

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
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DATE: September 2, 2009

PERSONNEL LETTER #09-020
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services Division

RE: **FURLOUGH PROGRAM – UPDATED PROCESSING INFORMATION EFFECTIVE JULY 2009**

As indicated in Personnel Letter #09-014, the State Controller's Office updated the employment history (EH) data base to reflect the 3 day furlough pay reduction rate on July 6, 2009. See Department of Personnel Administration (DPA) Personnel Management Liaisons (PML) Memorandum 2009-029, DPA Pay Letter 009-10, Exempt Pay Differential Furlough Hours Program, and Statutory Exempt Pay Differential Furlough Hours Program for specific details. The exempt pay differential documents should be available from the DPA Exempt Salary Schedule.

EH MASS UPDATE INFORMATION

The furlough pay differential earnings IDs (EID) '8FR1' and '8FR2' will continue to be used under the 3 day furlough program. The pay differential rates will be controlled by the effective date of the EH transaction that reflects the '8FR1' or '8FR2' EID (i.e. January 30, 2009 through June 30, 2009 effective date transactions will reflect the 2 day furlough rate and July 1, 2009 and later effective date transactions will reflect the 3 day rate). An EH 350 transaction effective July 1, 2009 was processed on July 6, 2009 to update the EID rate.

Departments will be responsible for updating the EH records processed after July 6, 2009 to reflect the appropriate furlough pay differential rates. For example, the appointment transaction for an employee newly hired to state service on June 15, 2009 is not processed until after the mass update. The department must also process a July 1, 2009 effective date 350 transaction after the appointment transaction is processed to change the employee's furlough pay differential rate from 2 days to 3 days. Failure to update an employee's EH record properly could result in overpayments.

FURLOUGH PROCEDURES

With the return of "designated" furlough days, the furlough leave time is no longer to be prorated for full and part-time employees. As a result, changes are once again needed to the furlough processing procedures. The furlough processing procedures in SCO Personnel Letter #09-013 should be followed for transactions with effective dates between March 6, 2009 and June 30, 2009. The attached furlough processing procedures should be followed for transactions with an effective date of January 30, 2009 through March 5, 2009 and July 1, 2009 and later. Failure to follow the appropriate processing procedures could result in overpayments or underpayments.

Departments with semi-monthly paid employees that received the interim EH procedures should carefully review and use the attached procedures as there may be changes. California Leave Accounting System (CLAS) Letter #09-011 has been issued with CLAS information/instructions on the furlough program. Subsequent SCO letters will be released if any changes are made to the furlough program by DPA or clarification is needed on the furlough procedures.

CONTACTS

Questions regarding the furlough program and EH/payroll 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 Mass Update	Jenny Drennan	(916) 322-6515
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

DS:PMAB:jd

ATTACHMENT: FURLOUGH PROGRAM PROCESSING EFFECTIVE JULY 2009

Below are the employment history (EH) and payroll documentation and processing instructions for employees subject to the furlough program January 30, 2009 through March 6, 2009 and July 1, 2009 and later.

Note: Procedures for processing disability leave of absences will be provided in a separate Personnel Letter.

GENERAL INFORMATION

Although the furlough program is actually a reduction to time worked, it is administered as a reduction to the salary rate used in the calculation of the pay paid to employees. To accomplish the reduction of the salary rate and to continue to reflect the actual appointment or base salary rate for employees subject to the furlough program, DPA established a negative furlough pay differential. The furlough pay differential EID reduces the employee's base salary rate (or actual salary rate for intermittent time base employees) to achieve the furlough pay reduction rate.

The furlough pay differential EIDs are negative percentage based rates that reduce the base pay. However, the resulting furlough pay differential amount will not display with a negative sign on the EH record or turnaround PARs. Further, percentage based EIDs are rounded to the nearest cent hence, the resulting furlough program pay reduction amount can contain cents.

The furlough pay reduction amount is system generated and computed by multiplying the furlough pay differential EID percentage rate to the base salary rate (or actual salary rate for intermittent time base employees) and rounding to the nearest dollar/cent. To arrive at the furlough reduced base salary, subtract the furlough pay reduction amount from the base salary rate. The calculation routine will result in most employees having a salary rate defined in dollars and cents when normally defined in whole dollars.

