

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

Date: June 11, 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 May 7, 2009 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the **July 2, 2009** meeting.

We would like to thank those department representatives that participated in the May meeting for their time and effort. There were 38 representatives from 26 departments that participated in this meeting.

Personnel/Payroll Review Committee  
May 2009 Meeting Notes

Ann Mitchell called the meeting to order at 1:30.

Departments Represented:

Alcohol Beverage Control, Board of Equalization, California Highway Patrol, CalPERS, Child Support Services, Conservation, Developmental Services, Fish and Game, Food and Agriculture, Forestry and Fire Protection, Franchise Tax Board, General Services, Health Care Services, Industrial Relations, Legislative Counsel Bureau, Lottery, Managed Care, Managed Risk Medical Insurance Board, Mental Health, Pest Regulation, State Controller's Office, Transportation, Unemployment Insurance Appeals Board, Veteran Affairs, Water Resources, and Water Resources Control Board.

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

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Discussion:

Approved March 2009 meeting notes.

Guest Speakers:

Kelly Richmond, DPA/SPP:

I'm here to let you know that as of April employees who separate and return to service as "Rehired Annuitants" can contribute to their existing SPP account or establish a new account. There is an enrollment form that will need to be completed. Even if the employee was participating prior to separating in the Savings Plus Program they will need to complete this form. You can also refer your rehired annuitants to our website to read more information and download the enrollment form. Once we process the enrollment form the employees can go online and access their account and make any kind of changes they want just as they had prior to leaving state service. Rehired Annuitants must wait 60 days to submit the enrollment form to participate in SPP.

Also, last time I was here I mentioned that we are offering ARP training. If needed, we are available to come out to your department and train as well. We also offer these classes once a month at Franchise Tax Board. During the month of May we are offering the class on the 14<sup>th</sup> and one on the 20<sup>th</sup>. You can go on-line to register for one of the classes.

Question: Is there a charge for coming to our department to train?

Answer: No, it is free. That goes for any of the other classes we offer. You can either call our toll free number or go to our website to find out what other classes we offer and schedule one of our licensed representatives to come out. We do have some classes on-site once a month at our office located at 1800 15<sup>th</sup> Street.

We have an email address for ARP questions that you may have. It is [ARP@dpa.ca.gov](mailto:ARP@dpa.ca.gov). If you have any questions on appointments for new hires or trying to determine if you're putting them in the right retirement code you can send us an email with your question.

Question: Do you have an email address for PST?

Answer: You can find information at <http://www.sppforu.com/california/homepage.html>. This link also provides information regarding all of our programs, ARP, PST, and our main plan 457 and 401(k).

Dave Edwards, SCO/Statewide Training:

We are in the process of doing a needs assessment for the upcoming fall semester. If it's anything like in the past we receive 1,700 to 1,800 requests and we're only able to satisfy about 600 to 800 of those. The reason being is we haven't offered a few classes, Salary Determination - Intro to and Advanced also Fundamentals of Payroll

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and Garnishments. I think on the last needs assessment the Fundamentals of Payroll there were around 350 on the waiting listing and Salary Determination (both classes) were around 500. That's the big bulk of the training we haven't been able to provide. However, we have some staff from the 21<sup>st</sup> Century Project that are helping my area with statewide training. We have two of them here today. The good news is we will be offering Intro to Salary Determination and Fundamentals of Payroll in the fall. As for the Garnishments class we will be doing something a little different. We will be using an online tool. It's an Adobe tool and what you'll be able to do (and what we'll be able to do) is train up to 100 people at your facility. Meaning that you'll logon to a link, you'll be able to sit in on the instruction, if we go that route, or you may be able to use a tutorial that we are going to create for the Garnishments class. We're piloting the Garnishments class for a couple of reasons. One, it's very straight forward – there are certain codes you can use, pretty black and white, and it's also a way that we can figure out how this tool is going to work for the departments because once 21<sup>st</sup> Century does roll out they will be using this tool extensively just because the roll out is going to be so aggressive. What we're doing is not only classroom instruction but we'll also be doing some online tutorial type instruction.

Question: The online instruction, will it be like watching a movie or will it be more like questions to answer?

Answer: It will be an online tutorial that you will go through and there will be activities and you'll work garnishments and earnings withholding orders and forms through out the whole process. We want it to be very interactive because we want you to get the most out of it by using and seeing the forms as well as going through and doing your own activities. You'll be able to print off resources, print off copies of what you're doing and create samples for yourself. If you input something incorrectly it should tell you. We hope to have this out by the end of summer.

