

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

DATE: October 15, 2010

PERSONNEL LETTER #10-025  
(CIVIL SERVICE ONLY)

TO: All Agencies in the Uniform State Payroll System

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

**RE: RETIREMENT ACCOUNT CODE CHANGES FOR BARGAINING UNIT 5 EMPLOYEES**

Pursuant to the memorandum of understanding, the State Controller's Office (SCO) has made several retirement account code changes for employees in Bargaining Unit (BU) 5. SCO has established new retirement account codes for employees hired on or after 10/31/2010 and modified existing retirement account codes 61 and 62.

#### NEW RETIREMENT ACCOUNT CODES

SCO has established new retirement account codes for rank and file employees in BU 5 newly hired on or after 10/31/2010 with no prior state employment. This is a result of a collective bargaining agreement that established a new retirement formula for new employees. The new account codes are necessary for CalPERS to specifically identify employees subject to the new retirement formula.

<u>ACCOUNT CODE</u>	<u>EMPLOYEE CONTRIBUTION RATE</u>	<u>EXCLUSION AMOUNT</u>
2P – Miscellaneous subject to Social Security & Medicare	5%	\$513.00
6T – Patrol subject to Medicare	8%	\$863.00
6U – Patrol not subject to Medicare	8%	\$863.00

New retirement account code 2P applies to employees appointed to the cadet classifications. The retirement formula is 2% at 60 years of age based on the highest average salary over a 36 month period. New retirement account codes 6T and 6U applies to rank and file employees appointed to the patrol classifications. The retirement formula is 3% at 55 years based on the highest average salary over a 36 month period.

Rank and file BU 5 employees hired prior to 10/31/2010 will retain existing account codes 45, 61 and 62. Agencies are responsible for entering the new retirement account codes on the appointment or 505 transactions for all newly hired rank and file BU 5 employees.

#### EH MASS UPDATES

Employee and employer retirement contribution rates for retirement account codes 61 and 62 were increased effective July 1, 2010 per BU5's prior collective bargaining agreement and as directed by the Department of Personnel Administration (DPA) for the non-represented employees affiliated with BU 5.

<u>ACCOUNT CODE</u>	<u>OLD EMPLOYEE CONTRIBUTION RATE</u>	<u>NEW EMPLOYEE CONTRIBUTION RATE</u>
61	6%	8%
62	6%	8%

To offset the additional employee retirement contributions, the employee salary rate was increased. Please refer to Department of Personnel Administration Pay Letter #10-18 for more information regarding the salary increase.

SCO processed an employment history (EH) mass update on Tuesday, September 14, 2010 to post salary adjustment (SAL) and 505 (retirement change) transactions effective July 1, 2010 for impacted employees. SCO manually updated the EH records that were not included in the mass update. SCO notified departments of situations requiring department action.

Turnaround (TAD) Personnel Action Requests (PARs) were issued from the above update. The TAD PARs were released on a flow basis or as EH records were manually updated.

#### PAYROLL ADJUSTMENTS

The retroactive salary increase results in salary adjustments for the July 2010 and August 2010 pay periods. In addition, the retroactive retirement change requires retirement arrears adjustments for the same pay periods. Due to the dual actions taking place simultaneously, not all affected employees July 2010 and August 2010 payrolls were adjusted correctly. Some employees were automatically issued salary adjustments for regular and overtime payments (i.e., non- Fair Labor Standards Act (FLSA) overtime pay) and some also had the retirement arrears deduction (code 003) withheld from the adjustment payments. The payments were made in the September 16, 2010 payroll cycle (issue date September 17, 2010).

For the employees who did not receive salary adjustment payments, the SCO will process the appropriate payroll transactions to issue the adjustments for the July 2010 and/or August 2010 pay period. In addition, the SCO will process the appropriate payroll transactions to adjust any July 2010 and/or August 2010 pay period LC4800 pay.

The retirement arrears deductions that are outstanding will be applied against the next two payroll masters. The arrears deduction for the July 2010 pay period will be taken from the October 2010 master pay and the arrears for the August 2010 pay period will be taken from the November 2010 master pay.

Shift differential payments for the July 2010 and August 2010 pay periods also need to be adjusted for the higher employee retirement contribution rate. The SCO will process establish retirement arrears deductions for the shift differential payments. The arrears deductions will be taken from the October 2010 master pay.

Departments will need to request salary adjustments to FLSA overtime pay (payment type 1, payment type suffix F) via the Payroll Input Process (PIP) system. See Payroll Procedures Manual (PPM) Sections G020 through 024 and K for further information. Likewise, departments will need to submit Form STD. 674/674D to request adjustments for the following payments that have issued for the 07/2010 and 08/2010 pay periods.

- Regular pay with the dock applied for employees with a mid-month change.
- Regular pay for employees on an alternate work schedule or working a shift and time paid does not equal time possible for the pay period.
- Industrial Disability (IDL).
- Temporary Disability (TD).
- Nonindustrial Disability Leave (NDI) if benefits began after the 06/2010 pay period.
- NDI Annual Leave Supplementation.
- Supplemental premium if the pay rate is based on a percentage of the employee's based on salary rate and the employee is receiving a GSI.

## RETROACTIVITY CHARGES

The transactions as a result of the July 1, 2010 salary changes are considered to be non-controllable personnel and payroll transactions. The EH transactions and payroll adjustments resulting from the EH mass updates or initiated by SCO should not be reflected on the Monthly Retroactivity Report. The EH transaction and payroll transactions that are key entered by the departments will appear on the report. The department can return the report identifying the items associated with the July 1, 2010 salary change along with the appropriate explanation.

## CONTACTS

Questions regarding the salary and retirement changes can be directed as follows:

<u>SALARY AREA</u>	<u>CONTACT</u>	<u>TELEPHONE NUMBER</u>
Salary Program	DPA	(916) 323-3343
EH Procedures	Personnel Operations Liaison Staff	(916) 322-6500
Disability Procedures	Disability Liaison Unit	(916) 322-3619
Retirement Procedures	Retirement Unit – Lynn Leino	(916) 322-7975
General Payroll Procedures	Payroll Liaison Unit	(916) 323-3081

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