Examples

2 day furlough effective January 30, 2009 – June 30, 2009

\$2873 (monthly base salary rate) X 9.23% (furlough pay differential EID percentage) =
\$265.18 (monthly furlough pay reduction amount)
\$2873 (monthly base salary rate) - \$265.18 (monthly furlough pay reduction amount) =
\$2607.82 (monthly furlough reduced base salary rate)

\$22.67 (hourly actual salary rate) X 9.23% (furlough pay differential EID percentage) =
\$2.09 (hourly furlough pay reduction amount)
\$22.67 (hourly actual salary rate) - \$2.09 (hourly furlough pay reduction amount) =
\$20.58 (hourly furlough reduced actual salary rate)

3 day furlough effective July 1, 2009

\$2873 (monthly base salary rate) X 13.85% (furlough pay differential EID percentage) =
\$397.91 (monthly furlough pay reduction amount)

\$2873 (monthly base salary rate) - \$397.91 (monthly furlough pay reduction amount) =
\$2475.09 (monthly furlough reduced base salary rate)

\$22.67 (hourly actual salary rate) X 13.85% (furlough pay differential EID percentage) =
\$3.14 (hourly furlough pay reduction amount)

\$22.67 (hourly actual salary rate) - \$3.14 (hourly furlough pay reduction amount) =
\$19.53 (hourly furlough reduced actual salary rate)

As outlined in the DPA PML 2009-007, the furlough program does not affect state service credit. As a result, the unpaid furlough time is not to affect an employee's anniversary date (PAR item 330, Anniversary Date) and not to be considered in determining if a pay period is qualifying or not (PAR item 715, Service Pay Period).

LEAVE ACCOUNTING

Departments participating in the California Leave Accounting System (CLAS) should reference the CLAS Letter #09-011 for the furlough program procedures. Departments not participating in CLAS must manually update their employees' leave balances for the furlough program credits and usage.

EMPLOYMENT HISTORY

Departments must ensure that the appropriate furlough pay differential EID and rate is reflected on the employment history records. Failure to do so could result in erroneous payments. If an employee transfers to a position that is not subject to the furlough program, the furlough pay differential EID must be deleted. If an employee transfers to a position that is subject to the furlough program, the furlough pay differential EID may need to be added or changed. In addition if a transfer or appointment is effective prior to July 1, 2009 it will be necessary to update the EH record effective July 1, 2009 to either delete or update the EID to reflect the 3 day furlough.

Employees who are separating or placed on a leave of absence may need to have the furlough pay differential EID deleted when processing the EH separation/leave of absence transaction. See below for special appointment/separation transaction processing instructions. In addition, there are other special processing procedures that apply to employees subject to the furlough program which are described below.

NOTE: The furlough pay differential is intended to be in effect for an entire pay period. For semi-monthly or bi-weekly paid employees, treat each semi-monthly half or bi-weekly period as a separate pay period. To determine the amount of unpaid furlough time to assign an employee for mid-month effective date personnel actions, use the designated first and third furlough Fridays that fall within the pay period of the action for transactions with effective dates between January 30, 2009 and March 6, 2009. For the July 2009 pay period use the second, third and fourth Fridays as the designated furlough days. For transactions effective July 31, 2009 and later use the first, second and third Fridays of the calendar month as the designated furlough days. This applies to all employees with a time base of full-time or part-time and whether the employee is in the self-directed furlough plan or not.

Intermittent paid employees will have the furlough earnings ID applied to their EH record regardless of the effective date of the EH action. The time to be paid and the amount of furlough time should be determined using the instructions in DPA PML Letters #2009-07, #2009-10, #2009-13 and #2009-29. The payroll section starting on page 10 of this attachment has additional information.

A. Mid-Month Appointments (full-time/part-time employees only)

For an employee who is

- newly appointed to state service, or
- returns to state service after a separation or leave of absence, and

the effective date is after the beginning of the pay period, the appointment transaction must NOT have the furlough pay differential EID present.

Instead, the unpaid furlough time for the first month of employment must be administered as dock time. Thereafter, the appropriate furlough pay differential EID must be established on the employee's employment history record using the 350 transaction with an effective date reflecting the beginning of the following pay period. The 350 transaction can be key entered at the same time as the appointment transaction. However, use caution to ensure that the correct effective date is entered on the 350 transaction.

