice, Lottery, Office of Systems Integration, Pest Regulation, Public Health, Rehabilitation, State Controller's Office, State Teacher's Retirement System, and Transportation.

Old Business:

None.

New Business:

Agenda Items
Distribute Handout Materials
Approve Prior Meeting Notes
Guest Speakers
SCO Update
Department Issues/Concerns
Confirm Next Meeting Agenda, Time and Place

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

Discussion:

Approved January 2009 meeting notes.

Guest Speakers:

Kathy James, 21st Century Project:

Kathy was unable to attend but wanted to pass on that a 21st Century Project Letter was released March 5, 2009 to Stakeholders, Department Support Team Coordinators and Project Sponsors. This letter serves as an update of the project's status.

Becky Bayliss and Maria Pires-Molina, DPA/PSB:

We understand you have some questions about sick leave and SDI. Does any one have a specific question?

Question: We have conflicting information between DPA and EDD regarding using sick leave for supplementation. Can we use sick leave?

Answer: You can use sick leave, the problem is EDD looks at it as wages.

Question: Why is it looked at as wages?

Answer: EDD has a great link to Questions and Answers regarding SDI.

If you have SDI questions you can submit them to our email address at psb@dpa.ca.gov. Please make sure you put 'SDI question' in the subject line. That way we'll know that's what it is so we can research it and respond without referring you back to your department. Also, please make sure you have your supervisor's approval before sending your email. If you have questions for EDD, we can contact them, ask your question and get back to you.

Question: I have a question regarding SDI, furlough and working while on. We are a self-directed furlough department and we have an employee on disability. There isn't a locked in furlough earnings id on the 350 PAR but he is subject to the furlough. We have been instructed to indicate that on the 674D. Based on the number of hours they work we're saying that they're entitled to 16 hours because of the fact the reduction in salary equals 9.23% but the controversy is that you should be prorating the total hours based on total hours worked. So which is correct?

Answer: You shouldn't be prorating. You should be treating it like VPL using the VPL worksheet to calculate the supplementation and regular pay. The supplementation isn't subject to furlough but the regular pay is. You wouldn't turn around and give them 16 hours because they were on dock half of the time. The other half of the time they were paid for IDL full or 2/3's and that would be at the unreduced rate.

Comment: And we gave them 16 hours. Because we're saying that regardless if they worked 88 hours (and are permanent full time) and they're only working hours per

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

doctor's instruction what would be the difference if you have the first and third Fridays off? How would you treat that? If the PAR is hard coded with the EID of 9.23% we don't have the luxury to change that formula to create it less than 16 hours.

Question: Is the employee out on a 565 transaction?

Answer: Yes.

Cindy: So if the employee is on disability pay 4 hours a day at the unreduced rate and they get 4 hours a day every day of the month at the reduced rate that's not 16 hours of furlough. Let's say we didn't have furlough, they would have only worked 4 hours each day – they would have gotten 8 hours pay at their full rate. You wouldn't have paid them 16 hours at their full rate, so they get all their IDL pay at the unreduced rate and their regular pay at the reduced rate how ever many hours they would have worked if it hadn't been a furlough day. If they were only scheduled to work 4 hours a day and they're getting 4 hours of IDL you can't give them 8 hours regular pay for that day.

Question: Regarding SDI though, let's say I've got an employee steadily working 5 hours a day and three hours of SDI so if that turns out to be 105 hours and based on those number of hours how many furlough hours would that be?

Answer: You would use the Permanent Intermittent chart or the VPL chart (same thing). There are samples in the personnel letter.

Question: When an employee is out on SDI, do they receive 26 weeks of benefit coverage per claim or is it per calendar year?

Answer: It is per claim.

Kelly Richmond, DPA/SPP:

I'm here to remind you that we are offering Alternate Retirement Program training classes. For more information please use the attached link <https://www.dpa.ca.gov/secure/training/arp/form.cfm>.

Question: Employees that were hired into ARP, after the 24 months, when do they have to make a decision about going into first or second tier?

