

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
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PERSONNEL LETTER # 03-021
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: JOHN R. HARRIGAN, Chief
Personnel/Payroll Services DivisionRE: **PERSONAL LEAVE PROGRAM**

Agreements reached between the Department of Personnel Administration (DPA) and various bargaining units (BU) establish a Personal Leave Program (PLP). DPA established a PLP for certain civil service and DPA exempt excluded employees. The Judicial Council established a PLP for their employees as well. The PLP requires that an employee's base salary be reduced by 5% in exchange for the equivalent of one day of personal leave credit. See DPA PML 2003-040, DPA PML 2003-046, and DPA Pay Letters 03-CHP, 03-14, and 03-14A for further details.

The PLP pay reduction is achieved through the use of a pay differential that is established on an eligible employee's employment history (EH) record. The PLP pay differential is identified by the earnings id (EID): 8PLP or 8PL6 (for employees aligned with BU 06). EID's 8PLP and 8PL6 are negative percentage based pay differentials that reduce the base pay. The resulting PLP pay reduction amount will not display with a negative sign on the EH record or turnaround PARs. Further, percentage based EID's are rounded to the nearest cent hence, the resulting PLP pay reduction amount can contain cents. Consequently, the employee's PLP reduced pay rate can contain cents.

The State Controller's Office (SCO) processed the initial implementation of the PLP pay reduction for the eligible employees during October 2003. The PLP EID was entered on the July 1, 2003 effective date GEN transaction for employees in BUs 05, 08, 16, and 19 and on the October 1, 2003 GEN transaction for excluded employees. For all other eligible bargaining unit and Judicial Council employees, an October 1, 2003 effective date 350 transaction was processed for the PLP EID.

The 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.

Attached are employment history documentation and payroll processing instructions for the PLP pay reductions. The attached information applies to those employees whose Memorandum of Understanding includes the PLP provisions and those employees excluded from collective bargaining and covered by the PLP (see DPA PML 2003-046). BUs 05, 08, 16, and 19 are subject to PLP effective July 1, 2003 while BUs 01, 04, 09, 10, 11, 14, 15, 17, 20, 21, Judicial Council (E88, E89), and excluded employees are subject to PLP effective October 1, 2003.

Please direct questions on the Personal Leave Program as follows:

SUBJECT AREA	CONTACT	TELEPHONE NUMBER
Program Administration (e.g., rules, regulations, benefits/pay impacts)	Bernice Torrey DPA	(916) 324-9381
General Payroll	Payroll Operations	(916) 323-3081

Procedures

Telephone Liaison

Disability Payroll
Procedures

Disability Telephone
Liaison

(916) 322-3619

Employment History
Procedures

Personnel Operations
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(916) 322-6500

JRH:PMAB:jd

Attachments

PERSONAL LEAVE PROGRAM

GENERAL INFORMATION

The Personal Leave Program (PLP) pay reduction is to be documented on an eligible employee's employment history (EH) record. Earnings ID 8PLP or 8PL6 (for employees aligned with bargaining unit 06) is to be posted to the EH record on the date PLP is effective for the employee. For bargaining units that have not previously had a general salary increase granted, the PLP was combined with the general salary increase. Effective dates and the transactions used to post the initial implementation of PLP are as follows:

Employee CBID	Effective Date	EH Transaction
R05, R08, R16, R19 E05, E08, E16, E19	07/01/03	GEN
R01, R04, R09, R10, R11, R14, R15, R17, R20, R21, E01, E04, E09, E10, E11, E14, E15, E17, E20, E21, E88, E89	10/01/03	350
C01-C21, S01-S21, M01-M21, E48, E58, E59, E67, E68, E77, E78, E79, E97, E98, E99	10/01/03	GEN

In exchange for the reduction in pay, employees will receive additional leave credits based on his/her time base and time worked. The PLP leave hours shall be credited to the employee on the first day of the month following each monthly pay period in the PLP. Full-time employees will receive up to 8 hours of PLP leave credits. However, when a full-time or fractional time base employee receives partial month pay (i.e., starts employment after the first of the pay period, is on dock, or separates or goes on an unpaid leave prior to the end of the pay period), convert his/her time worked to hours and use the intermittent/hourly chart below to determine the number of PLP hours to credit. Part-time or fractional time base employees who work the full pay period and intermittent time base employees will receive PLP leave credits based on his/her time-base or actual hours worked. See the following charts.

