

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
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DATE: August 24, 2020

PERSONNEL LETTER #20-023
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division

**RE: JULY 31, 2020 PERSONAL LEAVE PROGRAM 2020 IMPLEMENTATION FOR
BARGAINING UNITS 5, 9, 12, 13 & 19**

As a result of agreements reached between the California Department of Human Resources (CalHR) and bargaining units (BU) 5, 9, 12, 13, and 19, the Personal Leave Program (PLP) 2020 is effective in the August 2020 pay period. The PLP requires that an employee's base salary be reduced by an average percentage amount equivalent to one or two days of leave credit.

Please refer to the CalHR Pay Letter 20-24 & 20-28, Pay Differential 378 and 386. The Pay Letter and Pay Differentials can be accessed via the following link: [CalHR website](#).

EH MASS UPDATE PROCESSING

The PLP 2020 pay reductions will be achieved through the use of a pay differential established on each eligible employee's employment history (EH) record. Rank-and-File employees in BU 5 will have a reduction in pay equal to 4.62% through the use of Earning ID (EID 8PH1. Rank-and-File employees in BU 9, 12, 13, and 19 will have a reduction 9.23% through the use of the EIDs 8PH2.

The PLP and Furlough 2020 EIDs are negative percentage based pay differentials that reduce the base salary rate. As such, the PLP reduction amount will not display with a negative sign on the EH record or turnaround Personnel Action Requests (PARs). The percentage based EIDs are rounded to the nearest cent; therefore, the PLP pay reduction amount may contain cents. This means the employee's PLP reduced pay rate may also contain cents.

The State Controller's Office (SCO) processed an EH mass update to implement the PLP 2020 and cancel the Furlough 2020 reductions for eligible employees in BU 5, 9, 12 and 19 on August 6, 2020. A 350 transaction was processed to add the appropriate EID effective July 31, 2020 for applicable employees. A second EH mass update will process tonight, August 19, 2020 for eligible employees in BU 13.

Regular pay (payment type 0) payments will reflect the PLP reduction for both positive and negative pay employees. Overtime, as well as percentage based and step rate pay differentials/premium pays, are calculated on the unreduced base pay amount.

Attached are employment history and payroll processing instructions for the PLP and Furlough 2020 pay reduction for eligible employees.

Please direct questions as follows:

<u>SUBJECT AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER/EMAIL</u>
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Personnel Services Branch CalHR	(916) 323-3343
General Payroll Procedures Disability Payroll Procedures Employment History Procedures	Statewide Customer Contact Center SCO	(916) 372-7200
HR Suggestions Email Inbox (All HR Staff)	Personnel and Payroll Services Division (PPSD) SCO	PPSDHRSuggestions@sco.ca.gov
Escalation Email Inbox (HR Supervisors and Managers)	Personnel and Payroll Services Division SCO	PPSDOps@sco.ca.gov

JEB:AL:PMAB

EMPLOYMENT HISTORY

Each department is responsible for maintaining correct PLP eligibility on their employees' EH records. If an employee moves to a Collective Bargaining ID or class code with different eligibility, departments are responsible for making the appropriate change on the appointment transaction. See Personnel Action Manual (PAM) instructions for documenting established earnings (Item 351, page 2.48.1) on EH transactions.

I. PLP 2020 Pay Differentials

To continue to reflect the actual appointment or base salary rate for employees subject to PLP, a negative pay differential EID was established. The EID reduces the employee's base salary rate (or actual salary rate for intermittent time base employees) to achieve the reduction pay rate.

The PLP and Furlough pay reduction amounts are system generated and computed by multiplying the PLP EID percentage rate by the base salary rate (or actual salary rate for intermittent time base employees) and rounding the amount to the nearest dollar/cent. To arrive at the reduced base salary, subtract the PLP reduction amount from the base salary.

Examples

R06 Employee in 7K range:

$\$6144.00$ (base pay) \times 4.50% (PLP 2020 EID percentage) = $\$276.48$ (PLP amount)

$\$6144.00$ (base pay) - $\$276.48$ (PLP 2020 amount) = $\$5867.52$ (PLP reduced base pay rate)

II. Established Earnings

There are three fields available on EH where established earnings can be entered. If all three fields are completed and the PLP 2020 EID must be added, delete one of the existing EIDs and add the appropriate EID. The deleted pay differential will need to be keyed via the Payroll Input Process (PIP) system until the PLP 2020 is discontinued. See Payroll Procedures Manual (PPM) Sections G 100 and K for PIP processing information.