The unpaid furlough time for the first month of employment can be documented on the appointment transaction using PAR item 606, Time To Be Paid (New) or as a payroll dock transaction. See the PPM Section K 204 for payroll dock processing instructions. If the dock method is used, process the appointment and dock transactions simultaneously to ensure the employee is paid correctly. NOTE: Any time shown on the appointment transaction will be further reduced by a payroll dock transaction so choose one way or the other to pay the furlough reduced time. Do not key both as it will result in an underpayment.

Examples

2 day furlough effective January 30, 2009 – March 6, 2009

Monthly paid employee newly hired effective February 4, 2009.

- A01 transaction effective 02/04/2009 and item 606 completed with 16 days (reflects 2 unpaid furlough days)
- 350 transaction effective 03/01/2009 and item 351, Established Earnings completed to add the appropriate furlough pay differential EID

Semi-monthly paid employee returning from a leave of absence effective February 10, 2009.

- A03 transaction effective 02/10/2009 and item 606 is not completed since the employee is not assigned to any furlough time for the first half semi-monthly pay period

- 350 transaction effective 02/15/2009 and item 351, Established Earnings completed to add the appropriate furlough pay differential EID

3 day furlough effective July 1, 2009

Monthly paid employee newly hired effective July 6, 2009.

- A01 transaction effective 07/06/2009 and item 606 completed with 16 days (reflects 3 unpaid furlough days)
- 350 transaction effective 07/31/2009 and item 351, Established Earnings completed to add the appropriate furlough pay differential EID

Semi-monthly paid employee returning from a leave of absence effective July 13, 2009.

- A03 transaction effective 07/13/2009 and item 606 is not completed since the employee is not assigned to any furlough time for the first half semi-monthly pay period
- 350 transaction effective 07/16/2009 and item 351, Established Earnings completed to add the appropriate furlough pay differential EID

B. Mid-Month Transfers (full-time/part-time employees only)

For an employee who transfers to a position subject to the furlough from a position not subject to the furlough and the effective date is after the beginning of the pay period, the furlough pay differential EID must be established beginning of the next pay period. Use the 350 transaction to add the furlough pay differential EID.

The unpaid furlough time from the new position must be documented on the appointment transaction using PAR item 606, Time To Be Paid New for time due from the effective date of the appointment to the end of the pay period and PAR item 607, Time To Be Paid Old should reflect time for the prior position. Departments will need to coordinate the processing of the EH transactions to ensure the employee's EH record is updated correctly.

Example

2 day furlough January 30, 2009 – March 6, 2009

Monthly paid employee transfers to a furlough position effective February 10, 2009 and the furlough pay differential EID was not added via the SCO EH mass update.

- A02 transaction effective 02/10/2009 and item 607 completed with 7 days and item 606 completed with 13 days (reflects 1 unpaid furlough day)
- 350 transaction effective 03/01/2009 to add the furlough pay differential EID

3 day furlough July 1, 2009

Monthly paid employee transfers to a furlough position effective July 15, 2009.

- A02 transaction effective 07/15/2009 and item 607 completed with 10 days and item 606 completed with 10 days (reflects 2 unpaid furlough day)
- 350 transaction effective 07/31/2009 to add the furlough pay differential EID

For an employee who transfers to a position not subject to the furlough and the effective date is after the beginning of the pay period, the furlough pay differential EID must be deleted effective the beginning of the pay period. Use the 350 transaction to delete the furlough pay differential EID.

The unpaid furlough time from the prior position must be documented on the appointment transaction using PAR item 607, Time To Be Paid Old and PAR item 606, Time To Be Paid New should reflect time for the current position from the effective date of the appointment to the end of the pay period. Departments will need to coordinate the processing of the EH transactions to ensure the employee's EH record is updated correctly.

Example

2 day furlough January 30, 2009 – March 6, 2009

Monthly paid employee transfers to a non-furlough position effective February 10, 2009 and the furlough pay differential EID was added via the SCO EH mass update.

- 350V transaction effective 01/30/2009 to delete the furlough pay differential EID
- A02 transaction effective 02/10/2009 and item 607 completed with 6 days (reflects 1 unpaid furlough day) and item 606 completed with 14 days.

3 day furlough July 1, 2009

Monthly paid employee transfers to a non-furlough position effective July 15, 2009 and the furlough pay reduction rate change (2 days to 3 days) was posted via the SCO EH mass update.

