

Title 2. Administration
Division 1. Administrative Personnel
Chapter 3. Department of Human Resources (The CalHR)
Subchapter 1. General Civil Service Rules
Multiple Articles

NOTICE OF PROPOSED RULEMAKING

The California Department of Human Resources (the CalHR) proposes to amend multiple regulations related to the state's payroll cycle, and updates several outdated related regulations, as described below after considering all comments, objections, and recommendations.

I. WRITTEN COMMENT PERIOD

Any interested person, or their authorized representative, may submit written comments relevant to the proposed regulatory action to CalHR. Written comments may be submitted by facsimile (Fax), e-mail, or mail to the Contact Person(s) listed below. The written comment period closes at 5:00 PM on June 10, 2025. The CalHR will only consider written comments received at the CalHR's office by that time.

Nicholas Wehr, Assistant Project Director
California Department of Human Resources
1515 S Street, North Building, Suite 500
Sacramento, CA 95811
Telephone: 916-216-9002
Fax: 916-327-1855

E-mail: csps.project@calhr.ca.gov

II. PUBLIC HEARING

The CalHR will host a hearing to hear public comments on June 10, 2025, at their headquarters offices at 1810 16th Street, First Floor, Sacramento, California, commencing at approximately 2:00 PM to 3:00 PM Please note: the Department will not be providing responses to comments during the hearing but will take all comments provided under consideration in finalizing the proposed regulations.

III. AUTHORITY AND REFERENCE

Government Code (GC) sections 3539.5 and 19815.4 authorize the CalHR to formulate, adopt, amend, or repeal rules, and regulations affecting the purposes, responsibilities and jurisdiction of the department that are consistent with the law and necessary for administration of its programs. Furthermore, the proposed amendments within this action are required to implement GC section 19824.

IV. INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

CalHR seeks approval to enact new California Code of Regulations (CCRs) and to amend multiple CCRs to implement GC section 19824 as amended in 2023 by Assembly Bill 130 (Chapter 39). This statute stipulates that state officers and employees' salaries shall be paid from the General Fund or relevant State fund, adhering to a uniform payroll cycle established by the department. These amendments are crucial to support the California

State Payroll System (CSPS) project, which aims to transition the current monthly payroll cycle to a biweekly schedule. This regulatory package proposes to amend, add or delete regulations to be aligned with both the monthly payroll cycle and the biweekly payroll cycle to be implemented with CSPS.

CalHR, in collaboration with the State Controller's Office (SCO), is undertaking the CSPS Project to replace outdated payroll systems across the state. This initiative aims to modernize human resource management, travel and business expenses, and payroll services for approximately 300,000 state government employees. The project encompasses six primary capabilities: Personnel Administration, Benefits Administration, Time and Attendance Administration, Payroll processing, Position Control Administration, and Travel and Business Expense management.

Maintaining the existing monthly payroll cycle, based on a unique 21/22 workday pattern repeating over a 28-year cycle, is neither feasible nor cost-effective. Most modern commercial off-the-shelf solutions support biweekly payroll cycles, unlike the state's outdated approach requiring extensive customization.

Following consultations with bargaining units, the CSPS Executive Steering Committee, and other stakeholders, it has been decided that all state departments and employees will transition to a standardized biweekly payroll cycle with the implementation of CSPS. This change aims to improve efficiency, accuracy, and service delivery across state payroll operations, aligning with modern standards in human resources and payroll management.

Additionally, many existing regulations governing state human resources practices are outdated and no longer reflect current practice. As a result, this rulemaking package includes necessary regulatory updates to ensure compliance with contemporary standards and provide a more effective framework for managing state human resources operations while maintaining clarity, transparency, and fiscal responsibility.

V. EVALUATION OF INCONSISTENCY/ INCOMPATIBILITY WITH EXISTING STATE REGULATIONS

The CalHR evaluated whether the proposed amendment is inconsistent or incompatible with existing state regulations. With the amendment of GC 19824 that was enacted in 2023, it became pertinent to update all payroll-related regulations. Therefore, the proposed amendments are not inconsistent nor incompatible with other existing state regulations.