Part-time/Fractional		Intermittent/Hourly	
Time Base	PLP Credits	Hours Worked	PLP Credits
1/10	1	11 - 30.99	1
1/8	1	31 - 50.99	2
1/5	2	51 - 70.99	3
1/4	2	71 - 90.99	4
3/10	3	91 - 110.00	5
3/8	3	111 - 130.99	6
2/5	4	131 - 150.99	7
1/2	4	151 - over	8
3/5	5		
5/8	5		
7/10	6		
3/4	6		
4/5	7		
7/8	7		
9/10	8		

LEAVE ACCOUNTING

Departments participating in the California Leave Accounting System (CLAS) should reference Leave Accounting Letter 03-028 for PLP procedures. Non-participating departments must manually update their employees' leave balances for the PLP credits and usage.

EMPLOYMENT HISTORY

It is the department's responsibility to maintain the correct PLP eligibility on an employee's EH record. If an employee moves to a CBID that is not eligible for PLP, delete the PLP EID on the appointment transaction. If the employee moves from a non-eligible CBID to an eligible CBID or is newly appointed to an eligible CBID, enter the appropriate PLP EID on the appointment transaction. See PAM instructions for documenting established earnings (Item 351, page 2.48.1) on EH transactions.

PLP Pay Differential

For the majority of the employees, the PLP pay reduction is to offset the 5% GSI they received effective July 1, 2003 or October 1, 2003. For employees aligned with BU 05, the PLP pay reduction is to result in a 2.7% GSI (7.7% GSI less 5%) while employees aligned with BU 06, a 1.8% GSI (6.8% GSI less 5%).

To continue to reflect the actual appointment or base salary rate for the employees under the PLP, a negative PLP pay differential EID was established. The PLP EID reduces the employee's base salary rate (or actual salary rate for intermittent time base employees) to achieve the PLP reduction pay rate.

Although the PLP reduction is stated as a 5% reduction, the PLP EID is not defined as a 5% EID. For the majority of employees, the PLP EID is 4.75%. For employees aligned with BU 05, the PLP EID is 4.62% and for employees aligned with BU 06, the PLP EID is 4.67%. The reason for the different percentage rate is due to the manner in which GSIs are calculated versus the calculation method for computing the amount for percentage based EIDs. This difference in calculation routine will also result in most employees who normally have a pay rate defined in whole dollars, a new PLP pay rate that is in dollars and cents.

To explain the above further, GSIs are computed by multiplying the old base rate by the GSI percentage increase (i.e. 1.05) and rounding to the nearest dollar (for the majority of employees) to arrive at the new base pay.

Example: GSI Increase = 5%
 \$4365.00 (old base pay) X 1.05 (GSI increase) = \$4583.00 (new base pay)
 \$4583.00 (new base pay) - \$4365.00 (old base pay) = \$218.00 (GSI increase amount)

The PLP pay reduction amount is system generated and computed by multiplying the PLP EID percentage rate to 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 PLP reduced base salary, subtract the PLP reduction amount from the base salary.

Example: \$4583.00 (base pay) X 4.75% (PLP EID percentage) = \$217.69 (PLP reduction amount)
\$4583.00 (base pay) - \$217.69 (PLP amount) = \$4365.31 (PLP reduced base pay rate)

In this example, the employee realized a \$.31 increase because percentage based EIDs are rounded to the nearest cent.

