

State of California

MEMORANDUM

TO: PERSONNEL MANAGEMENT LIAISONS DATE: June 5, 1995
REFERENCE CODE: 95-029

THIS MEMORANDUM SHOULD BE DISTRIBUTED TO:

DEPARTMENT ACCOUNTING, PERSONNEL OFFICERS AND
RETURN TO WORK COORDINATORS

FROM: Department of Personnel Administration
Benefits and Training Division

SUBJECT: State Compensation Insurance Fund Payments

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The Master Agreement in effect from January 1, 1992 through December 31, 1994 provided that State Compensation Insurance Fund (State Fund) would receive a minimum of \$35,000,000 in service fees for the calendar year 1994. They actually collected \$27.5 million. This left the State of California owing State Fund \$7.5 million.

In negotiating the new Master Agreement, State Fund and Department of Personnel Administration (DPA) agreed that the \$7.5 million shortfall could be taken from the existing deposits. The new Master Agreement also calls for the deposit amount to be one-sixth of a department's estimated claims costs. The office of the State Controller has recently completed journal entries to bring the total deposits in compliance with the new Master Agreement. The whole process was delayed due to all the changes required under the new Master Agreement.

The deposits on hand at the State Fund will be used to pay the May and June 1995 benefit bills. Departments should not pay their May and June benefit bills. The invoices for May and June have been stamped "Do Not Pay". Service fee invoices for May and June are not covered under the deposit and must be paid as usual.

The new deposits for fiscal year 1995-1996 will be calculated shortly. The State Controller's Office will be asked to collect these deposits through the journal entry process in July 1995. These new deposits will be used to pay the benefit bills in May and June of 1996.

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If you have any questions, please call Jamie Meyers, DPA at (916) 327-4024, or John Holder, State Fund, (916) 567-7559.



Pavone

Patricia Pavone, Chief
Benefits and Training Division