

## General Pay Policies

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### Compensation of State Employees

It is the policy of the State to compensate its employees at a level sufficient to encourage excellence of performance and to maintain the labor market competitiveness necessary to recruit and retain a competent work force. To this end, and in accordance with the Human Resources Act, the Human Resources Commission shall conduct annual compensation surveys to determine the percent of funds appropriated for salary increases to be reserved for a general increase for all State employees and the percent to be reserved for performance-based increases for eligible employees.

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### Compensation Plan

A compensation plan shall be maintained which provides a salary rate structure or structures adequate to appropriately compensate all positions subject to the Human Resources Act. This structure may be revised in composition, or the total structure moved upward or downward, in response to labor market trends and to legislative actions affecting salaries; such action is dependent on the availability of funds.

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### Salary Ranges

Each classified position is assigned to a salary range that provides, based on similar employment in the defined labor market: minimum, mid-point, and maximum salary rates that are competitive with rates in the external labor market consistent with the State's ability to pay; and proper relationships within State government employment to maintain internal equity.

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Based on labor market demands, salary rates for some classifications may be approved above the standard rates. When a higher salary range (i.e., both the minimums and maximums are raised) is needed to recruit employees to certain areas of the State, the higher range(s) will be known as geographic differentials. When only the minimum rates (and not the maximums) need to be higher, the higher rates will be known as special minimum rates. Special minimum rates may be approved on a geographic basis also.

When geographic differentials are in effect, all salary administration policies are applied as if the classification were at the higher grade. Provisions for applying special minimum rates are included in each policy.

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### Pay Status

An employee is in pay status when working, when on paid leave (lump sum payment of vacation leave upon separation is not paid leave status), or when on workers' compensation leave. An employee is not in pay status after the last day of work when separated because of resignation, dismissal, death, retirement and reduction in force.

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### Total Compensation and Total Employment

An employee being paid for full-time employment shall not receive additional compensation for additional work performed for the State except as provided under the dual employment policy and under the overtime policy. Under the dual employment policy, an agency may secure the services of an employee in another agency on a part-time, consulting, or contractual basis when the demand for an employee with special skills and abilities is required for efficient operation of a program.

It is necessary that the practice of cross-hiring in State government be carefully controlled. Such arrangements should take into consideration such factors as the character of the services to be performed, the effect on the morale of other State employees, the ethical considerations involved, the temporary loss of services of the individual to the parent agency, the possible reduced efficiency of the individual as a

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result of fatigue or inattention to primary responsibilities, the urgency of the situation, possible alternative arrangements, and other pertinent factors. See Dual Employment Policy in the Employment and Records Section.

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### Overtime Pay

State agencies are subject to the Federal Fair Labor Standards Act; these provisions are contained in the Hours of Work and Overtime Compensation Policy in this Section.

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### Availability of Funds

The approval of all personnel actions, including salary increases of any kind, is subject to the availability of funds. No action can be implemented that would exceed the funds available. Any written salary commitment shall include a statement of notification that the salary is subject to the availability of funds. A verbal salary commitment shall also include notification that the salary is subject to the availability of funds.

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## PAYMENT OF SALARY

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### Payment of Salary to Current Employees

Every State agency shall pay every employee all wages earned and accruing to that employee on the regular payday for that agency. If circumstances preclude payment on the regularly scheduled payday, then payment shall be made as soon as possible, but not later than the next scheduled period. This policy shall not be construed to require agencies to pay FLSA exempt employees for compensatory time earned and accrued.

*Direct Deposit of Payroll Policy, Office of the State Controller*

*It is the policy of the State of North Carolina that all SPA and EPA employees paid by a payroll center administered by the Office of the State Controller (OSC) be required to use the direct deposit feature to receive payroll related payments. In accordance with federal requirements regarding direct deposit of payroll, the employee may select the financial institution of his/her choice to accommodate the receipt of direct deposit payments.*

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*As a condition of employment, all newly hired or rehired employees on or after August 1, 2007, shall be required to enroll in the direct deposit feature within thirty (30) days of hire or rehire. Any such employee who does not complete the appropriate direct deposit enrollment form within 30 days of hire or rehire, and who is not granted an exemption as provided herein, may be subject to dismissal.*

*An employee may be exempted from participating in the direct deposit feature if he/she does not have an account at an eligible financial institution, and further provides evidence that he/she cannot obtain an account at an eligible financial institution.*

*In his/her role of prescribing the manner in which agencies make disbursements, the State Controller has exclusive authority to grant any exemption from the direct deposit requirement. A personal exemption may only be granted for the reason stated above (i.e., unable to acquire an account at a financial institution) or other specific situation that the State Controller may deem to be an extreme hardship. An employee desiring to request an exemption from the direct deposit requirement shall do so by completing a "Direct Deposit Exemption Request Form (OSCPXA22)."*

*The State Controller may allow for a business exemption for direct deposit to accommodate the payroll center's special business needs, such as payment cancellations and re-writes, limited employment period, categories of employees not eligible for direct deposit, etc. Distribution of checks for a business exemption shall be determined by the State Controller.*

*For those employees who are granted an exemption, the State Controller may secure and offer other payment methods as options, other than paper check, when such options may be come available.*

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### Payment of Salary to Separated Employees

Employees who separate from employment with the State shall be paid all salary due no later than the next scheduled payday. If the date of separation precludes payment on that date, then payment shall be made as soon as possible, but not later than the next scheduled period.

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### Withholding Money

No money shall be withheld from a final payment to a separated employee except for reasons set forth in this policy or as otherwise provided for by law of the rules of the Office of State Budget and Management.

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Money may be withheld from a final salary payment for the following:

- to recover the cost of State property, equipment, uniforms, tools or other items owned by the State and not returned to the employing agency, and
- for overdrawn vacation or sick leave or other financial obligation to the employing agency arising out of the employment relationship outstanding at the time of the employee's separation.

Money shall not be withheld for failure by the separated employee to perform one or more job responsibilities or other work-related acts prior to separation.

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### Notice of Deductions

An employee shall be notified in advance in writing of any deductions to be made from the final payment of salary pursuant to this policy. The notice shall specify what amounts are being deducted and the reasons.

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### Posting of Notice

Provisions of the policy shall be posted prominently at least in every agency personnel office and elsewhere as the employing agency deems necessary.

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