Answer: At the completion of the 24th month employee should receive Pub 52 from their Personnel Office letting them know they have 180 days to make a decision on whether or not they elect into first or second tier.

Question: I have an employee that came from another department that was on ARP but was on leave. How much longer should the employee remain on ARP?

Answer: Even if the employee is not receiving pay, time is still counted towards their ARP eligibility. The clock doesn't stop ticking until they have completed their 24th

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

month. If an employee separates and then returns they are still in ARP if their return date is within the 24 months.

If you have any questions you can call me, Kelly Richmond, at (916) 445-9827. I can help you work through your situation or you can visit the following link for more information regarding ARP at <http://www.dpa.ca.gov/benefits/index.htm>.

Cindy: Before Ann and I go over our things we have today, do you want to go back to the SDI and furlough questions that we deferred a while ago?

Are there any leave accounting questions regarding the furlough?

Question: If the employee is receiving a full month of pay for a furlough month beginning with March do they get 1 or 2 days of furlough? Can they bank the time, how much do we bank? If they are not working a full month do we bank 16 hours or do we use the chart and prorate?

Answer: Refer to DPA PML 2009-013 dated 3/10/09.

Question: Can you tell me how I should furlough Brand Inspectors (BU7) since they have no set hours and come in when needed? Their hours fluctuate from month to month so they are rarely the same so how can we prorate?

Answer: Contact DPA for assistance with this question.

Question: We had a situation where we had new people coming on board February 20th and February 23rd. Because we're self-directed, we asked per the personnel letter 09-006 do we dock them or only pay them minus eight hours because the 20th is a furlough day and if they start on 2/23 we don't 'ding' them. Which is correct? We decided that the people hired on 2/23 were not subject to the furlough, but the person hired on 2/20 was subject to the furlough. We docked the new employee hired on 2/20 8 hours and gave them 8 furlough hours.

Answer: That is how we understand it should be done.

Cindy: Our analytical groups are gathering a list together of questions and answers and will hopefully be able to get them on our website for clarification on some of your questions.

Question: I would like clarification on permanent intermittent employees on furlough and if I'm paying them correctly. I take the number of hours they've worked and add the number of hours per the chart, right?

Answer: If the furlough is locked in on the PAR the salary is reduced and so then add the hours back in based on the chart in the PML. There should not be a reduction in hours and in salary rate.

Question: I just want to make sure I'm completing the 674D while on SDI correctly. The employee may have different hours that they are working every day. So on the 1st

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

and 3rd Friday I put the regular rate in the remarks as well as the reduced rate. Pay issued at the reduced rate (regular pay) and the next day an adjustment issued for the holiday pay. Was that because the holiday should be paid at the higher rate?

Answer: Yes.

Cindy: You said you put 8 hours on the furlough days. Did they normally work 8 hours on that furlough day? Did they receive SDI for part of that day?

Answer: Yes.

Cindy: If they received SDI for 4 hours a day, their furlough would be 4 hours that day.

Answer: We can't enter anything for those dates (1st and 3rd Fridays) as our leave accounting system will not allow it so we didn't show that they had any kind of SDI paid that date or anything else. So maybe it's something we need to turn over to our leave accounting system?

Cindy: Yes, your IT staff should look at your internal programs to be sure you are able to record SDI and furlough correctly.

Question: Why are holidays paid at the higher rate when working while on IDL?

Answer: They get the holidays paid at the IDL rate when they're working while on and did even before the furloughs went into effect.

SCO Update:

Ann Mitchell addressed the following information:

We are seeing quite a few overpayments when the PARs are keyed after cutoff; the separation is effective mid-month so the time in 606 should be reduced by the number of furlough days with the 350 voided. So there is a one/two day overpayment and there is no way to fix it. We then either have to set up an A/R or redeposit the pay.

These are typically processed from the AB2410 listing the cycle after the PAR is keyed, but now due to the overpayment situation we are waiting the 3 weeks before taking action giving the agencies time to redeposit if they can. If, after the 3 week time frame there is no redeposit processed, we will transfer the regular pay into lump sum and AR the regular pay overpayment if the PAR was keyed correctly.

