



North Carolina School of Science and Mathematics

Title: Supplemental Pay Policy
Authority: Board of Trustees
History: Effective September 72, 2019
Legal Reference: UNC Policy Manual 300.2.13
Additional References: State Human Resources Manual - Hours of Work and Overtime Compensation Policy
Responsible Offices: Human Resources
Classification: 3320

I. Purpose

The North Carolina School of Science and Mathematics recognizes that certain circumstances may warrant additional temporary compensation, also known as supplemental pay, to EHRA (exempt from the State Human Resources Act) employees and SHRA (subject to the State Human Resources Act) employees for work performed beyond the employee's regular employment agreement or contract (i.e. a supplemental assignment).

The purpose of this policy is to explain the conditions under which an employee may receive additional temporary compensation and the approval process that must be followed. The Supplemental Pay Policy does not apply to or supersede personnel policies such as "Dual Employment" or "External Professional Activities of Faculty and Other Professional Staff."

II. Scope

This policy applies to all EHRA and SHRA employees (including full-time, part-time, permanent and time-limited positions). Fair Labor Standard Act (FLSA) exempt personnel may also receive supplemental pay for instructional and/or research related activities beyond the scope of their assigned duties; however, SHRA non-exempt employees are covered under the FLSA for extra hours worked (compensatory time).

III. Definitions

- A. EHRA Non-Faculty: staff employees in positions that are designated as exempt from the provisions of the State Human Resources Act and are classified in one of the following categories:
 1. Senior Academic and Administrative Officer (Tier I and Tier II), or
 2. Instructional, Research or Information Technology (IRIT).
- B. SHRA Employees: staff employees in positions that are subject to the State Human Resources Act and are either exempt or non-exempt from the FLSA.
- C. Home Department: the department to which the employee is assigned to work during performance of the duties associated with the employee's primary appointment/contract position.

- D. Appointment/Contract Period: the length of assignment under the employee's appointment or contract. Typically contracts and appointments are for ten, eleven, or twelve months. The appointment period includes all formal holidays and intervals during which no classes are scheduled.
- E. Base Salary: Base salary is the annual permanent salary of the employee approved by the Chancellor, Board of Trustees, or Board of Governors as it appears in the employment contract or subsequent salary increase/decrease letters. The base salary does not include any supplemental payments, although such payments may be addressed in a contract letter as part of the compensation package for the contract period.
- F. Supplemental Assignment: temporary, occasional, or sporadic significant increases in responsibility during the employee's normal work hours or contract period or extra duties performed beyond the scope of the employee's job description and outside of normal work hours or that add extra work hours in addition to those spent on normal job duties.

To avoid double-payment, State policy prohibits the use of accrued leave for supplemental assignments; however, leave without pay — or an alternate work schedule — may be requested and must be approved by the individual's supervisor, and the approval must be forwarded to Human Resources for inclusion in the employee's official personnel file.

- G. Supplemental Compensation: compensation paid to an employee by NCSSM from NCSSM sources, in excess of the employee's regular annual salary for the performance of additional duties beyond the scope of the employee's contract or appointment period. Such compensation may be within or outside of the employee's contract or appointment period. **No Supplemental Payments, above the Base Salary, may be paid for NCSSM duties that are generally related to the position to which the individual is appointed during the Contract Period.**
- H. Supplemental Compensation within the Employee's Contract/Appointment Period: Compensation paid by NCSSM to an employee from any source that is approved and is in addition to the employee's regular base salary as stated in the employee's appointment letter/contract.
- I. Supplemental Compensation Outside of an Employee's Contract/Appointment Period: Compensation received by an employee from NCSSM sources that is received outside of the stated appointment period and is in addition to the employee's annual base salary as stated in the employee's appointment letter/contract. For example, a 10-month employee may be approved to work 11 months in any given year. Note: There is not an outside-of-contract period for 12-month employees.
- J. Duration of Assignments: Supplemental assignments and corresponding payments shall be for a period of twelve months or less.
- K. Fringe Benefits: Mandatory employer contributions for fringe benefits must be funded from the same source as the additional compensation.
- L. Awards: Prizes or gifts for some competitive process, in recognition of achievements, with no expectation of service. Awards, as defined herein, may not be paid from general funds. Backup documentation such as award notification and other supporting documentation should be attached to the HR Action form.

