

STATE CONTROLLER'S OFFICE  
PERSONNEL AND PAYROLL SERVICES DIVISION  
P.O. BOX 942850  
SACRAMENTO, CA 94250-5878

DATE: May 13, 2014

PAYROLL LETTER #14-005  
(CIVIL SERVICE ONLY)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Crowe, Chief  
Personnel and Payroll Services Division (PPSD)

**RE: BARGAINING UNITS (BU) 7, 9, AND 12 CASH OUT OF VACATION/ANNUAL LEAVE PROGRAM**

This Payroll Letter provides information for Bargaining Units 7, 9, and 12 Cash Out of Vacation/Annual Leave Program. Specifically, it provides instructions for payments involving Vacation or Annual Leave. Furthermore, it provides instructions for requesting cash out payments via form STD. 674, Payroll Adjustment Notice. For details of the program, please reference CalHR's Personnel Management Liaison (PML) memorandum 2014-008.

Departments electing to participate in the Cash Out of Vacation/Annual Leave Program may submit payment requests beginning June 1, 2014 and no later than June 25, 2014. Per CalHR, payments must be charged to the fiscal year 2013-2014; therefore, payments must be issue dated by June 26, 2014. The Cash Out of Vacation/Annual Leave payments are based on the employee's hourly salary rate multiplied by the number of hours cashed out. For example, the calculation for an employee whose salary full is \$4,200.00 and the employee is cashing out 20 hours of Annual Leave credits is as follows:

Hourly Rate (\$4,200.00 divided by 173.33 hours)  
\$24.23  
Annual Leave hours cashed out  
Multiplied by 20  
Annual Leave Cash Out Gross  
\$484.62

Note: If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be added to the hourly rate for calculations.

#### TAXES

The Cash Out of Vacation/Annual Leave payments are subject to federal and state tax withholdings. Payments are also subject to Social Security and Medicare tax withholdings where applicable. The Cash Out of Vacation/Annual Leave payments are NOT subject to retirement. The tax rates are as follows:

25% Federal Tax (flat rate)  
6.6% State Tax (flat rate)  
6.2% Social Security (if applicable)  
1.45% Medicare (if applicable) **OR**

2.35% Medicare for wages over \$200,000 (if applicable)

PROCESSING PAYMENTS

All payment requests should be submitted via the Payroll Input Process (PIP) System. Use the form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System. Please refer to Payroll Procedures Manual (PPM) Section G 105 and below for form STD. 671 completion instructions and PPM Section K for PIP System instructions. Also review the PIP exceptions in PPM Sections G 045 and G 105.

Use the following Earning ID's to request Leave Cash Out payments, and manually update leave balances.

PAYMENT REQUEST

Annual Leave and Vacation Cash Out

EARNINGS ID

9V\*

\*For this Cash Out program, Earnings ID 9V "Buy Back" transaction will be used to issue payments.

For California Leave Accounting System (CLAS) users the Earnings ID's listed below will issue Leave Cash Out payments and update CLAS leave records.

PAYMENT REQUEST

Annual Leave Cash Out

Vacation Cash Out

EARNINGS ID

AL36

VA36

Before keying via PIP, complete form STD. 671, items 1 through 3, 15 through 17, and 19 through 21 as follows:

<u>ITEM NUMBER(S)</u>	<u>ITEM NAME</u>	<u>ACTION</u>
1 through 3	Pay Period	Complete (must be June 2014)
15	Earnings ID	Complete
16	Days	Blank
17	Hrs/Hdths	Blank if Earnings ID = 9V Complete if Earnings ID = AL36 or VA36
19	Hourly Rate	Blank
20	WWG/FLSA	Blank
21	Computed Gross	Complete

FORM STD. 674 PAYMENT REQUESTS

If an employee is off pay status during June 2014, pay must be requested via form STD.674. If payment is requested using form STD. 674, do not use the CLAS earnings ID's. Refer to PPM Section G 045 and G 105 for form STD. 674 completion instructions for requesting leave cash out payments.

Please direct questions regarding Cash Out payments to the Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Hot Line at (916) 327-0756. For information regarding the Bargaining Units 7, 9, and 12 Cash Out of Vacation/Annual Leave, please refer to CalHR PML 2014-008.

LC:KJ:PMAB