Finance & Operations Policy FO-PAY-11
Retroactive Payroll

Retroactive Wage Increases:

The Texas Constitution prohibits the state from paying extra salary to a state officer or employee for services already rendered to the state. An administrative error in awarding a salary increase is insufficient, by itself, to overcome the constitutional prohibition against retroactive salary increases. (Tex. Const. Art 111 §§ 44, 51, 53). As such, retroactive increases to employee salaries will not be accepted.

Retroactive Labor Redistributions:

The Payroll Office will accommodate the following retroactive labor redistributions:

1. Transactions that date one pay period retroactively due to the Payroll Office not receiving the correct paperwork.
2. Grant account situations in which funds are actually received after the official beginning date of the grant.
3. Those transactions required due to incorrect processing of paperwork by the Payroll Office or Budget Office.

Situations concerning deficit payroll account balances should be corrected with budget transfer transactions that change budgeted amounts.

The process necessary to request retroactive adjustments to expenditures is as follows:

1. A letter indicating the reason for the correction, the impacted FOAPs, dates of the expenditures involved and a list of the affected employees shall be submitted to the Payroll Office.
2. Corrected time sheets and leave reports related to the pay period being redistributed must be attached to the letter of. Clearly indicate the new account number and write the word “CORRECTED” conspicuously across the time sheet or leave report. The supervisor originally approving the document must initial their signature. For a grant account, the principal investigator must also initial the document.
3. Personnel Action Forms must be prepared indicating the change to the accounts with the appropriate dates and routed through the approval process.

Once all items have been received by the Payroll Office, retroactive corrections will be made.

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Next review: August 31, 2020