Established Earnings

There are three fields available on EH to enter the PLP EID. The PLP EID can be entered in any one of the three fields. If all three fields are being used, it will be necessary to delete one of the existing EID's to enter the PLP EID. The deleted earnings will need to be paid on a positive basis via the PIP System until the PLP is discontinued. For employees with all three EID fields completed and updated via the EH mass updates, departments were notified via a PSD40 of the EID that was deleted to add the PLP EID. See PPM Sections G100 and K for PIP processing information.

Retired Annuitants

Retired annuitants appointed pursuant to Government Code Section 21228 shall participate in the PLP. Enter the PLP EID on the appointment transaction.

Retired annuitants appointed pursuant to Government Code Sections 21221, 21223, 21224, and 21225 are not subject to the PLP.

Military Leave

Employees on military leave pursuant to Government Code Section 19775.18 are not subject to PLP. Process a 350 transaction to delete the PLP EID 8PLP or 8PL6 effective on the date the employee begins active duty. Note: The deletion of the PLP EID may be prior to the effective date of the military leave EH transaction if the employee is receiving regular pay for his/her first 30 days of military leave or elects to use leave credits.

PPSD updated the EH records of employees on military leave as of October 24, 2003 to delete the PLP EID. Departments are responsible for deleting the PLP EID for employees who began active duty after October 24, 2003. If an employee returns during his/her PLP period, enter the appropriate PLP EID on the A03 reinstatement transaction.

Involuntary Leave

Employees on involuntary leave are not subject to PLP. For employees who are using leave credits while on involuntary leave, the PLP EID should be deleted from their EH records. Process a 350 transaction to delete the PLP EID effective the date the employee begins the involuntary leave. If the disability retirement is denied, reinstate the PLP EID at the time the employee is returned to pay status.

NOTE: Departments will need to delete the PLP EID that was posted via the PPSD EH mass updates if the employee is on involuntary leave and using leave credits.

Disability Leave

Disability pay and disability supplementation pay is not subject to the PLP pay reduction. However, any regular pay for actual time worked during a disability period is subject to PLP pay reduction.

For employees who are placed on a disability leave and taken off payroll (565 transaction, injury code 2 or 5 or S49 transaction), the PLP EID should be deleted from their EH records. If the employee received regular pay pending the disability leave request approval, the PLP EID should be deleted effective current month. If the employee did not receive regular pay, the PLP EID can be deleted effective the same date/hours as the 565 or S49 transaction (note, the effective date hours field on the S49 transaction should be completed with BOB or the appropriate hours).

Process a 350 transaction to delete the PLP EID. This action needs to be taken before the disability pay request can be keyed to the PIP System. Likewise, process a 350 transaction to re-establish the PLP EID when the employee returns from disability leave if the return date falls within the employee's PLP period.

For employees who are placed on disability leave and not taken off payroll, the PLP EID should remain on their EH records. Likewise, the PLP EID should be re-established if employees are changing from off to on payroll status during a disability leave period. Failure to have the PLP EID on the employees' EH records could cause overpayments.

See below for payroll disability processing information and instructions.

Additional Positions

An employee is only subject to the PLP pay reduction for no more than the equivalent of a full-time position. Also, the employee shall not earn more than 8 hours of PLP in any pay period. If the employee is employed by more than one department, the department which is designated as the employee's primary employer will need to coordinate with the additional employing department(s) to ensure that the PLP is administered appropriately per below.

- 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.

- If an employee has multiple part-time or intermittent time base positions that total more than one full-time equivalent position, the PLP pay reduction shall apply to all positions that total the equivalent of one or more full-

time position. If the PLP pay reduction must occur for more than one full-time equivalent position, an adjustment for the excess PLP pay reduction must be requested. See below for the payroll processing information and instructions.

Departments must also monitor personnel actions (time base changes, new additional position, separation from one of the additional positions) and take the appropriate actions.