III. Retired Annuitants

Retired annuitants appointed pursuant to Government Code Sections 19144, 21154, 21223, 21224, 21225 or 21227 are not subject to the PLP 2020 reduction.

PPSD did not include any retired annuitants in the EH mass update process to add the PLP EID to employee records. Each department is responsible for manually adding the EID to the EH record of any retired annuitant employee subject to the reduction.

IV. Dock

Employees on dock during a pay period are still subject to the PLP reduction. A 350 transaction to delete the EID should not be processed. The employees will earn PLP on a pro-rated basis, per the

Intermittent/Hourly accrual chart within each bargaining unit contract agreement. PLP accruals should be adjusted accordingly based on the hours worked during the pay period.

V. Military Leave

Employees on military leave pursuant to Government Code Section 19775.18 are not subject to the PLP reduction. Process a 350 transaction to delete the PLP effective the date the employee begins active duty. Note: Deletion of the PLP EID may be prior to the effective date of the EH military leave transaction if the employee is receiving regular pay for his/her first 30 days of military leave or elects to use leave credits.

Employees on military leave as of July 31, 2020 were not included in the EH mass update process to add the PLP EID. Each department is responsible for manually deleting the PLP EID for employees who began active duty on or after July 31, 2020. If an employee returns from military leave during the PLP period, each department is responsible for adding the appropriate EID on the A03 reinstatement transaction.

VI. Involuntary Leave

Employees on involuntary leave are not subject to the PLP reduction. However, employees on involuntary leave and using leave credits at the time of the EH mass update were included in the update. Departments must void the 350 transaction processed as part of the mass update to remove the PLP EID from the record. If an employee is placed on an involuntary leave during the PLP period and is using leave credits, process a 350 transaction to delete the PLP EID effective the date the employee began the involuntary leave. If a disability retirement is denied, reinstate the PLP EID at the time the employee is returned to pay status.

VII. Disability Leave

Disability pay and disability supplementation pay are not subject to the PLP reduction. However, any regular pay for actual time worked during a disability period is subject to the reduction. PPSD did not include any employee who was on a disability leave via a S49, S50, or 565 injury code 1 or 2 or 5 transaction as of July 31, 2020, in the EH mass update process.

Each department is responsible for manually adding/deleting the PLP EID as follows:

- A. For employees approved for disability leave and taken off payroll (S49, S50, or 565 injury code 1 or 2 or 5 transaction), process a 350 transaction to delete the PLP EID from their EH records effective the same date/hours as the S49, S50, or 565 transaction. The 350 transaction should be keyed before the S49, S50, or 565 transaction and must be keyed before master payroll cutoff if the employee is due pay for the current month. (Note: The effective date/hours field on the S49 or S50 for SDI should be completed with BOB or the appropriate hours).
- B. For employees retroactively approved for disability who previously received regular pay while their disability was pending, process a 350 transaction effective the beginning of the current pay period to delete the PLP EID.
- C. For employees retroactively approved for disability who did not receive regular pay while their disability was pending, process a 350 transaction to delete the PLP EID effective the same date/hours as the S49, S50, or 565 transaction. The 350 transaction should be keyed before the S49,

S50, or 565 transaction. If the effective date of the disability approval is prior to the PLP period, void the 350 transaction. (Note: The effective date/hours field on the S49 or S50 for SDI should be completed with BOB or the appropriate hours).

The PLP EID should remain on EH records of employees placed on disability leave, but not taken off payroll (i.e., SPC transaction). For employees returning from disability leave/off pay status, process a 350 transaction to re-establish the PLP EID as long as their return date falls within the PLP period. Failure to include the PLP EID on these employees' EH records could cause overpayments.

See below for disability payroll processing instructions.

VIII. Additional Positions

Employees are subject to the PLP reduction up to a maximum equivalent of a full-time position (i.e., employees shall not earn more than 16 hours of PLP in any pay period). Therefore, if an employee is appointed to more than one position, the department designated as the employee's primary employer will need to coordinate with the other employing department(s) to ensure the PLP is administered appropriately according to the following instructions:

- If an employee has other position(s) in addition to a full-time position, the PLP pay reduction shall apply to the full-time position only.
- If an employee has multiple part-time or intermittent time base positions that together total more than one full-time position, the PLP pay reduction shall apply to all positions that total the equivalent of one or more full-time position. If the PLP reduction occurs for more than one full-time position, the primary department will be responsible for coordinating with the other department(s) to request adjustment(s) for any excess PLP reduction(s) taken. See below for payroll processing information and instructions.

