

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

DATE: April 8, 2022

PAYROLL LETTER #22-003

TO: All Agencies and Campuses in the Uniform State Payroll System

FROM: Jil Barraza, Chief
Personnel and Payroll Services Division

RE: SALARY ADVANCE REPORTING COMPLIANCE

When agencies/campuses know a payroll warrant will not generate by the expected issue date a salary advance may be issued from their revolving fund. Salary advances must be treated as taxable wages. The gross amount, federal tax, state tax, Social Security, Medicare and State Disability Insurance must be reported timely to the State Controller's Office (SCO) to ensure inclusion on Form W-2.

When salary advances are given and the related payroll warrant has not issued within 30 calendar days from payday, the "initial" [Salary Advances Paid/Offset Report, STD. 422](#) form, must be sent to the Division of Administration and Disbursements (ADD).

State Controller's Office
Division of Administration and Disbursements
Attn: Business Month
PO Box 942850
Sacramento, CA 94250-0001

NOTE: Salary advance for February pay period must be reported by April 10 if related SCO warrant has not been issued.

The STD. 422 is used to comply with the State Administrative Manual (SAM) [Section 8595 - Salary Advances](#) and reporting the issuance of wages on the Wage and Tax Statement, Form W-2. Failing to report on time, causes employees to receive an incorrect Form W-2, which will require the issuance of a Form W-2c, Corrected Wage and Tax Statement.

SALARY ADVANCES PAID/OFFSET REPORT, STD 422 FORM

The STD. 422 is the only acceptable form for reporting salary advances. This form is a multi-use document since it is partially completed to report the initial advance and then is resubmitted with the balance of the line entry to offset the salary advance information upon receiving the SCO salary payment.

REPORTING

The cutoff date for submitting the STD. 422 form is the 10th of each month. The "initial" reporting of the salary advance must be remitted to ADD with a revolving fund payment for the total withholdings reported on the form.

The ADD will audit the STD. 422 form for completeness and accuracy. If an incorrect amount is entered on the revolving fund check, the STD. 422 form and the revolving fund check will be returned for correction. After

verification of the revolving fund check amount, the check is deposited into the Payroll Revolving Fund and the STD. 422 form is routed to the Personnel and Payroll Services Division (PPSD), W-2 Unit for processing.

After the SCO warrant issues departments should submit the “offset” reporting of the salary advance. The “offset” is sent directly to the W-2 Unit for processing. Once the STD. 422 “offset” forms have been processed, the ADD will issue a direct disbursement warrant, payable to the agency/campus, for the amount shown in Box Item 26.

YEAR-END PROCESSING

The STD. 422 form must be submitted throughout the calendar year. However, to ensure the accurate and timely release of the Form W-2, agencies/campuses should make a special effort to submit by **December 10th** all remaining STD. 422 forms "initial" and "offset" reports. This is the final date that SCO must receive STD. 422 forms in order to process and ensure that correct totals are reflected on the Form W-2. STD. 422 forms received after this date will require issuance of a Form W-2c, Corrected Wage and Tax Statement.

OUTSTANDING SALARY ADVANCE REPORT

If the SCO warrant has issued, the SCO will send monthly reports to departments whom have any outstanding salary advances reported that require the “offset” document. Please submit a photocopy of the original STD. 422 form with the related SCO warrant information completed and/or a cancellation (with authorized signatures or electronic signatures) to W-2 Unit for each entry remaining on the report.

REFERENCE

SCO’s Payroll Procedures Manual [Section N \(103-111\)](#)

State Administrative Manual [SAM Salary Advances - 8595](#) and [SAM Revolving Fund Advances - 8595](#)

Please direct questions regarding this Payroll Letter to the Statewide/W2 Unit/Miscellaneous Deduction Unit via email at PPSDW2MiscDed@sco.ca.gov.

Contacts:

- Affordable Care Act (ACA) Email acasupport@sco.ca.gov
- Cal Employee Connect Email connecthelp@sco.ca.gov
- Cal Employee Connect Feedback Email connectfeedback@sco.ca.gov
- California Leave Accounting System (CLAS) Email Clas@sco.ca.gov
- ConnectHR Email (All HR Staff) connecthrhelp@sco.ca.gov
- ConnectHR Feedback Email (All HR Staff) connecthrhelp@sco.ca.gov
- CS Escalation Email (HR Supervisors and Managers) PPSDOps@sco.ca.gov
- CSU Inquiry Email (HR Supervisors and Managers) PPSDCSUInquiry@sco.ca.gov
- HR Suggestions Email (All HR Staff) PPSDHRSuggestions@sco.ca.gov
- Management Information Retrieval System (MIRS) Email ppsdmir@sco.ca.gov
- [Statewide Customer Contact Center](#) (916) 372-7200

SCO Key Initiatives:

- [Cal Employee Connect Project](#)
- [California State Payroll System Project](#)

JEB:AR:STSP