- 350C transaction effective 07/01/2009 to delete the furlough pay differential EID
- A02 transaction effective 07/15/2009 and item 607 completed with 9 days (reflects 1 unpaid furlough day) and item 606 completed with 12 days.

C. Mid-Month Separations/Leave of Absences (excluding Disability Leaves, Military Leave, Involuntary Leave) (for full-time/part-time employees only)

Special processing is required for an employee who separates or is placed on a leave of absence effective in the middle of a pay period. The furlough pay differential EID must be deleted effective the beginning of the separation or leave of absence pay period. Use the 350 transaction to delete the furlough pay differential EID. Note: Delete the EID even when no regular pay is due for the separation pay period (i.e., PAR item 606 reflects 'NON').

Any unpaid furlough time must be documented on the separation/leave of absence transaction using PAR item 606. NOTE: If the pay period becomes non-qualifying due to the furlough time then item 715 should be completed to qualify the pay period on the separation transaction.

Examples

2 day furlough January 30, 2009 – March 6, 2009

Monthly paid employee placed on an unpaid leave of absence effective February 5, 2009 and the furlough pay differential EID was added via the SCO EH mass update.

- 350V transaction effective 01/30/2009 to delete the furlough pay differential EID
- S50 transaction effective 02/05/2009 and item 606 completed with 5 days (reflects no unpaid furlough day as the employee has separated prior to the first unpaid furlough day in February 2009)

Semi-monthly paid employee separating effective February 23, 2009.

- 350 transaction effective 02/16/2009 and item 351 completed to delete the furlough pay differential EID
- S01 transaction effective 02/23/2009 and item 606 completed with 5 days (reflects 1 unpaid furlough day)

3 day furlough July 1, 2009

Monthly paid employee placed on an unpaid leave of absence effective July 6, 2009 and the furlough pay reduction rate change (2 days to 3 days) was posted via the SCO EH mass update.

- 350C transaction effective 07/01/2009 to delete the furlough pay differential EID
- S50 transaction effective 07/06/2009 and item 606 completed with 4 days (reflects no unpaid furlough day as the employee has separated prior to the first unpaid furlough day in July 2009)

Semi-monthly paid employee separating effective July 23, 2009.

- 350 transaction effective 07/16/2009 and item 351 completed to delete the furlough pay differential EID
- S01 transaction effective 07/23/2009 and item 606 completed with 5 days (reflects 1 unpaid furlough day)

D. End of Pay Period Separations/Leave of Absences (excluding Disability Leaves, Military Leave, Involuntary Leave) (for full-time/part-time employees only)

The furlough pay differential EID is to remain on the EH record of an employee who separates or is placed on a leave of absence effective the last day of the pay period. For separating employees, any lump sum pay needs to be paid at the salary rate not reduced by the furlough pay differential EID. Use PAR item 962, Separation Pay At Alternate Salary Rate, on the separation transaction to identify the salary rate for the lump sum pay.

E. Employees in the Limited Examination and Appointment Program (LEAP) Candidate Classification (Class Code 4687)

The furlough pay differential EID for employees appointed to the LEAP classification must be based on the parenthetical classification in which the duties are performed. The SCO 01/30/09 350 transaction EH mass update process included LEAP employees and the furlough pay differential EID for the R01 designated classes was used (EID: 8FR1). Departments are responsible for correcting the furlough pay differential EID as needed (i.e., process a correction to or void the 01/30/09 effective dated 350 transaction that resulted from the EH mass update process). The latest SCO EH mass update included employees in the LEAP classifications with the furlough EID 8FR1 or 8FR2 on their EH record.

F. Retired Annuitants

Only retired annuitants appointed pursuant to Government Code Sections 21228 or GC 21157 if appointed prior to January 1995 are subject to the furlough program. The SCO 01/30/09 350 transaction EH mass update process did not include retired annuitants and required departments to add the appropriate furlough pay differential EID to the EH record of affected retired annuitants via the 350 transaction. The latest SCO EH mass update included retired annuitants with the furlough EID 8FR1 or 8FR2 on their EH record.

G. Three Established Earnings

There are three fields available on the EH record to enter the furlough pay differential EID. The EID can be entered in any one of the three fields. If all three fields are used, it will be necessary to delete one of the existing EIDs to enter the furlough pay differential EID. The deleted EID will need to be paid on a positive basis via the PIP System until the furlough pay differential EID is no longer applicable. See PPM Sections G 100 and K for PIP System processing information. For employees included in the SCO 01/30/09 350 transaction EH mass update process, departments were notified of the EID that was deleted and replaced with the furlough pay differential EID. See Personnel Letter #09-008 for additional information.