VI. ANTICIPATED BENEFITS FROM THIS PROPOSED REGULATION

The proposed regulations provide governance for existing and future payroll-related activities that supports departments remaining on the monthly payroll cycle awaiting their transition date to CSPS, in addition to departments already converted to a biweekly cycle.

VII. DISCLOSURES REGARDING THE PROPOSED ACTION

The CalHR has made the following initial determinations:

1. Mandate on local agencies and school districts: None.
2. Cost or savings to any state agency: The CSPS Project and its accompanying budget have been approved, assuming a biweekly payroll cycle will be used. As such, this proposal aligns with the approved CSPS Project scope and associated budget and does not create additional fiscal impact above and beyond the existing CSPS Project budget.

3. Cost to any local agency or school district, which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.
4. Other nondiscretionary costs or savings imposed on local agencies: None.
5. Cost or savings in federal funding to the state: None.
6. Significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states: None
7. Cost impacts on representative private person or business: None
8. Results of the Economic Impact Assessment/Analysis:

Adoption of these regulations will not:

- a. Eliminate jobs within California;
- b. Create new businesses or eliminate existing businesses within California;
- c. Affect the expansion of businesses currently doing business within California;
- d. Create new benefits to worker safety and the state's environment.

Adoption of these regulations will:

- e. This project enhances the welfare of California residents by improving security and reducing costs. Additionally, it benefits state employees by enabling a more frequent salary payment schedule and supports state employers by providing clear guidance on implementing an updated, modern payroll cycle. As outlined above, this initiative aligns the state with contemporary best practices in human resources and payroll management.
9. Significant effect on housing costs: None.
 10. Small Business Impact: None.

VIII. CONSIDERATION OF ALTERNATIVES

In accordance with GC section 11346.5, subdivision (a)(13), the CalHR must determine that no reasonable alternative considered, or that has otherwise been identified and brought to the attention of agency, would be more effective in carrying out the purpose for which the action is proposed; or would be as effective and less burdensome to affected private persons; or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law than the proposed described in this Notice. CalHR invites interested people to present statements or arguments with respect to alternatives to the proposed regulation at the hearing or during the written comment period.

IX. CONTACT PERSONS

Inquiries concerning the proposed administrative action may be directed to:

Nicholas Wehr, Assistant Project Director
California Department of Human Resources
1515 S Street, North Building, Suite 500
Sacramento, CA 95811
Telephone: 916-216-9002

E-mail: csps.project@calhr.ca.gov

The backup contact person for these inquiries is:

Jodi LeFebre, Assistant Deputy Director, Legislative
California Department of Human Resources

1515 S Street, North Building, Suite 500
Sacramento, CA 95811
Telephone: 916–909-3297

E-mail: jodi.lefebvre@calhr.ca.gov

Please direct requests for copies of the proposed text (the “express terms”) of the regulation, the initial statement of reasons, the modified text of the regulation, if any, or other information upon which the rulemaking is based to these Contact Person(s) at the above address.

X. AVAILABILITY OF THE STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

The CalHR will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address during normal business hours and posted on its website at www.calhr.ca.gov. As of the date this notice is published, the rulemaking file consists of this notice, the proposed text of the regulation, and the initial statement of reasons.

XI. AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, the CalHR may adopt the proposed amendments to the regulations as described in this notice. If the CalHR makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public and will submit a copy to anyone who has submitted a written comment, for at least 15 days before the CalHR adopts the regulation as revised. Please send requests for copies of any modified regulation to the attention of the Contact Person(s) at the address indicated above. The CalHR will accept written comments on the modified regulation 15 days after the date on which they are made available.

XII. AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained via the Contact Person(s) at the above address.

XIII. AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulation in underline and strike out can be accessed through our website at <https://www.calhr.ca.gov/Pages/regulatory-announcements.aspx>.