MEMORANDUM

To: Vice Presidents, Deans, Chancellors, HR and Payroll Contacts

FROM: Leslie Brunelli

DATE: Friday, January 25, 2019

RE: Implementation of Payroll Lag for Hires as of April 1, 2019

University staff have been diligently working toward the upcoming implementation of PeopleSoft Human Capital Management (HCM) for all Human Resources and Payroll activities. This system conversion began in Fall 2017 with IBM serving as our implementation partner. PeopleSoft HCM is an integrated solution that allows the University to implement best practices and improve human resources and payroll functions across the University System. As with any implementation, there are changes required to ensure an efficient, effective and streamlined system available for managing the business of the University of South Carolina. As a part of this system conversion, a significant change will be the introduction of a new payroll lag process for new salaried employees. A pay lag means earnings for the first half of the month will be paid at the end of the month and earnings for the second half of the month will be paid the following month on the 15th day. This is different from our current pay schedule in which earnings from the first half of the month are paid on the 15th, and earnings for the second half of the month are paid at the end of the month.

We know that you will have questions about the salary lag, and hope that the following will begin to address those.

**What does a salary lag mean for current salaried employees?**
All salaried employees with active employment status on March 31, 2019 and April 1, 2019 and recorded accordingly in the system as of March 22, 2019 will remain on current pay schedules. Reappointments and extensions of salaried employees will require all necessary HR/Payroll documents to be processed prior to the end of the appointments to avoid any issues with the employee remaining on the grandfathered pay schedule. Please refer to HR deadlines for transactions to be in the March 15th and March 31st payrolls in order to avoid any issues.

**What does a salary lag mean for new salaried employees?**
All new salaried employees hired with effective start dates April 1, 2019 or later will be included in the payroll lag schedule. The schedules for exception pay (i.e. overtime) will remain on the same pay schedules that are followed currently, which already incorporates the salary lag.
What does a salary lag mean for salaried temporary employees?
All salaried temporary employees with active employment status on March 31, 2019 and April 1, 2019 and recorded accordingly in the system as of March 22, 2019 will remain on current pay schedules until their mandatory two-week break. Following the two-week break, they will be included in the payroll lag schedule.

How will employees returning to work following a break in service from the University be treated?
Employees who separate from the University and return for subsequent employment at a later date will also be included on the new payroll lag schedule at the time of their return if they meet the requirements for a break in service.

Employee reappointments and extension of temporary assignments will require particular attention. For example, if any research grant position or salaried temporary position will be extended to a later end date, it will be important for the unit to process the reappointment/extension transaction prior to the original end date and in accordance with the HR/Payroll deadlines to avoid any issues with the employee remaining on the grandfathered pay schedule. If an employee is terminated out of the HR/Payroll system due to failure to reappoint/extend prior to the end date, the employee will then be placed on a pay lag.

Adjunct faculty who are hired in a subsequent semester after a break in service will move to the pay lag schedule.

What does a salary lag mean for hourly temporary employees?
All hourly temporary employees with active employment status on March 31, 2019 and April 1, 2019 will remain on the current hourly pay lag schedule that is already in place. Any new hourly employees will be added to the same schedule.

Are there circumstances where an employee on the grandfathered pay schedule could move to a pay lag in the future?
In accordance with HR guidelines, there are some changes to position types that could affect an employee’s pay group in the future. Please refer to the HR communications regarding these internal positions changes that could impact someone’s inclusion in a pay lag group in the future. Promotions, demotions, reassignments, and faculty reappointments will not affect a change to an employee’s pay group. An example of a position type change that could affect an employee’s pay group would include a move from a time limited position to an FTE position.

We understand that the implementation of a salary lag is a significant change from our current payroll processing cycle. As you consider the implications to University faculty and staff and as questions arise, please do not hesitate to contact HR and Payroll.