

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

DATE: October 8, 2025

PERSONNEL LETTER #25-020
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

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

RE: PERSONAL LEAVE PROGRAM 2025 IMPLEMENTATION EFFECTIVE OCTOBER 1, 2025

As a result of agreements reached between the California Department of Human Resources (CalHR) and Bargaining Units (BU) 08, 10, and 18, the Personal Leave Program (PLP) 2025 is effective for the October 2025 pay period. Employees in BU 08, 10, and 18, as well as related Excluded, Exempt, and Statutory Exempt employees, will have their base salary reduced by a percentage amount and will receive PLP leave credits.

Please refer to CalHR Pay Letter 25-33, Pay Differential 386, Exempt Program Letters, and the Exempt Salary Schedule for more information regarding the PLP rates and specific eligibility criteria. The Pay Letter and Pay Differentials can be accessed via [CalHRNet](#). The Exempt Salary Schedule can be accessed via [Exempt Salary Schedule](#).

EMPLOYMENT HISTORY MASS UPDATE PROCESSING

The PLP 2025 pay reductions will be achieved through the use of an Earnings ID (EID) established on each eligible employee's employment history (EH) record.

The State Controller's Office (SCO) will process an EH mass update on October 8, 2025, to implement PLP 2025 for employees in BU 08, 10, 18 and related Excluded and Exempt employees. The mass update will post a 350 transaction to add the appropriate EID effective October 1, 2025, for impacted employees.

Bargaining Unit (BU)*	EID	EID Percentage
BU 08	8PJ7	2.5%
BU 10	8PJ8	3.5%
BU 18	8PJ1	3%

*The BU listed above includes related Excluded and Exempt employees tied to the BU, unless otherwise indicated in CalHR Pay Letter 25-32.

The PLP 2025 EIDs are negative percentage-based pay differentials that reduce the base salary rate. The PLP reduction amount will not display a negative sign on the EH record or turnaround Personnel

Action Requests (PARs). The PLP reduction will be rounded to the nearest cent; therefore, the PLP reduction amount may also contain cents.

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.

Turnaround PARs will be available on Mobius View for one year. Hard copy versions of the Turnaround PARs will not be provided.

The Personnel and Payroll Services Division (PPSD) did not initially identify any semi-monthly employees, however if there are any, due to timing of the authorization of the PLP program, PPCSD will be unable to update EH for negative pay semi-monthly employees prior to Semi-Monthly Payroll Cut-off. This could result in unintended overpayment for the first half of the August pay period.

SPECIAL EMPLOYMENT HISTORY PROCESSING/DOCUMENTATION INSTRUCTIONS

Employees with Three Locked-in EIDs

Effective October 1, 2025, departments are responsible for posting the appropriate PLP EID for all employees who currently have three EIDs locked in on their EH. **Departments must delete one of the existing EIDs and add the appropriate PLP EID by October 22, 2025, to avoid overpayments.** The deleted EID will need to be keyed via the Payroll Input Process (PIP) system until PLP 2025 is discontinued.

To assist departments with identifying employees with three locked-in EIDs, SCO will release the following reports, which will be available on ViewDirect or Mobius View on the date of each mass update.

- PDE1020D, "BU 08, 10, 18 PLP EFF. 10/01/25 – EMPLOYEES WITH 3 LOCKED-IN EIDS"

The listings will be available for 90 days. Entries on the report are sorted by agency, then by unit, and then by social security number. Agencies with no blank EID errors will have no data listed under the report ID. This is a one-time report, and a hard copy will not be provided to departments.

Only personnel staff authorized to access ViewDirect and Mobius View will be able to view and print this listing. For more information on accessing and printing ViewDirect and Mobius reports, please see the [ViewDirect and Mobius View webpage](#) on the SCO website.

Bi-Weekly Employees

Departments are responsible for posting the appropriate PLP EID, effective the first day of the October 2025 pay period for all bi-weekly employees in BU 08, 10 and 18.

Health Benefit Eligibility

Employees in BU 08, 10 and 18, who are not eligible for state-sponsored health benefits enrollment in a California Public Employees' Retirement System health plan, shall not be subject to PLP 2025. This excludes Permanent Intermittent employees.

The SCO excluded the following employees from the mass updates:

- Appointment of less than six months; and
- Time-base of less than 001/002.

Departments are responsible for checking employee records and updating or removing the PLP EID, as needed.

GENERAL REMINDER

It is best practice for departments to confirm that all eligible employees have an appropriate transaction posted to their record on the day following the mass update. Departments must confirm that all employees receive the correct pay as part of their payroll certification process each month, including whether an employee's salary has been changed as part of a mass update. Per [Government Code § 12474](#), the department must manually key the update for any record that is incorrect.

Attached you will find employment history and payroll processing instructions for the PLP 2025 pay reduction for eligible employees.

All PPSD Contact Information:

- [PPSD Contacts and Additional Information](#)

Web Resources:

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

LD: RJC:BPA

EMPLOYMENT HISTORY

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

I. PLP 2025 Pay Differential

To continue to reflect the actual 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 a reduction in pay rate.

The PLP 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.

Example

$\$6768.00$ (base pay) $\times$ 3.0% (PLP 2025 EID percentage) = $\$203.04$ (PLP amount)

$\$6768.00$ (base pay) - $\$203.04$ (PLP 2025 amount) = $\$6,564.96$ (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 2025 EID must be added, delete one of the existing EIDs and add the appropriate EID. The deleted EID will need to be keyed via the Payroll Input Process (PIP) system until the PLP 2025 is discontinued. See the [Payroll Procedures Manual](#), 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 2025 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 October 1, 2025, 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 October 1, 2025. 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 (e.g., temporary disability allowance) 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 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. SCO did not include any employee who was on disability leave via a S49, S50, or 565 injury code 1 or 2 or 5 transaction as of October 1, 2025, 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 cut-off 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 not remain on EH records of employees placed on disability leave, but not taken off payroll (i.e., SPC transaction), therefore, the departments would be responsible to process a 350 transaction to remove the PLP EID. 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. 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:

- A. 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.
- B. 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. In addition, lump sum pay is not subject to the PLP reduction. **Please refer to the applicable Memorandum of Understanding (MOU) for information regarding whether the PLP is eligible for cash out at the time of separation.**

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 employees' 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 pay) 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.

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 the [Payroll Procedures Manual](#), 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 the 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 in the 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 be rejected 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. The IDL/S calculator can be used when different salary rates are involved in the IDL pay period. See the [Payroll Procedures Manual](#), 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 SCO 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 the above Employment History section for an explanation.