STATE OF CALIFORNIA

MALIA M. COHEN
California State Controller

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

DATE: July 8, 2026

PERSONNEL LETTER #26-009
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Lisa Dean, Chief
Personnel and Payroll Services Division

RE: EMPLOYMENT HISTORY MASS UPDATE TO CHANGE RETIREMENT CONTRIBUTION RATES FOR BARGAINING UNIT 13 EFFECTIVE JULY 1, 2026

Effective July 1, 2026, eligible Miscellaneous and Industrial retirement members in Bargaining Unit (BU) 13 will receive a change to their employee retirement contribution rate.

Pursuant to the agreement between the California Department of Human Resources and BU 13, the employee retirement contribution rate changes are as follows:

<u>Bargaining Unit R13 MISCELLANEOUS employees who **are** subject to Social Security in the First Tier Retirement plan or the Alternate Retirement Program (ARP).</u>
The employee retirement contribution rate will change from 10% to 9%.

<u>Bargaining Unit R13 MISCELLANEOUS employees who are **not** subject to Social Security in the First Tier Retirement plan or the ARP.</u>
The employee retirement contribution rate will change from 11% to 10%.

<u>Bargaining Units R13 INDUSTRIAL employees who **are** subject to Social Security in the First Tier Retirement plan or the ARP.</u>
The employee retirement contribution rate will change from 10% to 9.5%.

<u>Bargaining Units R13 INDUSTRIAL employees who are **not** subject to Social Security in the First Tier Retirement plan or the ARP.</u>
The employee retirement contribution rate will change from 11% to 10.5%.

EMPLOYMENT HISTORY (EH) MASS UPDATE PROCESSING

Due to the large eligible population, the State Controller's Office (SCO) will process an EH mass update on July 8, 2026, to implement the retirement rate changes, effective July 1, 2026, for eligible employees. The 505 transaction reflects the employee retirement contribution rate and retirement account code changes for impacted employees.

MASS UPDATE EXCEPTIONS

Exceptions of the mass update must be processed manually. For example, employees with an EH record reflecting an out-of-sequence status (i.e., the effective date on the most current transactions is after July 1, 2026), will be processed manually. The Personnel and Payroll Services Division (PPSD) may also assist with out-of-sequence transactions as needed.

The Personnel and Payroll Services Division is unable to update the EH records to reflect the new rates when the employee is off pay status (e.g., on leave of absence, or an Appointment Expiration Date prior to July 1, 2026). These employees' Item 505 – Account Code field must be updated by the appointing agency once their appointment is extended, or the employee returns to active pay status following a leave of absence.

There are many other reasons that the automated process may not be able to identify eligible records to include in a mass update. One common circumstance is when an employee in an excluded bargaining unit (e.g. E99) has a Pay Scale Collective Bargaining Identifier (CBID) on their EH record that is the same as their Employee CBID. Personnel and Payroll Services Division uses the Pay Scale CBID to determine which Rank and File CBID their record is tied to (e.g. M01). This is generally because the class code on the record could be tied to a variety of represented CBIDs. Without this Pay Scale CBID with which to tie the excluded CBID, PPSD is unable to determine whether the employee is eligible for the update, and the department must key the transaction manually.

Although Item 505 is not a required field when returning an employee to pay status, the account code must be entered on the Personnel Action Request to reflect the new retirement rate on the employee's record. If the account code is not entered, the retirement contribution will be withheld at the incorrect rate and will require future adjustments.

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.

RETIREMENT ACCOUNT CODES EFFECTIVE JULY 1, 2026

Bargaining Unit R13 MISCELLANEOUS employees who **are** subject to Social Security in the First Tier Retirement plan.
Retirement Contribution Rate: From 10% to 9%.
Retirement Account Code: See below for impacted employee account code movement

- From Retirement Account Code 2C, 2H or 4W to Retirement Account Code 3K
- From Retirement Account Code D5, DC or FW to Retirement Account Code EK

Bargaining Unit R13 MISCELLANEOUS employees who are **not** subject to Social Security in the First Tier Retirement plan.
Retirement Contribution Rate: From 11% to 10%.
Retirement Account Code: DA. Changed rate to 10%.

Bargaining Unit R13 INDUSTRIAL employees who **are** subject to Social Security in the First Tier Retirement plan.
Retirement Contribution Rate: From 10% to 9.5%.
Retirement Account Code: No R13 INDUSTRIAL records.

Bargaining Unit R13 INDUSTRIAL employees who are **not** subject to Social Security in the First Tier Retirement plan.
Retirement Contribution Rate: From 11% to 10.5%.
Retirement Account Code: No R13 INDUSTRIAL records.

All PPSD Contact Information:

- PPSD Contacts and Additional Information

Web Resources:

- For HR Personnel
- For State Employees

LD: PM:BPA