

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

DATE: October 25, 2012

PAYROLL LETTER #12-015  
(CIVIL SERVICE ONLY)

TO: All Agencies in the Uniform State Payroll System (Legacy and MyCalPAYS)

FROM: Lisa Crowe, Chief  
Personnel and Payroll Services Division (PPSD)

**RE: STATE DISABILITY INSURANCE (SDI) TAX ADJUSTMENTS**

NOTE: The following does not apply to employees paid through the new MyCalPAYS payroll system as it properly calculates SDI tax withholdings.

As stated in Payroll Letter #12-010, work has been in progress to modify the SDI gross subject wage calculation within the payroll system. The changes have now been completed and implemented in time for the October 2012 semi-monthly pay period. In addition, the online Paycheck Calculator has been modified to reflect the changes.

The new system changes will reduce the SDI subject gross wages by the Flex Elect program pre-tax deductions. See Payroll Letter #12-010 for more details.

Also as indicated in Payroll letter #12-009, the changes need to be applied retroactively. However, due to unforeseen circumstances, the adjustments to the SDI taxes for prior pay periods planned to take place during the latter part of 2012 will **not** be processed this calendar year. A subsequent Payroll Letter will be issued once the details on the process to issue adjustments for pay periods prior to June 2012 are determined.

If you have any questions regarding the SDI system modifications, please contact Maria Banuelos at (916) 323-3932 or [mbanuelos@sco.ca.gov](mailto:mbanuelos@sco.ca.gov).

LC:MB:SACS