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: April 28, 2023   PAYROLL LETTER #23-004
                                                  (Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Jil Barraza, Chief
          Personnel and Payroll Services Division

RE: **2023 EXCLUDED EMPLOYEE LEAVE BUY-BACK PROGRAM**

This Payroll Letter provides information on how to process payments for the 2023 Excluded Employee Leave Buy-Back Program. For details of the program, please reference CalHR's Human Resources Manual Section 2104.

Departments electing to participate must submit payment requests beginning May 2, 2023 and no later than June 27, 2023. Per the California Department of Human Resources (CalHR), payments must be charged to the fiscal year 2022-2023 and issue dated by June 28, 2023. The payments are based on the employee's hourly or daily salary rate multiplied by the number of hours/units bought back.

For employees that receive pay differentials, each pay differential should be reviewed. If the pay differential indicates "yes" to "lump sum vacation" or "lump sum extra" the pay differential amount shall be included when calculating the eligible employee's hourly or daily salary rate for purposes of the buy-back. Refer to CalHR's website at http://www.calhr.ca.gov/state-hr-professionals/Pages/pay-differentials.aspx for pay differential information. If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be included when calculating the hourly or daily rate for purposes of the buy-back. If the employee has requested a Leave Benefit Election Change through Open Enrollment, process the change prior to the buy-back.

TAXES
The payments are NOT subject to retirement. The payments are subject to other mandatory deductions (where applicable) and the tax rates are as follows:

          22% Federal Tax (flat rate)
          6.6% State Tax (flat rate)
          6.2% Social Security (if applicable)
          0.09% State Disability Insurance (if applicable)
          1.45% Medicare (if applicable) **OR**
          2.35% Medicare for wages over $200,000 (if applicable)

ELIGIBLITY
Please reference CalHR's Human Resources Manual Section 2104 for additional information.

PROCESSING PAYMENTS FOR CASH OPTION

Submit all payment requests via the PIP System. Use form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System and keep forms for department records. Please see instructions below to complete the form STD. 671.

PIP Earnings IDs for non-CLAS Departments

PAYMENT REQUEST	EARNINGS ID
Annual Leave and Vacation Buy-Back	9V
Holiday Credit Buy-Back	9H
Personal Holiday Buy-Back	9P
VPLP Buy-Back	99*

PIP Earnings IDs for CLAS Departments
The following Earnings IDs will issue Leave Buy-Back payments and update CLAS leave benefits.

PAYMENT REQUEST	EARNINGS ID
Annual Leave Buy-Back	AL34
Holiday Credit Buy-Back	HC34
Holiday Credit - Work on Holiday – Buy-Back	HT34
Personal Holiday Buy-Back	PH34**
VPLP Buy-Back	PV36*
Vacation Buy-Back	VA34

*For the 2023 Excluded Employee Leave Buy-Back Program, Earnings IDs 99 and PV36, "Cash Out" transactions, will be used to issue Buy-Back Payments.

Personal Holiday is cashed out in units, not hours. When using PH34, units must be keyed as days.

Before keying via PIP, complete form STD. 671, items 1-3, 15-17, and 19-21 as follows:

ITEM NUMBER	ITEM NAME	ACTION
1-3	Pay Period	Complete
15	Earnings ID	Complete
16	Days	Complete with PH units if Earnings ID = PH34
17	Hrs/Hdths	Blank if Earnings ID = 9V, 9H, or 9P Complete if Earnings ID = 99, AL34, HC34, HT34, VA34, or PV36
19	Hourly Rate	Blank
20	WWG/FLSA	Blank
21	Computed Gross	Blank if Earnings ID = 99 Complete if Earnings ID = 9V, 9H, 9P, AL34, HC34, HT34, PV36, VA34 or PH34

FORM STD. 674 PAYMENT REQUESTS

Earnings IDs 99, will issue as Payment Type 1 (overtime). For these Earnings IDs submit a form STD. 674 to request pay only if:

1. The employee's Leave Buy-Back hourly rate includes premium differentials that are NOT locked-in on the employee's employment history record, or

2. The employee's premium pay is locked-in and the premium pay rate is not included in overtime payments, but should be included in the Leave Buy-Back hourly/daily rate. Please Refer to CalHR's website at http://www.calhr.ca.gov/state-hr-professionals/Pages/pay-differentials.aspx for pay differential information.

NOTE: Earnings IDs AL34, HC34, HT34, PH34, PV36, and VA34 will generate as Payment Type 9 with associated suffixes V, H, P, or 9 payment. Also, the payments will not reflect hours or days paid on the Payroll On-Line Information System (HIST), or the warrant/direct deposit advice.

If an employee is off pay status during May 2023 or June 2023, pay must be requested via form STD. 674. If requesting payment using form STD. 674, do not use the CLAS Earnings IDs. Refer to PPM Section G 105 for form STD. 674 completion instructions.

Please direct questions regarding Leave Buy-Back payments to the Statewide Customer Contact Center at (916) 372-7200. Questions regarding CLAS should be directed to the CLAS Liaison at (916) 327-0756.

Contacts:
*   Affordable Care Act (ACA) Email acasupport@sco.ca.gov
*   Cal Employee Connect (CEC) - Help and Feedback
*   ConnectHR - Help and Feedback
*   California Leave Accounting System (CLAS) Email Clas@sco.ca.gov
*   CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
*   Decentralized Security & ViewDirect Access - (916) 619-7234 or DSA@sco.ca.gov
*   HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
*   Management Information Retrieval System (MIRS) Email PPSDmirs@sco.ca.gov
*   Statewide Customer Contact Center (916) 372-7200

SCO Key Initiatives:
*   Cal Employee Connect Project
*   California State Payroll System Project

Websites:
*   HR
*   State Employees

JEB:AF:MV:BPA:CLAS