By having this tool we hope to satisfy the needs quickly for a lot of people throughout the state of California. For those of you outside of Sacramento you know how hard it is to get people up here for training. Right before we deploy this I'll come back to the PPRC meeting and we'll have to figure out a way to get folks to sign up for the class and we'll probably have a couple of pilot runs with a few departments. The good news is hopefully we'll get back on track with Fundamentals of Payroll and Salary Determinations. We are not going to tackle the Advanced Salary Determinations this time around, the Intro class will give you the basics for classifications for new appointments and things of that nature.

Question: You mentioned the long waiting lists for those classes, are you going to be scheduling twice as many classes to accommodate everyone? Have you considered that?

Answer: Right now the trainers are training almost every week. We're pretty caught up on Corrective Actions and PAR Documentation. I'm going to take a look at coming up with a training strategy because I won't have the luxury of using the 21<sup>st</sup> Century staff currently helping. I have to figure out a strategy and maybe use one of my current instructors and move them into this arena so they can learn it too so we can continue on and not lose that service again. To answer your question I have to work

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with these loaned trainers to see how their schedule is, not only with the classes that we want to roll out and try to get caught up with, but I must also consider what duties they have going on over at 21<sup>st</sup> Century. I'm hoping to give at least two to three classes per month on Salary Determination and Fundamentals of Payroll, it may be more, it may be less. When we get the needs assessment back and we take a look at the numbers we'll have to sit down and strategize how we're going to get caught up.

Question: Can you give larger classes to accommodate more people?

Answer: When you have an instructor based class using manuals, workbooks and exercises it's difficult to make sure that everyone is on track. That's something we should look into and maybe find a different venue. The problem with looking at another venue is cost. We may take a look at the San Diego room downstairs and instead of a maximum of 18 expand it to 25.

For those of you on Leave Accounting, last month was the first month that we posted for less than full-time. If they received less than a full standard warrant we prorated the amount of furlough hours and we are going to continue to do so. The leave letter that states this is still in review and should be going out by the end of this week. There is also a Personnel Letter that is coming out talking about those that are paid less than a full standard and how we're going to go about prorating.

Question: How's CLAS giving the accruals for the furloughs for intermittent employees?

Answer: You would do that.

Question: But we don't have CLAS.

Answer: Okay, we run a process for those that are full time because we have their information at the time of the accrual process. Right now we're posting after the fact and depending upon what DPA tells us we need to do that can change. For example for the month of April we posted April 27.

Question: To use in April?

Answer: To earn in April, and they can use it in April and probably have if they are on self-directed. What we'd like to do is go back to the old PLP way and post prior to the period in which they earn it meaning that we would post the accruals on April 27 for the month of May but that hasn't been our direction.

Question: If we have an employee that is going to be paid 10 days because of dock and then we find out after cutoff they should be paid 15. How will the furlough be computed? Would it be based on the 10 or 15 days?

Answer: It will be based on the 10 days and you will have to adjust the furlough time accordingly.

SCO Update:

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Ann Mitchell addressed the following information:

We had a high volume of returns for garnishment forms in April. Please verify all the information on your documents to be sure they are complete and correct before sending. We do try to call for corrections as time permits. If staff aren't sure how their request should be completed they should contact the Garnishment Unit for assistance. We are more than happy to provide assistance so master warrants are issued as accurately as possible.

Departments are still incorrectly completing dental documents for domestic partner/same sex marriage. We are still getting many with the incorrect party codes and the DPA 680/880 is not noted in the remarks when it should be. Also, just because there is an 880 on file, doesn't tell us (SCO) if the domestic partner/spouse is economically dependant upon the employee. The 880 is done when there is a same sex marriage. If they are claiming the same sex spouse as economically dependent they must mark the box on the 880 form, and indicate that information in remarks on the dental form (692). If they have filed a DPA 680 indicating their domestic partner as economically dependent, that must be noted on the 692. Because we no longer receive these forms, you also need to note for which tax year the forms are effective. When we find these wrong party codes, after a period of time has elapsed, on either health or dental it can result in large amounts of money being owed by the employee and others may result in us owing the employee large amounts of money. Please endeavor to stay on top of these issues and verify payroll whenever there has been a change.

Another issue for the Benefits Unit has to do with **stipulations**. For some reason we are getting documents to reinstate benefits for people with a separation but it doesn't state on the documents that it pertains to a stipulated agreement. So again we have two people working the same package. We have our stipulations person working directly with the senior in the benefits area to get the benefits all organized and back on our system and then we have an enrollment form that pops up in the regular work load and that's a whole different group of people. It would be very helpful if you write on the document '**stipulated agreement**' (whether it's a 674 or a benefit document) so we can avoid potential duplication.

Question: Per a stipulated agreement we had an employee that was AWOL so the employee lost his benefits but paid for COBRA. Do we need to complete 674's for the benefits or once the employee is reappointed and the previous transaction was voided should they just pick back up?

