

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

Date: August 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 July 2, 2009 Personnel/Payroll Review Committee (PPRC) meeting and provides information for the **September 3, 2009** meeting.

We would like to thank those department representatives that participated in the July meeting for their time and effort. There were 35 representatives from 22 departments that participated in this meeting.

Personnel/Payroll Review Committee  
July 2009 Meeting Notes

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

Departments Represented:

Board of Equalization, California Highway Patrol, Developmental Services, Employment Development Department, Food and Agriculture, Forestry and Fire Protection, Franchise Tax Board, Health Care Services, Industrial Relations, Inspector General, Justice, Legislative Counsel Bureau, Managed Risk Medical Insurance Board, Motor Vehicles, Office of Systems Integration, Secretary of State, State Controller's Office, Transportation, Unemployment Insurance Appeals Board, Veteran Affairs, and Water Resources.

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 May 2009 meeting notes.

Guest Speakers:

William Page, DPA/Benefits:

We have made a commitment to begin attending these meetings on a regular basis and will be sending Bryan Bruno, Contracts Administrator or Linda McCarthy, one of the analysts in the program.

Everyone should be aware of the American Recovery and Reinvestment Act also known as ARRA. This is part of the stimulus package President Obama signed in February that provided the direction for the employers to give premium assistance for enrollees in COBRA to help pay for their COBRA premiums. What that provided is a 65% subsidy for all COBRA premiums and the employer is responsible for paying that portion. It only impacted employees that had an involuntary separation.

The reason I bring this up is because we are still receiving phone calls from departments asking if ARRA covers 23 year olds or a divorce. The answer is no. The subsidy is only for those employees that are separated based on an involuntary separation or termination. The short term for that is the termination or separation was employer directed. For more information DPA did release PML's.

The first PML we released was PML 2009-023. That was the first one to give you information on ARRA. The PML provides an election form and a notice that you send to these individuals to allow them to elect the subsidy for dental and vision coverage.

Then we released PML 2009-027 and that PML provided you information on the payroll tax credit recovery process meaning the department is responsible to pay. You are going to send out the election notice included in PML 2009-023 and located on DPA's website under "Forms" and information to someone who is eligible for the ARRA including their dependents on COBRA or who didn't elect COBRA, the PML explains that. They will send you back the election form indicating they want the 65% subsidy. You confirm that they qualify for it by following the instructions in the PML. You as the employer are going to pay the carrier the 65% subsidy. When I say you as the employer I mean your department will provide the payment. Then you will recover the 65% via this tax credit that's filed with IRS. So employers aren't necessarily reimbursed money wise but get a tax credit based on your employer taxes. What we want to make sure was described in PML 2009-027 regarding the recovery of the 65% share is that you should use your department's EIN or Employer Identification Number. Do not use SCO's EIN and do not send anything to SCO requesting to recover that 65% subsidy. You as the department are responsible for recovering that per the instructions in PML 2009-027. We still receive calls at DPA regarding the

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ARRA even though the PML's are released. Additionally, I can answer any questions at this time on the ARRA.

Question: What does ARRA stand for?

Answer: American Recovery and Reinvestment Act. Just to give you a little side information in the Act they talk about AEI. AEI is the term for an Assistance Eligible Individual.

A couple of reminders when you send the election notice. If someone says they want the subsidy please make sure they are eligible for it before sending the election notice to the plan. The plan will then bill your department for the 65%. When they bill your department there is an address on the election notice that you provide when sending it to the AEI. You indicate if you want this subsidy and to have the form returned to your department's address. If you want the plan to bill your department at any address other than the one you provide on the form make sure it's clear (whether it's the dental or the vision plan). Please attach a sticky note, memo, or anything else you can use to say 'do not bill us at the address listed on the form, we want to be billed at a different address'. Also when you send the election notice to the plan send along a copy of the 692 that specifies when this individual elected COBRA because the billing information is simply the billing information. The plan has no information on who the dependents are. All they know is this person has elected this subsidy and they are going to bill your department for the 65%. You still need to send along a 692 to identify that there was a COBRA enrollment and give the carrier a copy of the enrollment form. Send it along with the ARRA election notice. Keep in mind; I am only speaking regarding dental and vision. Those are the only two health benefits type of programs we administer at DPA Benefits Division. Anything else dealing with ARRA for medical contact CalPERS. They have their own processes and their own forms.

