



Transaction Supervisors' Forum

Presented By: Nastassja Johnson

Contact: SCOTransactionSupervisors@sco.ca.gov

Office of State Controller Malia M. Cohen

February 18, 2026



SCO KEY INITIATIVES

CSPS Status – February 2026

Presenter: Dominick Mullane

Contact: CSPSHelp@sco.ca.gov

Current Project Activities



Project Team – Phase 1



OCM Team Update



Phases and Waves



STATEWIDE BENEFITS ADMINISTRATION

CalHR Transaction Supervisors' Forum Update



CalHR Benefits Division

Feb 18, 2026



Statewide Benefits Program

Presenter: Rebecca Garcia

Contact: ppsdcsbenefits@sco.ca.gov

Updates:

- Duplicate Accounts Receivables (AR)
 - Do not collect until reversed and reissued
 - If collected, reverse and work with accounting to apply to the new AR
- Dental Uploads
 - Only include first page, do not include privacy notice page
- Use PPSD Benefits Program universal email
 - Inbox is monitored daily



STATEWIDE PROGRAM UPDATES

2027 Compensation Request Policy

HR Manual Section 1715

Primary point of contact

Compensation@calhr.ca.gov

Sue Main

California Department of Human Resources

2026

2027 Cycle – Open Bargaining Units

- 5 (California Association of Highway Patrolmen)
- 7 (California Statewide Law Enforcement Association)
- 8 (Cal Fire Local 2881)
- 10 (California Association of Professional Scientists)
- 12 (International Union of Operating Engineers)
- 13 (International Union of Operating Engineers)

*Items submitted during the previous cycle for BU 7 are still pending and do not need to be resubmitted; however, new requests may be submitted through this process.

2027 Cycle – Changes

- Rebrand
 - Dropping “Employee” and retitle to Compensation Request Policy to simplify the intent of the work performed and to avoid confusion
- Transition from CalHR 142 to Request Tracking System (RTS)
 - Departments will now submit compensation requests using the RTS which is linked in the Compensation Request Policy
 - Instructions and training information are incorporated in the RTS
 - Spreadsheet template has been removed.
 - Data is not required but if desired can be uploaded into RTS in any format preferred.
- Due Date: May 1, 2026

Questions:

- Departments can reach out to the Compensation Unit for any general policy or process-related questions:

Compensation@CalHR.ca.gov

Permanent Separations

Veronica Silva-Gil
CalPERS

Reporting Requirements

- Employers are required to report all CalPERS-covered employment and updates timely including, but not limited to:
 - Membership enrollment
 - Permanent separation from employment
 - Leave of absences

Negative Impacts of Not Reporting Timely

- ❑ Incorrect membership enrollment
- ❑ PEPRAs/classic
- ❑ Incorrect formula placement
- ❑ Reciprocity determinations
- ❑ Illegal retirements

System Enhancements - Zero Payroll reported

- ❑ Auto Separation of appointments where zero payroll has been reported for 12 months or more.
 - Notification will be sent warning of potential separation to the employer and member at 9 months of zero payroll reported
 - Notification of separation to employer and member at 12 month

System Enhancements - Retirees

- ❑ Upon retirement, a missing separation date on any appointment will generate notifications to both the employer and retiree
 - Month 2 – First notification advising of missing separation date and potential suspension of benefits
 - Month 4 – Final notification of missing separation date and advising benefits will be suspended until separation date is reported
- ❑ Employers must immediately report the separation date upon notification to avoid benefit suspension for the retiree

Not Separated

- ❑ If the member is not separated from employment with your agency, they may be illegally retired
- ❑ Notify CalPERS immediately if this is your situation and we will work with our benefits team to cancel the retirement

Department Enrollment Error Resolution Project

Presenter: Natasha Washington

Contact: [Statewide Customer Contact Center](#) (916) 372-7200

Reminders:

1. If your department is not listed in the [Project Immersion Schedule](#), please call the Statewide Customer Contact Center at (916) 372-7200 and follow the Retirement prompt to add your department to the schedule.
2. When approved by your manager to clear the enrollment errors, HR Staff are expected to take advantage of the following opportunities for education to clear the enrollment errors during their department's immersion period:
 - [myCalPERS Retirement Enrollment](#)
 - [Business Rules & myCalPERS Classes | CalPERS](#)
 - [Retirement Enrollment Preprocessing Toolkit](#)



Department Enrollment Error Resolution Project



Presenter: Natasha Washington

Contact: [Statewide Customer Contact Center](#) (916) 372-7200

Reminders Continued:

3. SCO will give priority to department's inquiries submitted during their scheduled immersion period. HR staff are encouraged to utilize all available resources prior to reaching out for assistance. Once the department's immersion period has ended, employers are expected to take over the clearing of enrollment errors in myCalPERS.