Answer: It's a timing issue. If the employee was gone for more than 60 days then the benefits won't automatically reinstate but that's only part of the picture. If the whole issue is resolved in less than 60 days the benefits will not have been deleted from our system. In the case of COBRA you need to talk to CalPERS staff because sometimes if the employee paid COBRA, CalPERS will let them NOT have their state sponsored health benefit. Basically if they come back to payroll status they should have their state sponsored health which is usually cheaper and then the employee would ask for a refund from COBRA.

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Once again I'd like to talk about A/R's for benefits. We have asked for several months about changing the threshold for setting up an A/R from \$160 to \$300. We were going to put it off because of the furlough but we are getting calls from several different agencies and they would really like us to implement the change. If they have a lot of temporary seasonal staff coming on board it's huge for them because they end up with A/R's that are established after the season is over and the people are gone. If you have a really strong feeling that you don't want us to do this please email me.

Question: How about the MOU requirement of notifying the employees and not taking more than 25%?

Answer: Not for benefits, taxes and retirement, (those sorts of things) don't apply to the 25% rule. But keep in mind that usually we establish these "K" A/Rs as agency collection so we don't take the money from the employee until you request the change method of collection.

Question: We have a lot of our lower paid employees have the A/R's set up and even then ask if they can be set up to be taken from 2-3 pay periods.

Answer: If you have a hardship situation and your employee says they can't have that amount taken from one check then let us know and we'll refund what was applied to the master and set up an A/R however you want us to collect it. For benefit A/R's we can set them up as agency collection and you can submit 674A/R's to change method of collection to multiple payroll deductions.

Question: Different question but still on A/R's. If an A/R is less than \$25 we are not required to collect on it, right?

Answer: Correct. That rule is for time and wages. If you change someone's salary rate lowering it and the total due for the hours that you paid the employee is less than \$25 PPSD won't let you know we found an overpayment and we won't set up the A/R on our own. But if a supervisor is trying to track a disciplinary situation and they want to set up an A/R small amounts of dock and it's less than \$25 we'll establish the A/R if you ask us to on a Std. Form 674A/R.

If the overpayment is for social security/medicare etc we have to set it up regardless of how small the amount is, it will be on a payment type K A/R. These are mandatory taxes.

Question: We have an issue with payment type K A/R's and taxes. They do not reduce the taxable gross when taken from the payment.

Answer: Payment type K A/R's reduce the taxable gross at the time the A/R is established, if the deduction involved is a pre-tax deduction. Remember, social security and medicare are not pre-tax deductions; retirement and benefits are typically pre-tax deductions. You can see that by looking at the year to date summary page.

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There was some discussion about furlough and PARs at the Supervisors Transaction Forum. There was quite a good note in the minutes from the last meeting from the DPA representatives who were there. So, if your supervisor attends that meeting, they should receive the minutes from the meeting. Ask your supervisor to share that with you. We're all waiting for DPA to come out with a new PML to tell us about furlough. We do have a Personnel Letter coming out very soon. We've made a lot of suggested changes to it but then it's gone back to DPA for review. At this point we really don't have anything to tell you because until we receive additional information from DPA we really don't know the answers to questions about the changes in furlough. Dave Edwards just told us the draft Personnel Letter was with our management now so that means it has come back from DPA, they're hoping to have the letter out soon.

Question: Why did DPA feel the need to implement the furlough the way they did instead of going back to the way it was when we had PLP?

Answer: We do not know why DPA selected this format for the current furlough. This is a question that you would need to direct to DPA for response.

Question: Since we had to remove one EID in order to lock in the furlough, now we pay that payment via PIP. How do we include that amount in our overtime rate for our employees with more than three premium pays?

Answer: You use earnings ID OF6, for time and a half, and compute the rate including all applicable pays both locked in or paid separately except the furlough, which is not to be included in the overtime computation.

Question: Our agency uses a software system to send overtime transactions to SCO and it does not allow for special computed rates. Is it okay if we allow the overtime to issue using OT6 for time and a half and then use the 683 transaction to adjust the pay up to the correct rate including the premiums that cannot be locked in?

Answer: The system will allow this to work however; the 683 will not apply the payment suffix F which denotes a special computed rate. A more correct way to accomplish this is to submit a 674 to adjust the rate to include those premiums not locked in and we will apply the payment suffix F. If you have a lot of these payments, call Ann Mitchell at (916) 323-2539 and arrange to do a listing. You may want to seek assistance from your technical support staff since furlough will be around for a while and you should have an option to pay at the special computed or FLSA rate.

Question: With the new overtime rules, my understanding is that any leave usage counts against premium time so any of that other than furlough should be keyed at OT5?

Answer: The new government code says that holiday pay, vacation, sick leave, personal holiday are not included in the calculation for premium overtime. If the employee takes a furlough day or a dock day within that pay period the first 40 hours of the week are subject to retirement so you would pay payment type S with the suffix Z (payment SZ) up to 40 hours in the week and then overtime.