Example: 350 keyed effective 3/1/09 to delete 8FR1, S70 effective 3/27/09.

Item 606 reflects 18 days (20 days possible minus 2 furlough days).

The PARs were keyed after cutoff and Master issued at the reduced salary of \$4625.03. The unreduced salary is \$5035.67.

Was paid: 1 standard at \$4625.03

Should be: 18 days regular @ \$5035.67 and 2 days vacation @\$5035.67 for a total gross of \$4577.88.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

We will transfer 2 days of regular pay at the higher rate into vacation with a gross of \$457.79 and A/R 2 days of regular pay reflecting the higher salary (adjustment code 3) with a gross of \$47.15.

Remember you can key separations prior to the effective date so you should be keying them before cutoff. If PARs are keyed timely we would have an opportunity to issue the reduced number of days as it should be.

I need to ask one more time about the A/Rs for benefits as opposed to applying one-time deductions to the next master. We are ready to push forward in getting the programming changed. It was delayed due to calendar year end and other priorities, and we need to know if any agencies have had a change of heart due to the furlough. We know that applying the \$300 to the employee's pay was a potential hardship on its own and now with their pay reduced due to furlough it may be too much. Please let me know if you have strong feelings about it one way or the other. My email address is anmitchell@sco.ca.gov.

Duplicate W-2s are taking a minimum of 3 weeks to process. Please let your employees know so they won't call us before that time is elapsed.

We have been getting a lot of calls lately in regards to the verbiage/legality on support orders/other types of paperwork being sent to the personnel specialists. Please understand that, although we are here to assist with garnishment questions, if you have a question regarding interpreting the legality of the order you must consult your legal department. Your department is ultimately responsible for the actions that are submitted to SCO.

The BAM has a lot of useful information. There are permitting event charts for both dental and flex which should be used when completing documents. We are returning hundreds of flex and dental for blank permitting event code, or wrong permitting event codes. Returning the documents causes unnecessary delays, we want them to be correct with they reach us for processing.

Remember that we have revised the 692 dental forms. We are no longer accepting any old forms. The new revision is dated 2/2008.

We are receiving an exceptionally large volume of calls looking for dental documents. We were not behind on processing dental. Everything we had in our office by February 10 was processed. If you did not see the deduction on master and you are certain it was sent in plenty of time, then send us an inquiry (and don't forget to resign the inquiry).

Benefit unit staff spent almost 16 hours Wednesday on phone calls. We could really use that time on production. We received 102 calls from late Monday afternoon through Wednesday. Please do not call staff directly, use the liaison telephone number (916) 323-4718 unless you are already working on a specific issue with one of our staff.

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

If you had an employee with 3 locked in premiums and one had to be removed from the PAR in order to lock in the furlough EID; you must research the PIP keying instructions for the payment that must now be paid via PIP. In most cases you must key them after the close of the pay period. Please do your research before calling the phone liaison.

After March 2, 2009, the duplicate W-2 fee wavier is no longer in effect. Employees must send STD436 indicating the appropriate payment method. If it is a student assistant, youth aid, retired annuitant or separated state employee they must send in a money order/cashiers check or personnel can do departmental billing. SCO can not accept personal checks.

Question: What if it is my fault that the document wasn't received in time?

Answer: Send those in with an explanation and I'll see what can be done.

Please do not submit a STD674 for adjustments to Holiday H, H5, and H6 (payment type S, suffix H). Holiday adjustments should be adjusted per an internal report, which we process as time permits. By sending in 674s you run the risk of having duplicate pay issue.

Question: Do we have to recalculate the garnishments because of the furloughs?
Three of our attorneys are demanding that we do that.

Answer: If your garnishment, child support or ordinary money judgment is set up without a specific amount on it the system will take 25% of the disposable income of what issues. So the garnishment amount will be automatically reduced by the furlough reduction. If you have a specific amount you may want to consider changing that to a maximum amount and then it will only take up to that amount (up to 25%). Be sure to contact your legal for guidance.

