Back Pay Defined

Back pay, as used in these instructions, is a retroactive wage increase. For example, a negotiated contract expires December 31st but employees continue to work while a new contract is negotiated. A new contract is approved the following August which includes a pay increase retroactive to January 1st. The retroactive increase, or back pay, is paid in September, for work beginning January 1st.

Crediting Back Pay

Like other compensation, back pay may be creditable for the month compensation is paid or for the period earned. Also, like other compensation, if back pay is reported for the month paid and the employee makes a timely request that it be allocated instead to the month(s) earned, the employer must submit an adjustment report accordingly. See Part II, Chapter 5 for more information about employee protests of service and compensation records.

No Service Month with Back Pay

A service month should not be reported for the month that back pay was paid. In the case of a retroactive wage increase, it is presumed that service has already been credited based on the initial wage payment prior to the increase.

Distinguishing Between Back Pay and Pay for Time Lost

Back Pay under the RRA and RUIA is defined differently than pay for time lost. Employers have used the term back pay to refer to pay for time lost. For example, an employer may indicate that a discharged employee won reinstatement with back pay from the termination date. This would be payment for the period of lost wages, not back pay as defined under the RRA and RUIA. The name the employer gives to the payment does not govern the rules under which the payment is creditable. See the next chapter for instructions on reporting pay for time lost.