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Question: Only with furlough or dock, not the others (vacation, sick leave, holiday, etc), right?

Answer: Right, up to 40 hours. So the sick leave, vacation, personal holiday and all that paid as payment type 0 already aggregate taxes and have retirement withheld. When there is furlough and dock, employees have to make up for that time by receiving payment type SZ and then they would be eligible to earn overtime.

Question: SZ is available now?

Answer: Yes. You can key it via PIP. It is a gross only payment. You compute the employee's salary rate to be paid, the number of hours you are paying and come up with the gross. You then enter the earnings ID SZ and the gross to be paid. It will issue a payment that aggregates taxes and takes retirement.

Question: We have heard that there are rule changes on the way and that payment type SZ may not be appropriate in the future. Is this true?

Answer: It may be, but the appropriate thing to do, until we know different, is pay up to 40 hours with retirement withheld and then switch to payment type 1 which will have flat tax and no retirement until further notice.

Cindy Rounds addressed the following information:

Position Control

FYE is running at full speed.

Reorganization Letters were due back May 4th, if you know your department is planning a reorg and you have not sent back the questionnaire please call me as soon as possible and request an extension. Your first contact will be Linda Rasmussen the supervisor of the Position Control Unit and she can be reached at (916) 324-3925 or email at [lrasmussen@sco.ca.gov](mailto:lrasmussen@sco.ca.gov) and if you can't reach her you can call or email me.

The Finance Conversion Code listings are out and due back to us by May 21st. If you have any questions on them you can call me on those as well.

Annual Payroll Headers PR421 are out, everyone should have them by now and they are due back by May 21st. It's really important to get those headers back to us so that if you have any changes in your payroll headers we get those processed prior to June master cutoff so that will insure your 672's for July will print correctly and be accurate. Again call Linda or email her if you need an extension on the due date.

Work on your probable vacant position listing and contact us for any discrepancies after you have researched them on your end. We won't have another PPRC meeting before the final vacant comes out July 1<sup>st</sup>. When that final report comes out any positions that you lose on there; for example, someone on disability or for any of the conditions per section C of the G.C. 12439, you will need to send those to SCO to re-establish by August 15<sup>th</sup>. Those documents should come to us as 'Z' documents.

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Question: Is there a provision in the government code for a hiring freeze?

Answer: That part of the government code is for Department of Finance so only the chief of DOF can give you the approval to re-establish those positions because of a hiring freeze. Unless they come out and give us a blanket approval ahead of time (which I haven't heard anything about) then for anything you couldn't fill you have to get approval from Finance to re-establish.

Question: What about lump sum?

Answer: Lump sum is a separate issue. If you have lump sum cases that you know a person is separating for example June 2008 and lump sum has been carrying forward more than six months into the current fiscal year then you need to notify us prior to June 25<sup>th</sup>.

Question: What if our department has a lot?

Answer: If you just have one or two you can call us to let us know but if you have several you can email the information to either Linda or me. When you send an email complete the subject line with 'lump sum saves'.

Our system treats lump sum two ways; if you pay lump sum it charges it to the pay period of separation. For example, if you separate someone on June 30, 2008 all the lump sum is charged to that pay period but it still pays out by individual pay period. If you try to fill that position it over extends it and comes out as an error on your periodic position control report. When tracking vacant positions the position appears to be vacant because the pay was charged back to June of 2008. If you have this happen after the fact and you didn't realize it and the final vacant comes out you just need to contact us and we'll go in and re-establish the position for you. That's considered a 'technical error' because it's our system that can't track it correctly.

#### Direct Deposit

Please speak slowly and clearly when leaving a message and please only leave one message for a specific situation/problem.

#### Disability

Please verify that the IDL/S calculator is not exceeding the salary rate for the total of regular pay, IDL 2/3's and the IDL supplementation gross. This occurs sometimes when the tax exemptions are higher, such as S99, M09 or M99. We have identified this problem and it is being looked into for correction.

If involuntary leave is denied and the employee comes back and they're on temporary disability leave, when you submit documents to us for an A/R, we need to know if the employee elected to have vision coverage when they were getting the involuntary disability retirement pay. When we process the A/Rs we need to offset the vision deduction.

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New furlough information should be out soon.

Question: Can furlough hours be used to supplement SDI? We can use it for IDL.

Answer: I'm not sure, we'll find out for you.

Question: How do we receive a copy of the PPRC notes?

Answer: You can sign up to receive the notes electronically by registering using the attached link at [listserv@listserv.sco.ca.gov](mailto:listserv@listserv.sco.ca.gov).

Next Meeting:

The next meeting is Thursday, **July 2, 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.**

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](mailto:crounds@sco.ca.gov) and [anmitchell@sco.ca.gov](mailto:anmitchell@sco.ca.gov), respectively.