Question: Is the 692 the COBRA form?

Answer: No, it's the dental enrollment form which is used as the COBRA enrollment form when someone enrolls in COBRA. There is a COBRA election box on the Std. 692.

Question: Is there an end date to this subsidy?

Answer: There is information covered in the PML, but yes there is an end date. This subsidy is only through December 31, 2009 and it's a nine month subsidy. What that means is even though the subsidy provision ends on December 31, 2009 if someone is qualified eligible for COBRA on December 31, 2009 they are still eligible for the nine month subsidy.

The Open enrollment dates for, dental, vision, retiree dental/vision, flex elect, and COBEN cash are September 14, 2009 – October 9, 2009. As usual, DPA will send out a PML prior to the beginning of the open enrollment period which will

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provide you with all the information related to open enrollment processing with all effective dates January 1, 2010.

DPA sends a verification eligibility list each quarter to the dental and vision plans that identifies individuals in your personnel office that are authorized to phone the plans with eligibility information. For example, an employee comes in because their plan doesn't show them as covered so you look on the SCO system and you see the deduction is fine. If you are on the list then you are authorized to call the plan and verify that the eligibility is correct. You will be able to straighten out the employee and dependent eligibility. If you look at the SCO payroll information, you look at the deduction, you look at the enrollment form and there is a problem then you need to work with SCO because the deduction is wrong. You can not verify eligibility with the plan at that point. You either need to contact SCO to see what the problem is or contact DPA to do an appeal to rectify the problem. In other words, you are only authorized to phone the plan if there are no problems, except that the plan's eligibility information is incorrect.

In order to be on the list you need to have the personnel supervisor contact DPA benefits to place you on that list. It comes through the transaction supervisors to DPA benefits. They can email Bryan Bruno at DPA [Bryanbruno@dpa.ca.gov](mailto:Bryanbruno@dpa.ca.gov) to add someone to the list. The transactions supervisors can tell him they have a specialist they would like to add on the list so they can verify eligibility. We also ask that supervisors contact Bryan when someone needs to be removed from the list. We had a problem one time where we had people on the list that shouldn't be and people called thinking they were on the list.

The list cuts down on a lot of contact you need to have with the benefits division for help with the plans. You can have the ability right there in personnel, but we need requests directed through the transactions supervisors to us. The next list will be going out in July and will be sent out probably by the 10<sup>th</sup> of July. Talk to your supervisors if you need to find out if there are any changes or if you need to get on the list. We need your name and phone number information by July 8<sup>th</sup> or 9<sup>th</sup> so we can get you on the July 10<sup>th</sup> list.

Question: Is there a maximum number of people that can be authorized from each department?

Answer: We are trying to not have an enormous amount of people on the list. I would say three or four people are sufficient. We want to make sure the dental and vision carriers aren't working with a long list of individuals to verify eligibility. That's not to say I am limiting you to three or four people. If you have a large personnel office and you would like to have five or six people on the list I don't feel we would deny you, but we are trying to keep it reasonable.

Question: What do you do if you are a smaller department and it's in between quarters and the people on the list are no longer there and new people need to be added?

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Answer: What she is saying is you could be in between people, someone on the list has left and new people haven't been added on the list yet. In that situation you have to call DPA. You would have to involve DPA benefits division at that point.

Question: We have but Bryan said you are on a quarterly system so it can't be changed.

Answer: The list can't be changed, but we can still work with you to help get the eligibility through the plan.

Question: That puts a work load on your office because we are on the phone as much as five times a day and it has to do with a particular problem of reporting a birth date for eligibility because it zeros out. Being a large department and having to call DPA three to five a day because our name hasn't switched to call Delta isn't a feasible workload for you or us.