H. Military Leave of Absence

Employees on military leave and receiving supplemental pay and benefits pursuant to GC Section 19775.18 or are ordered to active duty for their 30 days annual training are not subject to the furlough program. As a result, all pay beginning with the first 30 calendar days of active duty must be paid without the furlough pay reduction.

The furlough pay differential EID must be deleted effective the beginning of the pay period when the employee starts the active duty via the 350 transaction. Enter the remarks 'Military Leave' in PAR item 215 on the 350 transaction. If the effective date of the employee's active duty is after the beginning of the pay period, any unpaid furlough time must be documented as a payroll dock transaction. Process the dock transaction prior to the master payroll cut-off date to ensure the employee is paid correctly.

I. Involuntary Leave of Absence (S57 Item 957 Code 19 transaction)

Employees on involuntary leave are not subject to the furlough program. As a result, all pay beginning with date the employee is placed on involuntary leave must be paid without the furlough pay reduction.

The furlough pay differential EID must be deleted effective the beginning of the pay period when the employee is placed on involuntary leave using the 350 transaction. If the effective date of the employee's involuntary leave is after the beginning of the pay period and the employee has elected not to use available leave credits and not to participate in any eligible benefit programs, any unpaid furlough time can be documented on the involuntary leave S57 item 957, Other Eligibility Substantiation, code 19 transaction using the PAR item 606. Otherwise, the unpaid furlough time must be documented as a payroll dock transaction. Process the dock transaction prior to the master payroll cut-off date to ensure the employee is paid correctly.

Note: Departments should have deleted the furlough pay differential EID that was added to the employment history record via the SCO 01/30/09 350 transaction EH mass updates if an employee was on involuntary leave and using leave credits prior to January 30, 2009.

J. Additional Positions

An employee is only subject to the furlough program for the equivalent of a full-time position. If the employee is employed by more than one department, the departments will need to coordinate with each other to ensure that the furlough program is administrated appropriately per below.

- If an employee has other position(s) in addition to a full-time position, the furlough pay differential EID shall apply to the full-time position only.

Note: The SCO 01/30/09 350 transaction EH mass update process established the furlough pay differential EID on all positions of an employee subject to the furlough program. Departments must void the 01/30/09 effective date 350 transaction resulting from the mass update process for the less than full-time position(s).

- If an employee has multiple part-time or intermittent time base positions that total more than one full-time equivalent position, the furlough pay reduction shall apply to all positions that total the equivalent of one or more full-time position. If the furlough program pay reduction must occur for more than one full-time equivalent position, an adjustment for the excess furlough pay reduction must be requested. See below for payroll processing information and instructions.

Personnel actions such as time base changes, new additional position, separation from an additional position must be monitored and the appropriate actions taken to ensure employees are only subject to the furlough program for the equivalent of one full-time position.

PAYROLL

For the majority of employees, once the furlough pay differential EID is established on their employment history record, their payrolls should be correctly made by the payroll system. However, special payroll processing will be required due to the nature of the furlough program and are described below.

A. Regular Pay

Employees with an intermittent time base or multiple part-time/intermittent time base positions will require special processing to issue their regular pay (original and adjustments).

Intermittent Time Base Employees

Since the employee's salary rate is reduced by the furlough pay differential EID, the time to be paid that is identified on the Time and Attendance Report, Form 672 needs to be adjusted to reflect the furlough time assigned to the employee. The furlough time (FH) is based on the Form 672 time to be paid per the chart provided in DPA PML 2009-07 and re-printed below.

Intermittent Employees		
Hours Worked	FH for 2 Furlough Days Per Pay Period	FH for 3 Furlough Days Per Pay Period
11 to 30.9	2	3
31 to 50.9	4	6
51 to 70.9	6	9
71 to 90.9	8	12
91 to 110.9	10	15
111 to 130.9	12	18
131 to 150.9	14	21
151 or more	16	24

When reporting the time to be paid on the payroll documents (e.g., Form 672 or Form STD. 674), add the furlough time to the actual time to pay for a given pay period.

