

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

DATE: December 23, 2010

PAYROLL LETTER #10-020

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

FROM: Lisa Crowe, Chief
Personnel/Payroll Services DivisionRE: **2011 EMPLOYEE SOCIAL SECURITY TAX CONTRIBUTION RATE REDUCED**

The recently signed federal *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (TRA 2010)* reduces the social security tax rate paid by employees from 6.2% to 4.2% for wages paid in 2011 (the employer social security tax rate of 6.2% remains unchanged). TRA 2010 also changes the withholding of social security taxes to the first \$106,800 of wages paid to an employee in 2011. The annual maximum amount that can be withheld will be \$4,485.60, a \$2,136.00 decrease from the 2010 annual maximum of \$6,621.60. The revised social security employee tax rate change is effective with the payroll issue dated January 1, 2011, and thereafter.

The State Controller's Office (SCO) has modified the State's payroll system in time to reflect the new 4.2% employee social security tax contribution rate in the December 2010 monthly and second half semi-monthly master payrolls. As a result, employees should receive a higher net/take home pay from prior payroll periods unless other tax affecting withholding changes were made. The revised rate will be published in the next update of the Payroll Procedures Manual.

Also, the following on-line payroll calculators are now updated for the tax rate change and are accessible from the SCO public web site:

Paycheck calculator - http://www.sco.ca.gov/ppsd_se_paycheck_calc.html

Industrial Disability Leave Supplementation Calculator - http://www.sco.ca.gov/ppsd_idls.html

If there are any questions regarding this Payroll Letter, agencies should contact the Payroll Liaison at (916) 323-3081, and campuses should contact the CSU Payroll Liaison at (916) 322-7980.

LC:CJ:SACS