
Retroactive Pay Adjustments

1. **Prohibitive Retroactive Pay Adjustments**

Retroactive pay adjustments impose significant costs on Chico State Enterprises in terms of money, employee relations and administrative time and therefore should be used only on a limited basis. Accordingly, the following types of transactions will no longer be permitted:

- A. Retroactive adjustments dated over 60 days prior to the current pay period.
- B. Retroactive adjustments in a prior tax year.

2. **Allowable Retroactive Pay Adjustments**

There are occasionally compelling business reasons for permitting retroactive pay adjustments. These exceptions will be handled on an individual basis, and will require the approval of one of the officers listed below:

- A. Retroactive pay adjustment dated up to 45 days prior to the current pay period require the approval of the Department Dean for your grant or sponsored program. All other units will require approval by an Executive Director or AVP level.
- B. Retroactive pay adjustments dated from 46 to 60 days prior to the current pay period require the approval noted above **AND** the University Provost or their designee.

3. **Processing**

It is critical that no commitments regarding the effective date for pay adjustments be made to employees until written authorization is received from the Human Resources and Payroll Departments. Approved pay adjustments will be made as a lump sum supplemental payment to employees. Retroactive pay will be charged against project(s) corresponding to the retroactive dates with the exception of paid time off, i.e.: vacation, sick, etc. The retroactive pay associated with paid time off will be charged against fringe pool.

4. **Fringe Assessment**

The fringe rate will be assessed to the retroactive pay amount for worked time and charged to the corresponding project(s). Retro pay for “paid time off” (i.e.: vacation, sick, holiday, etc.) hours occurred during a retro period calculation will not be assessed fringe.

5. **Justification**

This policy will substantially reduce costs, yet still provide departments with the ability to address required pay and classification issues.