Answer: Without going too deep into that situation you may want to email me or contact me or direct something to Bryan to get to me. That way we can work with you a little bit. As a general response we wouldn't be able to get you on the list and we wouldn't be able to inform the plan that you are able to call for eligibilities, but we will do as much as we can to help with this situation. I appreciate your concern with our workload because that is an extra workload and that's why we try to get as many departments participating in this eligibility list so it helps with our workload. We will do as much as we can.

Question: I thought I was on the list to call VSP, but when I had to call them they couldn't find me on the list.

Answer: If you're certain you are on the list, but the carrier shows you aren't call Bryan Bruno. Bryan's number is (916) 445-9841.

One of the things we do get calls on that we want to work with is when you disability retire someone. We receive calls from the retiree because they're saying it might take eight or nine months for CalPERS to process their disability retirement and for CalPERS to have their dental and vision information input into the system. With a 'normal' retirement the employee has dental, and you do the 692 upon the retirement then send it to CalPERS. But when it's a disability retirement there is no retirement information at CalPERS yet. What we are asking is that when you have someone that disability retires to let them know when CalPERS approves their retirement, they need to get back with you so you can get their 692 to CalPERS and get them enrolled in a retiree dental program. Offer the retiree vision benefit because that works through VSP, that's not really through CalPERS. They enroll through VSP and VSP sends the deduction information to CalPERS. They then set up the deduction for the retiree vision, but it's different. Your dental form goes to CalPERS to put the retiree in dental. The retiree vision form that you complete goes to VSP to enroll them. So let your people know if they disability retire they need to get back with you once they get

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their approval from CalPERS so you can get them enrolled in these other benefits.

Question: Is health taken care of?

Answer: Yes, health is normally taken care of because CalPERS administers medical. It's in their system as an active so they can convert that coverage there. CalPERS has no information in their system on active employees for dental or vision. That's why it's offered separately. The enrollment forms are done because dental and vision are a little different than the medical because medical is based on a transaction within their system that they can convert.

For employees that are in the medical reimbursement or dependent care reimbursement starting 1/1/2010, we will have a new record keeper, a company called ASI. Many of you may be familiar with the ASI Group. I believe they were our record keeper from 2001-2005 and then a new company, FBMC took over. We will have more information in the open enrollment PML.

We do a participant letter after the flex elect open enrollment for any one that enrolls new in a reimbursement account for the next plan year which is 2010. DPA sends them a welcome to flex elect reimbursement account program with some phone numbers, information, and small supply of claim forms. That information will tell those individuals there is going to be a new record keeper for 2010. Those of you that are familiar with the reimbursement accounts you know that anyone in 2009 currently enrolled in a reimbursement account will have until June 30, 2010 to file their claims. The current company, FBMC, will still be processing the 2009 claims through the run out. Anyone who newly enrolls for the new plan year 2010 will send their claims to the new company ASI. We will do as much as we can to communicate that, but doing as much as you can in your offices to get employees thinking will help.

One of the things we are concerned about is if someone sends their claim forms to FBMC. We have not worked out anything with FBMC to tell them if they get any claim forms for 2010 to send them to ASI. That's really not feasible right now. Say you have someone file a claim in 2010 and they send it to the wrong record keeper and it comes back to them causing a 7-10 day delay. They then send the claim back in to the correct company, ASI, because now they know ASI handles claims for 2010. Now they've had a two to three week delay with the paperwork going back and forth which slows their reimbursement check. That's why it's important to get employees thinking along these terms so that they don't have these types of delays because it will not get transferred over to the new record keeper, it will be returned back to the individual.

SCO Update:

Ann Mitchell addressed the following information:

We have called some of the agency HR staff concerning how to redeposit and reissue a warrant when the garnishment was incorrect or missing. The 674s

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must come to the Garnishment Unit with remarks completed to be sure a specific garnishment is withheld when the pay is reissued. If the garnishment was a fixed support that applied to the master, the garnishment warrant must be returned and made payable to the employee, it will not work to redeposit and reissue without the garnishment. Garnishment Unit staff will verify the garnishment status before reissuing the pay. By-passing this process results in the pay being reissued without the appropriate garnishment. We normally see maybe one or two a month, this month we have six and one inquiry to have the pay reissued, but the garnishment was not on file yet.

