

**NDUS Pay Cycle Change  
Semi-Monthly with 15-day Lag  
Effective July 1, 2004**

**Questions and Answers  
Updated January 23, 2004**

**Overview**

In October of 2002, the ConnectND Steering Committee considered a decision from the ConnectND Payroll Module and the ConnectND HRMS Project team to unify the Higher Education pay cycles to a semi-monthly pay cycle with a 15-day lag for all NDUS employees, (both hourly and salaried) with pay dates of the 15<sup>th</sup> and last day of each month. This change would provide a more accurate payroll, paycheck, and pay stub, and provide payroll processing efficiency using the new PeopleSoft database shared with State Government.

The Executive Steering Committee voted to support this decision, but asked that the lag be reduced to the shortest amount possible. In addressing this request, the Payroll Module client and consultant leads determined that 8 days was the shortest time possible which would still provide for an accurate payroll, with paydays on the 8<sup>th</sup> and 23<sup>rd</sup> of each month.

There is now nine months of experience with PeopleSoft payroll processing on the pilot sites Mayville State University, Valley City State University and the Chancellor's Office. Based on that experience, looking forward to the impact this change will have once all schools are live on the system, and a request from the Bank of ND that one more day be added for Direct Deposit clearing, the Executive Steering Committee has voted to support using a 15-day lag starting July 1, 2004.

**Has there been any input to this decision?**

For this particular decision, there has been significant input and comment. Every campus has had input through their Human Resource representative, Administrative Affairs Vice President and President. The Executive Steering Committee includes representatives from each of the major University System Councils (Academic Affairs, Administrative Affairs and Student Affairs) as well as a faculty representative.

**How was this decision reached?**

This fall, the Human Resource Council of the North Dakota University System conducted a thorough study of the issue and recommended a change to a 15-day lag. This study was then reviewed by the Administrative Affairs Council of the NDUS, and also approved. The Executive Steering Committee referred the issue back to the HRMS Project Team. The Team agreed with the study, and the Executive Steering Committee voted to move the payroll cycle to semi-monthly with a 15-day lag. The Chancellor's Cabinet reviewed and supported that decision on December 17, 2003. The State Board of Higher Education approved a policy changing payroll dates at its January meeting.

**When will this take effect? Will I lose money?**

This change will take effect July 1, 2004. Employees will receive the same salary; the timing of it will shift to two weeks later.

**When will paydays be?**

For time worked the 1 <sup>st</sup> through 15 of the month	- last working day of the month
For time worked the 16-last working day	- 15 <sup>th</sup> of the following month

**Why is 15 days considered the lowest lag time?**

Based on the experience of the pilot sites, it takes this long to process absence reports (annual leave, sick leave, other paid or unpaid leaves), pay changes, time slips, and overtime slips, run the payroll, get the information to the Bank of North Dakota, allow time for the Bank of North Dakota to get the information to employee banks, have the banks process the deposit, and allow for a holidays and weekends that fall into the schedule.

**What tools or resources will be made available to employees to help with the transition?**

Because some employees may need to adjust bill payment (e.g. car payments, child support) dates, the same salary advance program used for the pilot sites in Phase I will be available for this Phase II change as well. The salary advance provides funds up to ½ of one month's salary to be repaid over a maximum of a twelve month period. The President of each campus will be sending out a document tailored to the individual campus describing the program.

**How will my bank know my campus is changing its pay cycle?**

Chancellor Hillman will send out a letter to North Dakota banks and credit unions, and campus HR/Payroll staff will also have a copy of that letter they can make available to you for other needs.

**If I take the advance, will taxes be taken from the check?**

Based on conversations with the IRS, taxes will be withheld on the advance. They have advised this be treated as income, but not wages. The advance repayments will be a pre-tax deduction. This is being done so the taxes end up being withheld in the correct calendar year.

**If I take the advance, what other deductions will be taken from the check?**

Since premiums are due on a monthly basis, insurance premiums for people taking the advance will be deducted from the advance.

**If I don't take the advance, how will be insurance deductions be paid?**

The regular monthly premium will be deducted from the July 30 paycheck. After that, ½ the premium will be deducted from every semi-monthly paycheck.

**Why aren't salary-based deductions, such as the TIAA-CREF contribution, taken on the advance?**

The TIAA-CREF plan document specifies that contributions are paid based on compensation. The advance is not compensation. Employees will get their full TIAA-CREF contribution as their wages are paid (and prior to the advance repayment being deducted).

**How will this change affect me if I'm on payroll July 1?**

For these employees, paydays will remain the same, but with a 15-day lag

UND, WSC and NDSU graduate assistants:

An advance will be available July 15 and repayment would begin August 13

For these employees, payday will become more frequent, but with a 15-day lag

BSC, DSU, LRSC, MISU, MISU-B, NDSCS, and NDSU regular employees

An advance will be available July 30 and repayment would begin August 31

For these employees, paydays will move from an 8-day lag to a 15-day lag

MASU, USO and VCSU employees

An advance will be available June 23 and repayment would begin July 30

**If I'm a nine-month employee and not on payroll July 1, can I still request an advance?**

Yes, in 2004 you could:

Sign up for an advance by August 1

Receive the advance August 31

Have a regular payday September 15

Start an advance repayment schedule September 30

**What about nine-month faculty members with a specified-amount contract. Won't the 15-day lag mean they won't get their whole salary?**

Employees will get their whole salary. The timing of the payments will be 15 days later.

**The Governor has mandated a payroll with no lag. How can Higher Ed do something differently?**

Higher Ed is governed by the State Board of Higher Education.

**Why would Higher Ed choose to do something different from State agencies?**

Higher education differs from state government in some structural ways, such as the type of retirement plans, contributions and calculations. Higher Education payroll also differs in some functional ways including the large number of part-time (often student) employees and complex

time and effort reporting related to multiple fund sources and appointments which are much more common in higher education.

**Sometimes my department is treated like a state agency. Other times my department is treated as if it reports to Higher Ed. Which pay system applies to me?**

If your paycheck currently comes from an institution of higher education, you will be paid semi-monthly with a 15-day lag effective July 1, 2004.

**How can I get more information about this and other ConnectND issues?**

For information specifically on the pay cycle change, contact your campus payroll or HR staff.

Or, for this and other ConnectND questions, contact your campus implementation committee chair:

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Implementation questions may also be asked by clicking on the FAQ link of the ConnectND Web Site (<http://www.nodak.edu/connectnd/>) or by contacting Bob Jansen, NDUS Information Systems Communications Coordinator, at 701-231-5805 or [bob.jansen@ndus.nodak.edu](mailto:bob.jansen@ndus.nodak.edu)