Additional Position Employees

Employees with more than one position that are subject to the furlough program will require an adjustment via the submission of a Form STD. 674. See PPM Section D 010 for form completion instructions with the following exceptions.

- Remarks Area – enter “Adjustment of pay per furlough over charge”.
- Payment Should Be – complete one line for the time due at the furlough pay reduction rate and the second line for the time due at the non-furlough pay reduction rate.

Example

2 day furlough January 30, 2009 – March 6, 2009

Employee worked one full pay period less 2 unpaid furlough days in a 3/5 time base position (Position A) and 72 hours in an intermittent time base position (Position B)

Position A: Monthly full-time base salary rate = \$3929
Furlough pay differential EID full-time rate = \$362.65
Regular pay gross @ 3/5 time base for 1 standard month = \$2139.81 (equivalent to 10 hours of furlough time)

Position B: Hourly salary rate = \$16.58
Furlough pay differential EID hourly rate = \$1.53
Regular pay gross for 80 hours @ \$15.05 = \$1204.00 (equivalent to 8 hours of furlough time)

An adjustment for Position B regular pay should be requested to have the furlough pay reduction applicable to only 51 hours (equivalent to 6 hours of furlough time). In the Payment Should Be area on the Form STD. 674, line 1 should be completed with 51 hours @ \$15.05 and line 2 should be completed with 29 hours @ \$16.58.

3 day furlough July 1, 2009

Employee worked one full pay period less 3 unpaid furlough days in a 3/5 time base position (Position A) and 72 hours in an intermittent time base position (Position B)

Position A: Monthly full-time base salary rate = \$3929
Furlough pay differential EID full-time rate = \$544.17
Regular pay gross @ 3/5 time base for 1 standard month = \$2030.90 (equivalent to 14.4 hours of furlough time)

Position B: Hourly salary rate = \$16.58
Furlough pay differential EID hourly rate = \$2.30
Regular pay gross for 84 hours @ \$14.28 = \$1199.52 (equivalent to 12 hours of furlough time)

An adjustment for Position B regular pay should be requested to have the furlough pay reduction applicable to only 51 hours (equivalent to 9 hours of furlough time). In the Payment Should Be area on the Form STD. 674, line 1 should be completed with 51 hours @ \$14.28 and line 2 should be completed with 33 hours @ \$16.58.

B. Overtime (Payment Type 1) and Holiday Pay (Payment Type S, Suffix G or H)

The salary rate for overtime or holiday pay is not to be affected by the furlough pay reduction. The correct salary rate will be computed by the payroll system when the overtime or holiday pay is requested using the non-FLSA system generated rate EIDs. For the FLSA rate EIDs, be sure to use the salary rate not reduced by the furlough pay differential EID rate to compute the overtime pay rate otherwise, underpayments will occur.

C. Additional Hours Worked During a Furlough Week (Payment Type S, Suffix Z)

An employee who is permitted to work additional hours during a furlough week must be compensated for the additional time worked. The time up to 40 hours when combined with the regular/normal hours worked (including paid leave time) is subject to retirement deductions and

paid at the straight time unreduced rate. The time beyond the 40 hours total is then paid as regular overtime (payment type 1 – see above).

Departments will need to pay the additional time up to 40 hours using the newly established payment type ‘S’, payment type suffix ‘Z’ that is subject to retirement deductions. The payment is identified as ‘Furlough 32nd-40th Hour Pay’ and will be shown on the earnings statement as ‘FR 32-40 HR’.

To request the SZ payment, process a Form STD. 671 via the PIP system using earnings ID ‘SZ’ and entering the gross amount due (time and salary rate cannot be entered on the pay request). The payment cannot be requested until after the close of the pay period in which the additional time was worked.

To determine the gross amount, divide the employee’s base salary rate (Item 320 which has not been reduced by the furlough pay reduction amount) and any additional pay rates (e.g, plus salary rate, locked-in shift rate, locked-in pay differential rates other than the furlough pay differential) by 173.33 to derive the straight time hourly rate. Then multiply the additional SZ payment hours by the hourly rate. Enter the result in the gross amount field on the PIP transaction.

The SZ payment is subject to the following mandatory deductions:

- Social Security/Medicare if applicable
- Retirement
- Federal Taxes (aggregate method)
- State Taxes (aggregate method)
- Garnishments when applicable

The SZ payment is not to be included in the calculation of the following benefit pay as the unreduced salary rate is already used to compute these benefits:

- Overtime
- IDL
- EIDL
- NDI
- Lump Sum Vacation
- Lump Sum Extra

See Payroll Letter #09-007 for additional information and examples in applying the use of the payment SZ.