1. Please direct inquiries on garnishment warrants, address, and payee changes to Disbursements (Richard Hernandez 323-5161) as we do not have access to this information.

2. The only time we have a one day turnaround is on cut-off. Please do not expect documents to be processed on the day received. If there is something that needs to be processed due to a payment or a PAR being keyed, contact the Garnishment Unit at least two cycle days before the transaction is to take place.

Question: Are we still able to fax over garnishments?

Answer: You can fax any garnishment document up until noon on cutoff except the ones that go to Department of Child Support Services. If they have to go to the Department of Child Support Services, we will not accept faxes on those. Your options are to hand-deliver, over night, or mail it. Please process garnishments on a flow basis during the month because we only have one and a half people working all the garnishments for all state agencies and CSU. We have Renee and a trainee, LaTreeese. If they get too many garnishments on cutoff it is possible your document may not get processed timely.

Please type or print your name in item #14. Include the full phone number including extension. Please submit documents with an authorized signature in item #15.

Please do not submit garnishment documents more than 10 calendar days into the future as we cannot process them. Also, if you have a current support action that is for the next pay period (i.e. a current support submitted before June cut-off but is effective for 07/09), please do not submit it until after master for June, as we cannot process current supports/voluntary supports for a future pay period. If we happen to overlook the effective date and process it, the action will apply for the current master, resulting in an incorrect payment for the pay period.

Please have all staff read Personnel Letter 09-013. This contains the most current furlough related information. We are working on an update due to the Executive Order of July 1, 2009. DPA's PML 2009-029 is out now.

When completing dental and flex documents, please make sure you are using the latest revision of the BAM, specifically the permitting event chart. The newest dental is 11/07 and flex is 9/08. If the correct code is not used, we will return the

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document. If the correct effective date is not entered we will change it when it is a standard effective date. The standard effective date for dental is the first of the month after received in the employing dept. Standard effective date for flex is the first of the following month when a correctly completed form is RECEIVED at SCO by the 10<sup>th</sup>. All our incoming documents are date stamped when they are received.

Agencies should **never** tell employees to call SCO if they are having problems with their deductions. HR staff should call us or refer the employees back to the specific deduction companies.

Miscellaneous deductions are reported once or twice a month, always on the 1st and in some cases, the 16<sup>th</sup> as well, depending on how it was established per the company's request. If a credit union or insurance company receives two reports per month and the employee was issued a payment on 6-3-09, the credit union/insurance company will not receive the funds until the 6-16-09 report. Using this same example of a payment issued on 6-3-09, for a deduction company receiving reports once a month, the deduction will be reported on 7-1-09.

Question: Is it faster to have the employee send a letter to SCO and the company when cancelling miscellaneous deductions?

Answer: Send it to SCO and call if a form has not worked in a timely manner.

Question: Should the employee use the miscellaneous deduction form?

Answer: Don't use the 650 or the CD88 forms. An employee can write a letter requesting a cancellation of various miscellaneous deductions as long as all the necessary information is on the letter. On SCO's website it tells an employee how to cancel a miscellaneous deduction or refer to the PPM section H014, Administrative Cancellation Voluntary Deductions.

We are losing our one and only KDO at the end of September. Unless we are able to replace this staff member, it is going to seriously impact the way we process open enrollment.

I cannot stress enough the importance of the employers' staff being very careful when submitting their flex documents, that they have taken everything into consideration and have reviewed the health/dental document to make sure of what the employee is entitled to have. In years past we have been fortunate to be able to do a great deal of preliminary auditing against the system because we had our KDO who could key to a special file that allowed for this preliminary type of check. However, we may not have this option during this year's open enrollment, so we are asking that the employing agencies help us out by ensuring the documents they are sending us are correct and meet all the requirements.

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For open enrollment, please make sure to staple documents together coming in as a package to prevent any delays. Also, be sure you make a carrier copy for the dental documents. You must use the most current dental form, the February 2008 revision. The old revisions will not be accepted.