Separating Employees

Employees who separate do not earn any additional PLP credits beyond their separation effective date. Any unused PLP credits are to be paid at the time of separation as lump sum vacation. All lump sum pay is not subject to the PLP pay reduction.

To pay the lump sum time at the correct rate, Item 962 must be entered on the separation PAR. Item 962 identifies the alternate salary rate to pay all or part of separation pay which includes lump sum vacation, overtime and sick leave.

If an employee does not have any other special pay (plus salary, shift differential, pay differentials or premium pays) that needs to be included in the lump sum pay rate, the Item 962 total salary rate will be the employee's EH base salary rate (or the actual salary rate for an intermittent time base employee). For all other employees, departments will need to include all additional special pay to derive the Item 962 total salary rate.

Please note: If the total lump sum vacation time in Item 620 is to be paid at the Item 962 rate, the Item 962, Code 2 time must equal the Item 620 time. If no Item 620 time is entered and the total lump sum overtime in Item 625 is to be paid at the Item 962 rate, the Item 962 Coe 3 time must equal the Item 625 time.

Failure to enter Item 962 on the separation PAR will cause a delay in the issuance of the separation pay. See PAM page 2.149 for Item 962 detail completion instructions.

Due to system limitations, the following separation PAR documents must be sent to PPSD for special processing:

- intermittent time base employee with Item 962 completed;
- or
- employee needs to be paid lump sum time at more than one pay rate (e.g., MSA occurring during the lump sum pay period). Enter the Item 962 data related to that second pay rate in Item 215 of the separation PAR.

PAYROLL PROCESSING

Regular Pay

Generally, no special processing is required to issue regular pay (original or adjustments). However, employees with additional positions with excess PLP pay reduction will require an adjustment. For example:

Position A: 22 days @ 003/004 time base with base pay rate of \$2500.00 and PLP pay reduction amount of \$118.75 Regular pay gross = \$2381.25 (equivalent to 6 hours of PLP credit)

Position B: 150 hours @ base pay rate of \$15.25/hour and PLP pay reduction amount of \$.72/hour
Regular pay gross = \$2179.50 (equivalent of 7 hours of PLP credit)

Position A is the employee's primary position. An adjustment for the Position B regular pay will be needed to have the PLP pay reduction applicable to only 31 hours (equivalent to 2 hours of PLP credit).

Departments will need submit a Form STD. 674 to request the adjustment. See PPM Section D010 for form completion instructions. In the Remarks Area, enter "Adjustment of pay per PLP over charge". In Payment Should Be, complete one line for the time due at the PLP rate and the second line for the time due at the non-PLP pay reduction rate (for the above example, 31 hours @ \$14.53 in line one and 119 hours @ \$15.25 in line two).

Overtime Pay

Overtime pay is not subject to the PLP pay reduction. To issue pay at the appropriate rate, departments must compute the rate and request the pay through the PIP System using the FLSA EIDs (e.g., OF, OF5, or OF6) with the rate entered. Use of the system-generated rate EID will result in an underpayment.

The SCO is currently working on a system modification to compute the correct rate on the system-generated EIDs. A Payroll Letter will be issued once the modification is completed.

Holiday/Planned Overtime Pay

Holiday/planned overtime pay is not subject to the PLP pay reduction. To issue pay at the appropriate rate, departments must compute the rate and request the pay through the PIP System using the FLSA EIDs (e.g., HG, HG5, or HG6) with the rate entered. Use of the system-generated rate EID will result in an underpayment.

The SCO is currently working on a system modification to compute the correct rate on the system-generated EIDs. A Payroll Letter will be issued once the modification is completed.

Premium Pay

Percentage based or step rate premium pay is not subject to the PLP pay reduction. No special processing is required to request the premium pay through the PIP System. Follow the normal PIP procedures to request the pay.

Disability Related Pay For Employees On TD, IDL, NDI

The disability pay and the disability supplementation pay are not subject to the PLP pay reduction. However, pay for time that is worked by an employee while on disability leave is subject to the PLP pay reduction.