Departments must monitor personnel actions (time base changes, new additional positions, and separations from one of the additional positions) and take the appropriate actions.

IX. Separating Employees

Separating employees do not earn any additional PLP credits beyond the effective date of their separation. PLP and Furlough have no cash value and must be used prior to separation. In addition, lump sum pay is not subject to the PLP reduction.

To pay lump sum time at the correct rate, Item 962 must be entered on the separation PAR. Item 962 identifies an alternate salary rate to pay all or part of separation pay. Separation pay includes lump sum vacation, overtime, holidays, etc. Sick leave can also be paid out as lump sum in cases of disability retirement.

Departments should use the employee's EH base salary rate or actual salary rate for an intermittent time base employee for Item 962's total salary rate for employees who do not have any other special pay (plus salary, shift differential, pay differentials or premium pays) to be included in the lump sum rate. For employees who do have other special pay, include all additional special pay to derive Item 962's total salary rate.

Please note: If the total lump sum vacation time in Item 620 is to be paid at the Item 962 rate, then the time in Item 962 (code 2) must equal the time in Item 620. If lump sum vacation time in Item 620 and lump sum overtime in Item 625 are both to be paid at the Item 962 rate, then the time in Item 962 (code 2) must only equal the time in Item 620. If the total lump sum overtime in Item 625 is to be paid at the Item 962 rate, then the time in Item 962 (code 3) must equal the time in Item 625.

Failure to enter Item 962 on the separation PAR will cause a delay in issuing separation pay. See PAM page 2.149 for detailed completion instructions for Item 962.

Due to system limitations, the following separation PAR documents must be sent to PPSD for special processing:

- Intermittent time base employees with Item 962 completed;
- Employees with lump sum to be paid at more than one pay rate (e.g., Merit Salary Adjustment (MSA) occurring during the lump sum projection period). Enter Item 962 data related to the second pay rate in Item 215 of the separation PAR.

PAYROLL PROCESSING

I. Regular Pay

Generally, no special processing is required to issue regular pay (original or adjustments). However, employees with additional positions whose pay was reduced by more than the equivalent of one full-time position will require an adjustment.

Example

Position A:

$\$2,500$ (base pay) x 4.62% (PLP EID percentage) = $\$115.50$ (PLP amount)

$\$2,500$ (base pay) - $\$115.50$ (PLP amount) = $\$2384.50$ (PLP full-time reduced base pay rate)

$\$2384.50$ (PLP reduced base pay rate) x 003/004 (time base) = $\$1788.38$ (regular full month pay gross)

$\$1788.38$ (regular full month pay gross) = 6 hours PLP credit

Position B:

$\$15.25/\text{hour}$ (base pay) x 4.62% (PLP EID percentage) = $\$.70/\text{hour}$ (PLP amount)

$\$15.25/\text{hour}$ (base pay) - $\$.70/\text{hour}$ (PLP amount) = $\$14.55$ (PLP reduced base pay rate)

$\$14.55$ (PLP reduced base pay rate) x 150 hours to be paid = $\$2182.50$ (regular pay gross)

$\$2182.50$ (regular pay gross) = 7 hours PLP credit

Position A is the employee's primary position. Position B's regular pay will need to be adjusted to have the PLP pay reduction applicable to only 31 hours (equivalent to 2 hours of PLP credit).

Departments will need to submit Form STD. 674 to request the adjustment. See PPM Section D 010 for form completion instructions. In the Remarks Area, enter “Adjust pay for PLP over charge.” In the Payment Should Be section, complete one line for the time due at the PLP rate and the second line for the time due at the non-PLP pay reduction rate (for the above example, 31 hours @ \$14.55 in line one and 119 hours @ \$15.25 in line two).

II. Holiday and Overtime Pay

Holiday and overtime pay are not subject to the PLP reduction. The payroll system will generate the correct salary rate for the system generated holiday/overtime rate EIDs (OT7, OT8 or OT9 for overtime pay and H, H5 or H6 for holiday pay). See PPM Sections G 024 and G 929 for additional information on the EIDs including the EIDs to request holiday and overtime pay with evening and night shift rates.