IV. Policy

Staff employees are occasionally assigned administrative or instructional duties that are not associated with their existing appointment, nor anticipated to become regular assignments on a permanent basis. In these cases, additional temporary compensation may be appropriate. For example, an employee may be assigned supervisory duties for four months to cover the responsibilities of a supervisor out on extended leave. Interim appointments to a higher level of administrative responsibility, such as interim director or head of a unit, may also justify additional compensation for a limited period of time.

The Supplemental Pay Policy is intended to address two situations:

1. Temporary increases that cause a substantive increase in the scope and/or complexity of the job. Administrative assignments are included in this category. *An increase may not be justified solely on the basis of increased volume.*
2. Extra duties performed outside the employee's job description and outside of normal work hours or that adds extra work hours in addition to those spent on normal job duties. Examples include, but are not limited to, summer session assignments, grant activity, course development, and staff teaching assignments.

Supplemental pay is not a bonus for performance. Employees who are eligible for overtime under FLSA regulations may not be given supplemental pay in lieu of overtime. SHRA non-exempt employees are covered under the [Hours of Work and Overtime Compensation](#) policy for extra hours worked.

Supplemental pay is not authorized for activities and assignments that are reasonable expectations of an individual's current appointment on a temporary basis, such as special projects, task forces, campus committee assignments, etc.

A supplemental assignment should not exceed twelve (12) months. Justification for an extension request must be presented through the normal approval request process outlined in the procedures section of this policy.

Limits on Supplemental Pay (Maximum Amounts Allowable)

Regardless of the salary source, total compensation paid to full time employees during the period of appointment cannot exceed the authorized salary amount except as provided in this policy.

A. Supplemental Compensation Paid Within Contract Period.

Generally, the maximum amount of supplemental pay cannot exceed 20% of an employee's annual base salary. If operational needs or other compelling circumstances arise, supplemental compensation may exceed the 20% threshold and must be approved by the appropriate Vice Chancellor and the Chancellor. Approval by the UNC Board of Governors may also be required, based on the salary increase guidelines at the time of the action. State policy prohibits using accrued leave for time spent on supplemental assignments.

B. Supplemental Compensation Paid Outside of Contract Period.

1. Academic Year Appointments (10-month). The maximum total supplemental pay that may be received during summer months is equal to the annual base salary divided by the number of contract/appointment months multiplied by the number of non-contract months. For example, a 10-month EHRA employee with a full-time annual salary of \$45,000 would have a summer salary cap of \$9,000 ($\$45,000/10 = \$4,500 \times 2 = \$9,000$).
 2. The same calculation method is used for appointments/contracts other than academic year appointments/contracts (i.e., < 9, 10 or 11), using base salary, on a prorated basis.
 3. This section does not apply to 12-month employees since there is not an outside of appointment period for 12-month employees.
- C. Under this policy, EHRA employees and SHRA employees with appointments at less than 1.0 FTE (full time equivalent) are eligible for supplemental pay at the part time rate until they reach the equivalent of 1.0 FTE rate. Once 1.0 FTE rate is reached, supplemental pay limits apply as described in this section.
- D. Supplemental payments will not be adjusted if an employee receives a salary increase applied retroactively to the period of the supplemental assignment.

V. Review/Approval Request Process

The information below outlines procedures for approval of and payment for significant assignments that warrant supplemental pay. In no case shall supplemental payment be paid as or construed to be a bonus for performance. If the supervisor or approving administrator has questions concerning the relationship of work to be performed to an employee's normal job responsibilities, he or she should consult with Human Resources for guidance.

- A. **Additional Employment:** All requests for supplemental pay must be approved in writing before the actual activity is scheduled to begin. The requesting department must provide the appropriate documentation to describe and justify the work, the duration, and compensation rate. The requesting department is responsible for the cost of the additional employment (to include salary, overtime pay, additional social security and any mandatory employer contributions for fringe benefits, such as retirement contributions). The requests must have funds identified and approved by the budget office prior to the work being performed.
1. **Scheduling the additional work:** An additional work assignment outside of the home department should be scheduled outside of the employee's normal work hours. The additional assignment:
 - a. must not interfere with the employee's normal duties or adversely affect performance,
 - b. must be outside the scope of the employee's normal job responsibilities, and,
 - c. must be carried out at times other than during the normal working hours established for the full-time employment responsibility of the employee. In extraordinary circumstances, when justified, if additional activities for pay must take place during the course of the employee's normal working hours (for example teaching a class or workshop), such

exceptions must be approved in advance (see B. below). Paid leave may not be used to account for the time lost from the home department that the employee is working the additional assignment. An alternate work schedule must be approved in writing and forwarded to Human Resources for inclusion in the employee's official personnel record.