Depending upon the circumstances, the payroll actions for disability related pay will vary as follows.

Employee On Disability Leave and Off Payroll

- 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 above EH processing section for further details.

- If the disability action is retroactive and the employee did not receive regular pay while her/his disability leave status was pending:

- Process the disability and any IDL supplementation pay requests via the PIP System for the retroactive pay periods as well as the current and future pay periods.

- Submit Form STD. 674D/674 to request any NDI supplementation pay and/or regular pay for actual time worked during the disability period. Include the appropriate pay rate and corresponding total time to pay on the Form STD. 674/674D.

- If the disability action is retroactive and the employee received regular pay while her/his disability leave status was pending:

- Submit Form STD. 674/674D to request the appropriate adjustments for the retroactive pay periods. Include the appropriate pay rate and corresponding total time for each adjustment type on the Form STD. 674/674D.

- Process the disability and any IDL supplementation pay requests via the PIP System for the current and future pay periods.

- Submit Form STD. 674/674D to request any NDI supplementation pay and/or regular pay for actual time worked during the disability leave period for the current and future pay periods. Include the appropriate pay rate and corresponding total time to pay for each pay type on the Form STD. 674/674D.

- If the disability action is effective current month, process the disability and any IDL supplementation pay requests via the PIP System for the current and future pay periods. Submit Form STD. 674/674D to request any NDI supplementation pay and/or regular pay for actual time worked during the disability period for the current and future pay periods. Include the appropriate pay rate and corresponding total time to pay for each pay type on the Form STD. 674/674D.

Employee On Disability Leave And On Payroll

- 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.

- Continue to submit Form STD. 674/674D to request the appropriate adjustments for any retroactive pay periods as well as the current and future pay periods. Include the appropriate pay rate and corresponding total time for each adjustment type on the Form STD. 674/674D.

Additional Processing Guidelines

- For employees 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 reject and will need to be re-processed once the EH record is updated.

- If an employee is supplementing her/his disability pay with leave credits, the supplementation pay is based on the employee's unreduced pay rate. In computing the rate, include any special pay (plus salary, shift differential, pay differentials or premium pays) that should be included in the supplementation pay rate.

- The IDL/S calculator cannot be used when different salary rates are involved in the IDL pay period. See PPM Section E458 for the manual calculation instructions.

- The Enhanced NDI calculator cannot be used at this time. The calculator will be modified for the PLP at a future date. A Payroll Letter will be issued once the changes are made. See PPM Section E110 for the manual calculation instructions.

LC4800 Disability Leave Pay

The pay related to the time an employee is on LC4800 disability leave is not subject to the PLP pay reduction. The PLP pay differential should not be deleted from the employee's EH record for the period on LC4800 disability leave. Doing so could cause overpayments should the employee work while on the LC4800 disability leave.

Since employees on LC4800 disability leave receive regular pay, an adjustment is needed to pay the LC4800 time at the non-PLP pay reduction rate. Departments will need to include the adjustment request within the Form STD. 674 used to request the LC4800 tax refund. Include the appropriate pay rate and the corresponding LC4800 time to adjust within the Form STD. 674. In computing the rate, include any special pay (plus salary, shift differential, pay differentials or premium pays) that should be included in the supplementation pay rate.

Retirement

Both the employee and state share for retirement is based on the PLP reduced pay rate. However, for purposes of the retirement final compensation computation, the unreduced rate is to be used. The SCO will report the appropriate salary rates to CalPERS for employees subject to the PLP pay reduction.

Salary Advances

A salary advance for regular pay must be based on the PLP reduced base salary rate. All other pay types can be based on the unreduced base salary rate.

Earnings Statement

The earnings statement will not reflect the PLP reduction amount. Instead, the statement will show a regular pay gross amount that has been reduced by PLP amount. The gross amount can be in dollars and cents when previously the employee had an amount reflected in whole dollars. See above EH section for an explanation.