D. Dock

Procedures Effective 01/30/09 – 03/05/09

For mid-month appointments/separations/leaves of absence the employee’s EH records must not have the furlough pay differential EID and the furlough time taken is administered as dock. If the employee has actual dock days in addition to furlough days the employee should be docked the total number of days not worked. For example, if the employee has a mid-month appointment to state

service and has two furlough days and three dock days the employee should be docked five days. See Personnel Letter #09-006 for further information.

Procedures Effective 03/06/09 – 07/30/09

Furlough time off between March 7, 2009 and July 30, 2009 should not be reported as dock. Instead, the furlough EID should remain on the employee's EH record.

When an employee is absent and does not have leave credits to cover the absence, departments should continue to report the absence as a dock transaction. Per DPA PML #2009-013, the dock action creates a situation where the employee has worked less than her/his time base. Further, the employee shall then have her/his furlough time applied on a prorated basis. Consequently, the employee may be overpaid if she/he used the 2 or 3 furlough days accrued on the first of the pay period yet is credited for less than 2 or 3 furlough days due to the dock situation. Departments need to review the payroll records of employees on dock status and take the appropriate action to correct the overpayment (i.e., establish an accounts receivable or return the warrant for redeposit and request a re-issue of the pay with additional dock time applied). See Personnel Letter #09-013 for more information.

Procedures Effective 07/31/09

Employees on dock during a pay period must have the furlough EID removed via a 350 transaction effective the first day of pay period in which the dock occurred. The dock time and the furlough time must be combined and reported as dock either via a:

- 603 transaction keyed via PIP or
- EH 715 transaction with an effective date of the last day of the pay period if the total dock time is more than 11 days in a 22 day pay period or more than 10 days in a 21 day pay period. The 715 transaction must be processed prior to master payroll cutoff. After the master payroll has processed then the furlough EID must be established on the EH record by processing a 350 transaction effective the first day of the following pay period.

Note: The EH 715 transaction will generate an audit message if "Q" is entered in item 715. Departments will need to submit the EH 715 transaction to SCO for processing prior to master payroll cutoff. If the EH 715 transaction cannot be submitted to SCO then process the EH 715 transaction and enter "N" in item 715. Subsequently submit an EH 715C transaction to SCO to correct item 715 to "Q". The audit will be modified to allow the departments to process the EH 715 transaction with item 715 "Q". Departments will be notified via a Personnel Letter when the audit change is implemented.

The dock process is the same for employees that have either the 3 designated furlough Fridays or have self-directed the 3 furlough days within the pay period. Likewise, the dock process must be followed even if the dock time is reported late (i.e., after master payroll cutoff).

Example 1 (603 transaction keyed via PIP):

Full-time employee worked 15 days in a 22 day pay period with 3 furlough days.

- Process a 350 transaction to delete the furlough pay differential EID effective the first of the pay period. In PAR item 215, Employment History Remarks, enter “DOCK”.
- Prior to master payroll cutoff process a 603 dock transaction reflecting 7 total dock days (4 days dock plus 3 furlough days).
- Process a 350 transaction after the master payroll has processed to add the furlough pay differential EID effective the first of the following pay period.

Example 2 (EH 715 transaction):

Full-time employee worked 4 days in a 22 day pay period with 3 furlough days.

- Process a 350 transaction to delete the furlough pay differential EID effective the first of the pay period. In PAR item 215, Employment History Remarks, enter “DOCK”.
- Prior to master payroll cutoff process a 715 transaction with an effective date of the last day of the pay period and enter 4 days in PAR item 606, Time to be Paid New (22 days less 15 dock days and 3 furlough days). Note: A 603 dock transaction processed via the PIP system that reflects more than 11 days in 22 day pay period or 10 days in a 21 day period will reject and a full month master warrant will issue.
- Process a 350 transaction after the master payroll has processed to add the furlough pay differential EID effective the first of the following pay period.