2. **Additional Employment Procedures**

- a. The requesting department must complete the Additional Employment Wage-Hour Documentation to determine if the rate of pay for the request is an hourly rate or a flat rate of pay.
- b. The requesting department must complete the Payroll Budget Codes for Temporary Appointments and Additional Employments form by circling the Account Number and Center. (If funds are from Foundation or SCSSI, also indicate the account number at the bottom of this form.)
- c. The requesting department must complete the Additional Employment Request and Justification form.
 - i. Identify on this form the rate of pay as identified on the Wage-Hour Documentation. Contact Human Resources to determine the actual hourly or flat rate of pay based on the work being performed.
 - ii. Identify the Payroll Budget Code as identified on the Payroll Budget Codes for Temporary Appointments and Additional Employments form.
 - iii. Have the Conditions of Employment form signed by the employee prior to submitting the request to Human Resources for approval.
 - iv. If the employee is a relative of any employee in the requesting department, complete an Anti-Nepotism Certification.
 - v. Attach a justification of the work to be done and identify the knowledge, skills or experience needed to accomplish the assignment.
- d. Complete the top section of the Conditions of Employment form and identify the appropriate rate of pay in #1. The Conditions of Employment is to be read and signed by the employee. The supervisor of the requesting department also signs.
- e. Submit the Additional Employment Wage-Hour Documentation, the Additional Employment Request and Justification form, the Conditions of Employment and the Payroll Budget Codes list to Human Resources for approval.

3. **Timesheets:**

- a. The employee will complete an Additional Employment Timesheet for either hourly rate of pay or flat rate of pay.
- b. The timesheet is to be signed by the employee's direct supervisor and the supervisor of the additional employment. Submit the timesheet to the NCSSM Payroll Office.
- c. The timesheet is to be submitted to Payroll by the deadline that is identified on the Monthly Pay Schedule for Permanent Employees.

- B. **Temporary Assignments/Temporary Additional Duties:** For temporary, significant increases in responsibility during the employee's normal work hours or contract period (i.e. such as an interim assignment to cover supervisory duties for a vacant position):
1. The supervisor will complete an HR Action Form and must be approved by the appropriate administrators (Director, Vice Chancellor, HR, budget officer, Chancellor, etc.) as indicated on the form.
 2. The payment will be included in the employee's regular pay cycle for the length of time indicated on the HR Action Form.. If the assignment is extended, a revised HR Action Form must be processed. Any temporary assignment that exceeds 12 months must be approved by the UNC System Office.

Please note that NCSSM cannot pay an employee in advance for work that has not yet been performed.

VI. Special Provisions

- A. **Records Retention.** A copy of the HR Action Form and supporting documentation must be filed in the employee's personnel file and the original form and supporting documentation for the supplemental pay must be retained in the hiring department's file for a period of one year after payment date.
- B. **Equal Employment Opportunity.** To ensure alignment with NCSSM's EEO policy, the decisions on the granting of significant supplemental assignments should be made only after a competitive selection process wherever practical. Such a competitive selection could be made within respective units on campus such as an academic department. Contact Human Resources for guidance or with questions.
- C. **Employment of Related Persons.** The department or office responsible for the supplemental assignment where supplemental pay will be conferred must document any known relationship between the NCSSM employee and the department or office. See the definitions of "related persons" in the Employment of Related Persons policy.
- The department or office must certify that neither individual will have responsibility for the direct supervisory charge of the other related person and will not be in a position to influence or control the terms and conditions of the other related person's assignment(s) and/or rate(s) of compensation. In cases where such a situation may occur, a written management plan must be developed, reviewed, and approved as noted in the Employment of Related Persons policy prior to supplemental pay process.

Approved by the Board of Trustees

September 27, 2019