III. Premium Pay

Percentage based or step rate premium pay is not subject to the PLP reduction. No special processing is required to request premium pay through the PIP system. Follow the normal PIP procedures to request pay.

IV. Disability Pay for Employees on Temporary Disability (TD), Industrial Disability Leave (IDL), or Nonindustrial Disability Insurance (NDI)

Disability pay and disability supplementation pay are not subject to the PLP reduction. However, pay for time worked by an employee while on disability leave is subject to the PLP reduction.

Depending on the employee’s situation, the actions required to issue disability related pay will vary as follows:

A. Employees on Disability Leave and Off Payroll

1. The employee’s EH record should be updated to delete the PLP pay differential at the time the EH disability leave transaction is processed. See above EH processing section for further information.
2. If the disability action is retroactive and the employee did not receive regular pay while his/her disability leave status was pending:
 - a. Process the disability and any IDL supplementation pay requests via the PIP system for the retroactive pay periods, as well as, current and future pay periods.
 - b. Submit Form STD. 674/674D to request any NDI supplementation and/or regular pay for actual time worked during the disability period. Include the appropriate pay rate and corresponding total time to be paid for each pay type on Form STD. 674/674D.
3. If the disability action is retroactive and the employee received regular pay while his/her disability leave status was pending:
 - a. Submit Form STD. 674/674D to request the appropriate adjustments for the retroactive pay periods. Include the appropriate pay rate and corresponding total time to be paid for each adjustment type on Form STD. 674/674D.

- b. Process the disability and any IDL supplementation pay requests via the PIP system for current and future pay periods.
 - c. Submit Form STD. 674/674D to request any NDI supplementation and/or regular pay for actual time worked during the disability leave period for current and future pay periods. Include the appropriate pay rate and corresponding total time to be paid for each pay rate/pay type on the Form STD. 674/674D.
4. If the disability action is effective current month:
- a. Process the disability and any IDL supplementation pay requests via the PIP system for current and future pay periods.
 - b. Submit Form STD. 674/674D to request any NDI supplementation and/or regular pay for actual time worked during the disability period for current and future pay periods. Include the appropriate pay rate and corresponding total time to be paid for each pay type on the Form STD. 674/674D.

B. Employee on Disability Leave and On Payroll

- 1. The PLP pay differential should not be deleted from the employee's EH record. Doing so could cause overpayments should the employee work during the disability period.
- 2. Continue to submit Form STD. 674/674D to request the appropriate adjustments for any retroactive pay periods, as well as, current and future pay periods. Include the appropriate pay rate and corresponding total time to be paid for each adjustment type on the Form STD. 674/674D.

C. Additional Processing Guidelines

- 1. For an employee off payroll, if the PLP pay differential is not deleted from the employee's EH record, the PIP disability and IDL supplementation pay request transactions will reject and will need to be re-processed once the EH record is updated.
- 2. If an employee is supplementing his/her disability pay with leave credits, the supplementation pay is based on the employee's unreduced pay rate. To compute the rate, include any special pay(s) (plus salary, shift differential, pay differentials or premium pays) that should be included in the supplementation pay rate.
- 3. The Enhanced NDI calculator cannot be used when an employee works during the disability period and receives regular pay that is subject to PLP at this time. Please refer to SCO Payroll Letter # 04-13 and SCO Personnel Letter# 09-013 for PLP and Furlough disability worksheets. The IDL/S calculator can be used when different salary rates are involved in the IDL pay period. See PPM Section E 458 for instructions.

V. Retirement

Both employee and state share for retirement are based on the reduced PLP pay rate. However, for purposes of reporting final compensation to the California Public Employees Retirement System

(CalPERS) for retirement calculations, the unreduced rate is used. The State Controller's Office will report the appropriate salary rates to CalPERS for employees subject to the PLP pay reduction.

VI. Salary Advances

Regular pay salary advances should be based on the PLP reduced base salary rate. Salary advances for any other pay types can be based on the unreduced base salary rate.

VII. Earnings Statement

Earnings statements will not reflect the actual PLP reduction amount. Instead, the statement will show the regular pay gross amount reduced by the PLP amount. The gross amount can be in dollars and cents when previously the employee had an amount reflected in whole dollars. See above Employment History section for an explanation.