4. If you are unable to resolve the appointment issue due to contribution errors, please contact the Statewide Customer Contact Center, and follow the Retirement prompt. For all other inquiries, please contact CalPERS at (888) 225-7377.



Statewide Payroll Program

Presenter: Kevin Cortopassi

Contact: [Statewide Customer Contact Center](#) (916) 372-7200

California, Labor Code Section 204

- What is California, [Labor Code section 204](#)?
 - Timely Payment of Wages: [Policy 1703](#)
 - Formally known as Assembly Bill 2410
 - It mandates that State Employees must receive their final wages upon discharge or resignation in accordance with Labor Code Section 204
 - For policy questions, please have your designated HR contact reach out to CalHR Personnel Services Branch (PSB).



Statewide Payroll Program

Presenter: Kevin Cortopassi

Contact: [Statewide Customer Contact Center](#) (916) 372-7200

How will SCO assist you?

- To assist with meeting timely payment of wages, SCO has created a new ConnectHR dropdown for the Human Resources (HR) offices to upload a STD. 674 after a [permanent separation](#) has been keyed (in the HR) and the lump sum payments 3, 4, or 5 did not issue.
- The SCO lump sum team has a dedicated staff member to work incoming documents.
- As a reminder, if the HR keyed the [permanent separation](#) on a [no cycle date](#) you must wait until a cycle date runs before uploading a STD.674 payment request.

ConnectHR Drop Down:

- CS Payroll - Std. 674 HR keyed the perm separation_Final pay did not issue

More Information:

- [Permanent Separation: PAM Section 3 - Separation Transactions](#)
- [Cycle Dates: PPM Section D 200](#)
- [PPM Section D 003 \(Coming Soon\)](#)



Statewide Tax Support Program

Presenter: Monique Perez

Contact: PPSDSTSP@sco.ca.gov

Nonresident Alien (NRA) Compliance

- [Personnel Letter #26-001](#)
 - Biannual Personnel Letter of Employees Identified as Nonresident Aliens
- [Internal Revenue Service \(IRS\) Notice 2005-76](#)
 - Provides information on the taxation, it also includes a sample letter to the NRA employees and a link to the Frequently Asked Questions
- Annual certification for departments that do not hire NRA employees
 - Certification is valid for the current year, but your department will need to recertify every January
- Documents submitted to SCO should be uploaded directly to [ConnectHR](#)

REMINDER: Departments must submit the [Nonresident Alien Form](#) even if they do not have any NRA employees subject to IRS Notice 2005-76. Changes to a department's list of NRA employees should be reported to SCO monthly.



Statewide Tax Support Program

Presenter: Monique Perez

Contact: PPSDW2MiscDED@sco.ca.gov

Deceased Employee and Designee/Beneficiary Reporting

- [PPSD-21, Deceased Employee Data](#) - Fill and print form
- [Payroll Letter \(Agencies & Campuses\)](#)
 - Contains reporting details and references
- Late reporting of the PPSD21 will result in a Corrected Form W-2 for the deceased employee and a late 1099-MISC to the designee/beneficiary
 - Submit forms as soon as possible, as Corrected Form W-2s are generated monthly

NOTE: The PPSD-21, Deceased Employee Data is a fill and print form. PPSD 21 should be submitted to SCO on a **flow basis** throughout the tax year.



Statewide Tax Support Program

Presenter: Monique Perez

Contact: PPSDW2MiscDed@sco.ca.gov

Employee Annual Withholding and Exempt Employees

- Annual Withholding
 - Employees should review their withholdings every year if they have any of the following:
 - Lifestyle – Marriage, divorce, birth or adoption of a child, or home purchase
 - Wage income – Increase in income, spouse starts or stops working
- **Exempt Employees**
 - Exempt employees who are filing exempt
 - New STD 686 (EAR) by **February 16, 2026**
 - Employees will be switched to single for standard withholdings which is equivalent to single and zero 0 for both Federal and State
 - Notices were sent to HR offices the beginning of January for those employees who were exempt as of December 2025
- **For additional information:**
 - [Personnel Action Manual \(PAM\)](#): Section 6 - EAR Processing
 - [QuickStart Guide and EAR Samples](#)
 - Internal Revenue Service - [Tax Withholding Estimator](#)



