

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

DATE: October 22, 2025

PAYROLL LETTER #25-014

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Lisa Dean, Acting Chief
Personnel and Payroll Services DivisionRE: **REVISED: SALARY ADVANCE INITIAL/OFFSET REPORTING – YEAR END**

When agencies/campuses know a payroll warrant will not be generated by the expected issue date a salary advance may be issued from their revolving fund. Salary advances must be treated as taxable wages. The gross amount, federal tax, state tax, Social Security, Medicare, and State Disability Insurance must be reported timely to the State Controller's Office (SCO) to ensure inclusion of Form W-2.

When salary advances are issued late in the calendar year and it is known the related payroll warrant will not be issued prior to December 31st, agencies/campuses should make a special effort to submit by **December 1st** all remaining STD. 422 forms "initial" and "offset" reports. For the 2025 tax year, this is the final date that SCO must receive STD. 422 forms in order to process and ensure accurate and timely release of the Wage and Tax Statement, Form W-2. The STD. 422 forms received after this date will require the issuance of a Form W-2C, Corrected Wage and Tax Statement. Please remit the "initial" [Salary Advances Paid/Offset Report, STD. 422 Form](#), must be sent to the Division of Administration and Disbursements (ADD).

State Controller's Office
Division of Administration and Disbursement's
Attn: Business Month
PO Box 942850
Sacramento, CA 94250-0001

After **December 1st**, agencies/campuses cannot remit any withholding for Salary Advances for the current tax year. The SCO warrant must be issued, and a "Salary Advance Package," must be submitted to the Personnel and Payroll Services Division (PPSD), W-2 Unit for processing to generate a Form W-2C, Corrected Wage and Tax Statement.

The STD. 422 is used to comply with the State Administrative Manual (SAM) [Section 8595 – Salary Advances](#) and reporting the issuance of wages on the Wage and Tax Statement, Form W-2. Failing to report on time will cause employees to receive an incorrect Form W-2, which will require the issuance of a Form W-2C, Corrected Wage and Tax Statement.

SALARY ADVANCES PAID/OFFSET REPORT, STD. 422 FORM

The STD. 422 is the only acceptable form for reporting salary advances. This form is a multi-use document since it is partially completed to report the initial advance and then is resubmitted with the balance of the line entry to offset the salary advance information upon receiving the SCO payment.

REPORTING

The STD. 422 form must be submitted throughout the calendar year. The cut-off date for submitting the STD. 422 form is on the **10th of each month**. The “initial” reporting of the salary advance must be remitted to ADD with a revolving fund payment for the total withholdings reported on the form. Please include copies of all paycheck calculator withholdings for each period listed on the STD. 422 form. Ensure each pay period is submitted individually.

The ADD will audit the STD. 422 for completeness and accuracy. If an incorrect amount is entered on the revolving fund check, the STD. 422 form and the revolving fund check will be returned for correction.

After verification of the revolving fund check amount, the check is deposited into the Payroll Revolving Fund and the STD. 422 form is routed to PPSD, W-2 Unit for processing.

After the SCO warrant issues, departments must submit the “offset” reporting of the salary advance. The “offset” is sent directly to the W-2 Unit for processing. Once the STD. 422 “offset” form has been processed, ADD will issue a direct disbursement warrant, payable to the agency/campus for the amount shown in Box Item 26.

OUTSTANDING SALARY ADVANCE REPORT

If the SCO warrant has been issued, the SCO will send monthly reports to departments/campuses that have any outstanding salary advances reported that require the “offset” document. Please submit a photocopy of the original STD. 422 form with the related SCO warrant information completed and/or a cancellation (with authorized signatures or electronic signatures) to the W-2 Unit for each entry remaining on the report.

REFERENCE

SCO's [Payroll Procedures Manual](#) Section N (103-111)
State Administrative Manual [SAM Salary Advances – 8595](#)
[Salary Advance Guide](#)

If you have any questions, please contact the [Statewide Customer Contact Center](#) at (916) 372-7200 and select W-2 Unit or via email at PPSDW2MiscDed@sco.ca.gov.

PPSD and CSU Contact Information:

- [PPSD Contacts and Additional Information](#)
- [Campus Information Retrieval System \(CIRS\) | Contact Email](#)

Web Resources:

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

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