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

DATE: October 24, 2001

PAYROLL LETTER # 01-017
(CIVIL SERVICE ONLY)

TO: All Agencies in the Uniform State Payroll System

FROM: RALPH ZENTNER, Acting Chief
Personnel/Payroll Operations Bureau
State Controller's OfficeRE: **RETROACTIVE EMPLOYER SHARE HEALTH BENEFIT ADJUSTMENTS**

This Payroll Letter announces the State Controller's Office timetable for processing retroactive health benefit adjustments resulting from the 2001 collective bargaining process.

The State has provided an increased employer share for health benefits retroactive to the June 2001 pay period for unrepresented employees and Bargaining Units 5, 7, 8, 10, 12, 16, 18 and 19. Please refer to DPA PML 2001-040. The maximum employer contribution was increased \$8, \$16 or \$21 for party rate 1, 2 and 3 respectively. While the new rate was applied to the September warrant, three separate retroactive adjustments must be made for pay periods June-August 2001, as follows:

First, July and August 2001 pay period adjustments will be applied to the October 2001 regular pay.

Earnings statements/direct deposit advices will reflect debit and credit health deductions in the deductions portion for eligible rank-and-file employees in traditional health benefit plans.

For unrepresented employees and eligible rank-and-file employees with consolidated benefits, earnings statements/direct deposit advices will reflect debit and credit deductions as "*Benefitam" entries in the deductions portion.

Second, adjustments for June 2001 require special handling to ensure that June adjustments are charged to the current year appropriation. A separate one-time adjustment will be made with October pay period payments using the July 2001 pay period. This adjustment will reflect Deduction/Organization Code 354-050 "HEALTH ADJ" on the October pay period earnings statements/direct deposit advices. You can also identify this unique adjustment on your HIST screen, deduction detail, by Deduction/Organization Code 354-050.

Finally, Bargaining Unit 13 was included in the original increased employer share agreement but has subsequently been removed as a result of the union membership rejecting the contract. Since the state share contribution for Bargaining Unit 13 was increased in September 2001, it will be returned to the prior rate with the October 2001 pay period payments. In addition, the September 2001 increases will be recovered with the November 2001 pay period payments.

Please share this information with your accounting office.

If you have any questions regarding this Payroll Letter, please contact Tom Parker at (916) 322-7951 or Calnet 473-7951.