Statewide Tax Support Program

Presenter: Monique Perez

Contact: PPSDW2MiscDED@sco.ca.gov

Form W-2 Reminders and Exempt Employees Information:

- **Form W-2s were distributed by January 31, 2026.**
 - [Payroll Letter #25-016](#) was revised and released on 1/2/2026 regarding Direct Mailing of 2025 Form W-2 and Form 1095-C and Return address on the forms to Employees.
- **Cal Employee Connect**
 - Form W-2s and Corrected W-2s are available on Cal Employee Connect
 - Download and printing are available for those who opted-in to W-2 Paperless
 - **Service fee of \$1.45 for each paper Form W-2 mailed**
 - Form W-2s are now printed on two pages, per the IRS compliance requirements
 - Invoices will be mailed to agencies by April 2026



System Activities Coordination and Support

Presenter: Chuck Lucas

Contact: [Statewide Customer Contact Center](#) (916) 372-7200

FISCAL YEAR-END (FYE) LETTER 26-001: SCHEDULE 8 FILE TRANSFER PROTOCOL (FTP) SIGN-UPS AND VIEWDIRECT/MOBIUS REPORT

- Schedule 8 is coming up fast! FYE 26-001 is the first of five letters that will be posted to Listserv to help agencies complete their Schedule 8 process
- Agencies can receive only the regular Schedule 8 files via FTP, the supplementary file is only available via Viewdirect/Mobius
- Agencies can receive a test file for the Regular Schedule 8 file in May and Production File in July via FTP for \$72.00 per file
- Agencies can also download the test and production files for free from Viewdirect/Mobius (PD59 Regular, PD60 Supplementary)
- FYE 26-001 form is here: [Fiscal Year-end Letter #26-001](#)
- Return filled out forms to ppsdsacs@sco.ca.gov
- To sign up for notification for future forms please sign up here: [PPSD Subscription | California State Controller's Office](#) Under FISCAL YEAR-END PROCESS
- Information on ViewDirect/Mobius is here: [ViewDirect and Mobius View](#)



State of California Printed Warrant Format Revision

Presented By:

Disbursements Bureau

Office of State Controller Malia M. Cohen



Print and Mail Modernization Effort

- The State Controller's Office (SCO) is completing a mail and print center modernization effort to replace end-of-life equipment and streamline print and mail operations.
- More sophisticated software will allow updated processes which allow increased internal tracking capability of warrants.
- The new equipment will increase productivity by lowering machine downtime caused by end-of-life equipment.
- Printing is being standardized to reduce cost and complexity. Operations are moving from a variety of paper sizes and format to standard cut sheet paper for all print jobs.
- SCO staff are finalizing the conversion of over 300 different print programs from various formats to print on cut sheet paper.
- For payroll, this means a shift from pressure sealed warrants to warrants printed on 8.5" X 11" paper inserted and sealed into standard #10 envelopes.



Change in Printed Warrant Format

- Beginning sometime in 2026, the State of California payroll warrants will have a new look.
- Warrants will be sealed into a standard #10 size envelope instead of a pressure sealed warrant.
- Any payroll informational insert will be sealed into the envelope instead of separately provided to departments to distribute.
- Electronic deposit of payroll is still being encouraged! Employees may sign up with their personnel coordinators or online at the CEC portal.



What to Expect

STATE OF CALIFORNIA
SACRAMENTO
THE TREASURER OF THE STATE WILL PAY OUT OF THE STATE PAYROLL REVOLVING FUND

WARRANT NUMBER
03-139065

90-1900
1211

03139065
ISSUE DATE 12 30 2025 DOLLARS 5469.60 CENTS

TO 03139065
AGY/UNIT 095-222
X X XXXXX

VOID
TEST SAMPLE
CALIFORNIA STATE CONTROLLER

This warrant is valid one (1) year from issue date.

