

Delayed and Pro-Rated Payroll FAQ's

Are school districts required to establish a delayed payroll system?

Yes. The USFR requires districts to establish a delayed payroll system as a matter of good business practice, and the [Arizona Constitution, Article 9, Section 7](#), prohibits paying wages (extending credit) to any individual for hours not yet worked. Districts should establish a "lag" that allows adequate time between the end of the pay period and the payment of wages to ensure that employees are paid only the wages they have earned. [A.R.S. §23-351](#) allows school districts to establish a lag time of up to 2 weeks. Districts should refer to guidance in the [USFR §VI-H, Payroll](#).

Can an hourly employee's pay be prorated so that equal payments are made each pay period over the school year?

Yes, provided that at no point during the year is the employee paid more than actual hours worked to date. Pursuant to [Arizona Attorney General Opinion I04-007](#), all school district employees may request that their compensation be paid over the actual months worked or be prorated in any number of payments as set forth in [A.R.S. §23-351\(C\)\(2\)](#). Districts should refer to guidance in the [USFR §VI-H, Payroll](#).

When does it go into effect?

July 1, 2014

What is delayed payroll?

A delayed payroll is for services rendered in a pay period which is processed for payment at the end of the following pay period; i.e., two weeks in arrears.

What is Prorated Payroll?

A prorated payroll is ensuring that at no time during the fiscal year an employee is pre-paid for hours that have not been worked.

Am I going to be paid less?

No. You will still be paid for the full agreed upon amount for the position, hours, and hourly rate you agreed to with the District. The time of when you receive payment will be delayed.

Who does it affect?

This affects all employees of the District, regardless of their position.

Do I still get a Balance of Contract option?

Yes, please contact the Human Resources Department for further information. However, once you elect actual or balance of contract, this option may not be changed until the next fiscal year.

When is my Balance of Contract final pay?

For employees that have selected the Balance of Contract method, the final pay check will be paid the following pay period after your last day of scheduled work. The Balance of Contract check will be direct deposit or an actual check, depending on which method you have selected.