Please note that we have released the new Form STD 639 CFS form that is to replace the PPSD 638 form for Child and Family Support. Please begin to use that new standard form immediately. We will take the PPSD 638 off our website and replace it with a link to the new standard form.

I have been calling people about STD 674 A/R change method of collection. In the upper left hand corner of the STD 674 A/R it says **PPSD unit destination**. If you are changing the A/R method of collection it is very important to us that you send it to the proper unit for the type of action i.e., benefits or disability.

If you have any questions about registered warrants here is the number: Registered Warrant public toll free number (866-267-4255). Link to Q & As on the SCO website: <http://www.sco.ca.gov/5935.html>

Question: What is a registered warrant?

Answer: That is another term for IOU's. Payroll is not being issued with registered warrants.

Question: When did the amount change from \$160 to \$300 for benefit A/Rs?

Answer: The new A/R amount started with 06/09 retro run.

Question: How do we verify SSN's because the social security administration is changing their procedures?

Answer: The Social Security Administration has eliminated the phone verification process. The online verification process must be used. You will have to log on as yourself and notification is sent to SCO Tax Support Unit who will forward the notification to Agencies to verify authorization and code number.

Question: Why are agencies not being notified if effective dates on dental and flex are being changed?

Answer: SCO does not contact agencies because a standard effective date is used and SCO has not contacted agencies for this change for a very long time.

Question: Does the rule regarding benefits not coming out of the employee's check if they separate on or before the 10<sup>th</sup> of the month only apply to retirement?

Answer: Yes, this rule only applies to employees who retire.

Cindy Rounds addressed the following information:

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Fiscal Year End:

We will run the reorganization established position cycle for this fiscal year on July 3<sup>rd</sup>, 2009.

The final Vacant was run July 1, 2009 and will be mailed July 3, 2009. It is available now on View Direct.

Any positions that need to be re-established per G. C. 12439 section C self certification need to be sent on a 607 with the letter Z before the document number. They must have the effective date of 7/1/2009; this adds the position back to the roster file and deletes it from the vacant position report. Departments have until August 15<sup>th</sup> each year to get these 607's to SCO. This year August 15<sup>th</sup> is a Saturday so we will accept all 607's to re-establish vacant positions received by August 17, 2009. After August 17<sup>th</sup> you will have until September 10, 2009 to submit your 607's to Department of Finance asking that they allow you to re-establish vacant positions.

Disability:

Paid Family Leave (PFL) which is covered under the SDI program allows employees to work while on PFL or supplement during the SDI/PFL period. Employment History PAR S50 must show in item 603 reason code 35 or 36 for SDI/PFL. If the employee is placed on Parental Family Leave (PFL) which is documented on the PAR S50 item 603 reason code 11 the employee cannot work while on this leave or supplement leave credits. We will be running a special report during July to identify any employees that may have been paid supplementation or working while on and were on the item 603 reason code 11 not 35 or 36. Departments will be notified if we find any discrepancies.

Question: An employee wanted to do an intermittent position, work one week and then one week on PFL and the employee didn't apply for SDI. Can the employee do that?

Answer: The employee has to be approved for SDI and then PFL under the umbrella of SDI. That is the only way for an employee to work while on a leave of absence.

Question: An employee used PFL and used leave credits without coming back to work. Is that okay?

Answer: It is up to the department if an employee will be allowed to do that.

Question: Can employees use the 3<sup>rd</sup> furlough day as of July?

Answer: They can't use the 3<sup>rd</sup> furlough day until the 3<sup>rd</sup> day is earned (7/24/09). Please refer to DPA PML 2009-029.

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Question: Is there an employee FMLA responsibility packet?

Answer: SCO has one that includes supervisor and employee responsibilities. If we hear something new we will include it in the notes.

Question: If an employee works on the 4<sup>th</sup> of July do they get the holiday credit and holiday premium pay?

Answer: Yes.

Question: Can the verbiage be changed on the NOPA regarding FMLA/SDI?

Answer: We cannot change the verbiage on the NOPA without extensive programming. We suggest you white out anything you need to delete or type a change to anything you need on the NOPA before you give it to the employee.

Next Meeting:

The next meeting is Thursday, **September 3, 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.**

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.