⑆ 211134 23⑆ 031390659⑈

03-139065

STATE OF CALIFORNIA STATEMENT OF EARNINGS AND DEDUCTIONS OFFICE OF STATE CONTROLLER
X X XXXXXX X X XXXX
AGY/UNIT 095-222 PAY PERIOD 02/20 HARRANT NO 03-139065
TAX YEAR 25 ISSUE DATE 12/30/25
ST 391 PD 5 IH DTRIN 0.00 DED 0.00 DEP 0.00

QUANTITY	UNIT	AMOUNT	TAXABLE GROSS	DEDUCTIONS	NET PAY
1	095-222	6262.51	5560.40	792.71	5469.60
1	095-222	8098.81			

DESCRIPTION	QUANTITY	UNIT	AMOUNT
DISBLTY SUPP	11	2.00	6262.51
RETIREMENT MEDICARE			781.91
MEDICARE			90.80

EMPLOYER CONTRIBUTIONS (current and alternate)
RETIREMENT MEDICARE 2967.21 90.80

*SCHOLARSHARE 529 HOLIDAY OFFER FROM DECEMBER 3-12, 2025. OPEN A NEW SCHOLARSHARE 529 ACCOUNT WITH \$50 OR MORE. GET A \$50 INSTACART GIFT CARD-VISIT SCHOLARSHARE529.COM/INSTACART *SPREAD HOLIDAY CHEER- NOT VIRUSES. IT'S NOT TOO LATE TO GET YOUR COVID-19, FLU & RSV VACCINES. YOU CAN SCHEDULE AN APPOINTMENT WITH YOUR PROVIDER OR VISIT RETURN.CA.GOV.

CD 38 (Rev. 08/00) *Final taxable gross of this earnings statement may not agree with W-2. Amounts which affect taxable gross.

Payroll warrants will remain the same color but will be larger in size.

Payroll warrants will no longer be pressure sealed but will be sealed in a standard (#10 size) envelope.



Sealed envelopes will contain a folded warrant and any insert



MALIA M. COHEN
STATE CONTROLLER

DISBURSEMENTS BUREAU
P.O. BOX 942850
SACRAMENTO, CA 94250-0001

FIRST CLASS MAIL

OFFICIAL BUSINESS

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
SACRAMENTO, CA
PERMIT NO. 13

TO 03139066
AGY/UNIT 455-032
X X XXXX

This warrant is void one (1) year from issue date.



What about the Payroll Inserts?

- New requirements for the size and paper weight of inserts will be available on the SCO website.
- Any payroll insert will be sealed into the envelope along with the warrant.



When will this happen?

SCO anticipates that the changes will take place by May 2026.

A delay in equipment purchase has been experienced. SCO is unable to provide an exact date of the change at this time.

SCO will provide as much advance notice as possible through the DisbListServ (email disbcoms@sco.gov to sign up).



- Employees should contact their personnel liaison.
- Departments should email DISBComs@sco.ca.gov with any questions.
- To receive SCO Disbursements emails (DisbListServ), send a request to DISBcoms@sco.ca.gov.

PPSD General Reminders



When you reconcile payroll, check that these *details* are correct:

- Withholdings and deductions
- Employer taxes
- Hours worked, including overtime, vacation time, sick days, etc.
- Wages and salaries

Make sure the numbers recorded are reasonable. Look at past payrolls to see if current pay period is similar. If there is a large difference, learn the cause. Then, make sure each transaction you entered is correct.

Resource: Payroll Procedures Manual (PPM) [Section M](#)



PPSD General Reminders

- Utilize ConnectHR to submit documents or upload data
- Please **do not** email forms that include employees' social security number (SSN) to the ConnectHR Team. All attachments containing SSNs are automatically deleted.
- Check [Weekly Processing Dates](#) before utilizing the [Escalation Email](#) process
- Update [California Personnel Office Directory \(CPOD\)](#)
- All HR Offices must promptly address all email messages that come through their Departmental Universal Email established with SCO (e.g., Ding Notices, ConnectHR Direct Deposit Feature – Approval Required, etc.)
- The [PPSD Register](#) – PPSD's Monthly Newsletter
- Check out our recommended Human Resources [subscriptions](#)
- HR offices calling the [Statewide Customer Contact Center](#) (916) 372-7200 must listen to the prompts carefully and patiently to select the appropriate program area who may best assist with their inquiry.
- Share this information with your Human Resources Team!

SCO Contacts

Web Resources:

- HR Personnel | [Webpage](#)
- State Employees | [Webpage](#)

Contacts:

- Affordable Care Act (ACA) | [Contact Email](#)
- Cal Employee Connect (CEC) | [Help and Feedback](#)
- ConnectHR | [Help and Feedback](#)
- California Leave Accounting System (CLAS) | [Contact Email](#)
- Civil Service Escalation Email (HR Supervisors and Managers) | [Contact Email](#)
- Decentralized Security Administration & ViewDirect Access | [Contact Email](#)
- PPSD HR suggestions (All HR Staff) | [Contact Email](#)
- Management Information Retrieval System (MIRS) | [Contact Email](#)

