

Payment of Salary

Contents:

§ 1.	Pay Status.....	1
§ 2.	Total Compensation and Total Employment	1
§ 3.	Overtime Pay.....	2
§ 4.	Payment of Salary to Current Employees	2
§ 5.	Direct Deposit of Payroll Policy, Office of the State Controller	2
§ 6.	Payment of Salary to Separated Employees	3
§ 7.	Notice of Deductions	4
§ 8.	Posting of Notice	4
§ 9.	Sources of Authority	4
§ 10.	History of This Policy	4

§ 1. 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.

§ 2. 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 parttime, 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 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.

Payment of Salary (cont.)

§ 3. **Overtime Pay**

State agencies are subject to the Federal Fair Labor Standards Act. See the Hours of Work and Overtime Compensation Policy for policy provisions on overtime pay.

§ 4. **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.

§ 5. **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.

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

Payment of Salary (cont.)

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 become available.

§ 6. **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.

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.

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.

Payment of Salary (cont.)

§ 7. 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.

§ 8. 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.

§ 9. Sources of Authority

This policy is issued under any and all of the following sources of law:

- N.C.G.S. § 126-4(2),(5)
 - 25 NCAC 01D .0100
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§ 10. History of This Policy

Date	Version
January 1, 1976	Adds statements describing the compensation plan and establishment of salary ranges
July 1, 1983	Definition of Pay Status revised to delete while drawing workers' compensation up to a maximum of 12 months and add when drawing workers' compensation.
October 1, 1983	Definition of Pay Status revised to delete "while drawing workers' compensation and add while on workers' compensation leave."
February 1, 1985	Policy for SPA employed Educators added.
January 1, 1989	Definition of pay status changed due to change in method of calculating daily rates of pay from the calendar day method to the workday method.
January 1, 1990	Compensation of State Employees added. Compensation Plan revised to include special entry and geographic differentials.
July 1, 2005	Revised to eliminate hiring rate.Changed "permanent" to "career."
January 1, 2009	Added State Controller Policy on Direct Deposit.

Payment of Salary (cont.)

September 1, 2012	Added notification requirements related to the availability of funds to comply with G.S.143C-6-8(b)
April 14, 2022 (effective June 1, 2022)	Renamed policy from “General Pay Policies” to “Payment of Salary.” Moved material on compensation plans for state employees, salary ranges, and availability of funds to the new Pay Administration Policy.