Note: The EH 715 transaction will generate an audit message if “Q” is entered in item 715. Departments will need to submit the EH 715 transaction to SCO for processing prior to master payroll cutoff. If the EH 715 transaction cannot be submitted to SCO in time then process the EH 715 transaction and enter “N” in item 715. Subsequently, submit an EH 715C transaction to SCO to correct item 715 to “Q”. The audit will be modified to allow the departments to process the EH 715 transaction with item 715 “Q”. Departments will be notified via a Personnel Letter when the audit change is implemented.

For employees with a self directed furlough, the furlough days can be used to compensate for all or part of the total dock time the employee had during the pay period. This would be by agreement between the supervisor and the employee. The following are examples for this situation.

Example 3:

Full-time employee on a self directed furlough worked 18 days in a 22 day pay period and used 3 furlough days to compensate 3 dock days.

- Process a 350 transaction to delete the furlough pay differential EID effective the first of the pay period. In PAR item 215, Employment History Remarks, enter “DOCK”.
- Prior to master payroll cutoff process a 603 dock transaction. In this example, the employee did not have any other unpaid leave time and is using the 3 furlough days as dock days. As such, the 603 transaction will reflect 4 total dock days (1 dock day plus 3 furlough days).
- Process a 350 transaction after the master payroll has processed to add the furlough pay differential EID effective the first of the following pay period.

Example 4:

Full-time employee on a self directed furlough worked 19 days in a 22 day pay period and used 3 furlough days to compensation 3 dock days.

- The self directed furlough days can be used to compensate for all or part of the total dock time the employee had during the pay period. In this example, the employee did not have any other unpaid leave and is using the 3 furlough days to compensate for the unpaid days not worked.
- Do not process a 350 transaction to delete the furlough pay differential EID and do not process a 603 dock transaction.

The furlough time counts towards qualifying a pay period. When completing a 715 transaction and the pay period is qualifying, enter “Q” for qualifying the pay period in PAR item 715 Service Pay Period, otherwise service credit and leave balances will be incorrect on the CLAS leave records.

Note: The EH 715 transaction will generate an audit message if “Q” is entered in item 715. Departments will need to submit the EH 715 transaction to SCO for processing prior to master payroll cutoff. If the EH 715 transaction cannot be submitted to SCO in time then process the EH 715 transaction and enter “N” in item 715. Subsequently, submit an EH 715C transaction to SCO to correct item 715 to “Q”. The audit will be modified to allow the departments to process the EH 715 transaction with item 715 “Q”. Departments will be notified via a Personnel Letter when the audit change is implemented.

E. Retirement

Both the employee and state share retirement contribution amounts are based on the furlough program reduced pay rate. However, for purposes of the retirement final compensation pay rate, the unreduced rate is to be used. The SCO will report the appropriate salary rates to CalPERS and CalSTRS for employees subject to the furlough program.

F. Salary Advances

A salary advance for regular pay (excluding disability supplementation pay) must be based on the furlough program reduced base salary rate. All other payment types can be based on the unreduced base salary rate.

G. Earnings and Deduction Statement/Direct Deposit Advice

The earnings statement will not reflect the furlough reduction amount. Instead, the statement/advice will show a regular pay gross amount that has been reduced by the furlough reduction amount. The gross amount can be in dollars and cents when previously the employee had an amount reflected in whole dollars. See above EH section for an explanation.

H. Miscellaneous Deductions

Miscellaneous deductions may not be withheld while an employee is under the furlough program due to insufficient net (see PPM Section H 008). This is particularly true for employees who have large deferred compensation and/or credit union deduction amounts. The employee should be encouraged to review their deductions to be sure they will have enough net pay based on the

furlough pay reduction to cover their deductions. If there is not enough net pay for their deductions, they should either modify the deduction amounts if possible or make direct pay arrangements with the organization receiving their deduction monies.

I. Garnishment Deductions

If a garnishment deduction is not established as a specific amount, the payroll system will recompute the garnishment amount to be withheld based on the employee's earnings that are reduced by the furlough pay reduction. If a garnishment deduction is established for a specific amount and it is not due to a court order, the department should reevaluate the situation to ensure that the employee is not having excess garnishment deduction amounts withheld. Departments should submit a Form STD. 639 to change the garnishment deduction from a specific amount type to a maximum amount type as necessary.

J. Payroll Reconciliation

All payroll records and outputs including the Payroll Warrant Register will reflect the unpaid furlough time as time paid. To reconcile the Form 672 and the warrant register, the unpaid furlough time should be added to the total time worked information on the Form 672.