Cindy Rounds addressed the following information:

OPERATIONS SUPPORT

Tax exemptions reverted back to single and zero on 2/15/09 if a new EAR exemption was not keyed by 2/14/09. One thing to remember is that the EAR form they sign has that information right there on the form. Also there is a statement on the form that says if they make over \$200 a week that they shouldn't be filing exempt. If you could highlight those statements when you give the employee back their copy you might lessen future incidents.

If taxes did come out and the employees claim 'hardship' then we will refund taxes as long as the new EAR has been keyed. If that is the only thing wrong with the employees pay, do not redeposit the warrant as it will hold up all the other benefit deductions on the warrant.

We are finding agencies are overriding the IRS warning message when there is an IRS lock in place. Watch for this warning and do not override. If you have questions

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

regarding this call Donna Collins at (916) 322-8141. She will be able to help you with problems you have with the IRS lock.

DIRECT DEPOSIT

Please be careful when auditing the 699 enrollment forms. Check that the numbers and names are legible. Also, make sure you sign and put a phone number on the form 699. We do know that many of the forms we receive are coming to us directly from the financial institutions. Try to remind staff they must come through HR before we will process the forms at SCO.

The direct deposit phone lines are ringing 12 times before you get to voice mail. We have four fulltime staff in there now and it will ring three times before it rolls to the next desk. We are shortening it to 8 but that is still a lot or rings before you can leave a message. Please try to be patient.

POSITION CONTROL

We are gearing up for fiscal year end (FYE). Work your periodic position control reports and call or email with any discrepancies you may find.

DISABILITY

It is very important to thoroughly read the personnel letters and PMLs regarding furlough procedures. Most of the answers to your questions are within those documents. Please do your research before calling the telephone liaison.

AUDITS

We are seeing a large increase in employee's keyed in to the system with the wrong SSN. Please ask staff to be extra careful with this. If they do key the wrong SSN **DO NOT REKEY** the record with the correct number, instead send a 105 transaction to us. When the employee is keyed with 2 SSN's it takes up to 2 months to correct the error.

We are getting very sloppy PARs with many errors and no contact phone number. We may have to start cancelling these PARs and sending them back because we do not have the time to research them with our backlogs and staff shortages.

If you receive a PSD40 from us and you have questions regarding it please call the specialist that sent you the PSD40, not the main liaison line.

RETIREMENT

We are on 2/10/09 for employment history messages.

DPA/Savings Plus is going through a clean up process they are submitting lists to the retirement unit to transfer ARP to CalPERS going back as far as 2006. There are approximately 100 employees so far. You may be seeing some zero net payment type P's processing, that is SCO making the adjustments.

Departments can key a 966/603 to re-issue pay with dock after a redeposit.

Next Meeting:

**STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL REVIEW COMMITTEE NOTES
March 2009**

The next meeting is Thursday, **May 7, 2009** from 1:30 to 3:00 at:

State Controller's Office
300 Capitol Mall, 6th Floor, Room 635
Sacramento, CA 95814

The PPRC encourages attendance by department representatives interested in improving the efficiency of personnel/payroll administration. However, if you are unable to attend these meetings and you have an issue or question you would like the committee to address; please contact Cynthia Rounds or Ann Mitchell with pertinent information.

Listed below are the PPRC meeting dates for the 2009 calendar year. All meetings are from 1:30 to 3:00 at the above location. **Please note, all meetings for 2009 will be the first Thursday of the specific month rather than the second Thursday.**

May	7,	2009
July	2,	2009
September	3,	2009
November	5,	2009

Should you have any questions regarding the PPRC meeting or have additional information to provide, please contact either Cynthia Rounds at (916) 324-6290 or Ann Mitchell at (916) 323-2539. They can also be reached via email at crounds@sco.ca.gov and anmitchell@sco.ca.gov, respectively.