

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

DATE: May 23, 2025

PAYROLL LETTER #25-004
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Dean, Acting Chief
Personnel and Payroll Services Division

RE: 401(k) STATE SHARE RETROACTIVITY PROCESS FOR ELIGIBLE BARGAINING UNIT 06 AND EXCLUDED EMPLOYEES

Per agreement with the California Department of Human Resources (CalHR), the State Controller's Office (SCO) will run a retroactivity process to establish or adjust deduction 020-401 for eligible Bargaining Unit 06 and excluded employees. This process will look at eligible employee records for the previous quarter and determine if a deduction was missed or needs to be adjusted due to a change in base salary. The first look-back process will run in May 2025 for January 2025 through March 2025 pay periods and will continue on a quarterly basis starting in July 2025.

Currently, SCO's monthly process runs one day prior to monthly cutoff to add, change or delete the fixed deduction 020-401 for eligible employees. Refer to [Payroll Letter #25-001](#) for more information. The retroactivity process will address the following two scenarios:

1. Missed State Share Deductions: A one-time deduction 020-401 will be established for eligible employees with missed deduction(s) in the previous quarter.
2. Adjustments to State Share Deductions: This process will look at payment history to check if any adjustment to the base salary was issued in the previous quarter that may result in increased contributions and will establish a one-time 020-401 deduction for the difference based on the new base salary.

SPECIAL PROCESSING INSTRUCTIONS

Departments are responsible for submitting the [STD. 674 Form](#) to SCO to request the contributions for the following eligible employees:

- Employees with retroactive decrease in base pay, resulting in over contributions.
- Employees permanently separated from state service, who missed a deduction or are entitled to an adjustment.
- Employees with retroactivity beyond the prior quarter, which affects the amount of the original contribution.

Departments are encouraged to submit Form STD. 674 for deductions missed or if adjustments are needed for employees as soon as they are identified and not wait for the retroactivity process. The forms can be uploaded via ConnectHR by selecting Misc Deductions – STD. 674.

Contacts:

- Affordable Care Act (ACA) Email ACASupport@sco.ca.gov
- [Cal Employee Connect \(CEC\) Help and Feedback](#)
- [ConnectHR Help and Feedback](#)
- California Leave Accounting System (CLAS) Email CLAS@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- Decentralized Security Administration (DSA) & ViewDirect Access (916) 619-7234 or DSA@sco.ca.gov
- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- Management Information Retrieval System (MIRS) Email PPSDMIRS@sco.ca.gov
- [Statewide Customer Contact Center](#) (SCCC) (916) 372-7200

SCO Key Initiatives:

- [Cal Employee Connect](#)
- [California State Payroll System Project](#)

Websites:

- [HR](#)
- [State Employees](#)

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