

# Personal Services Agreement (PSA) Stipend (Supplemental Pay) Procedures

## Scope:

These procedures apply to supplemental payments for all UNC employees for services provided in addition to or outside defined or typical job duties.

## Definitions:

**Personal Service/Stipend Agreement** – Agreement between the University and a current employee for supplemental pay that requires approval by the supervisor and by the Chief Academic Office in the case of a faculty employee.

**Supplemental Pay** – Wages for regular UNC employees (hourly or salary) who provide service in addition to and outside their usual contract duties. Supplemental payments are subject to federal and state income tax withholding, PERA or ORP pension withholding and Medicare tax, if applicable. Classified and exempt employees may receive supplemental payments only under certain conditions and no supplemental payments may be promised to a classified or exempt employee until approved by the Director of Human Resources or designee **in advance of the work being performed.** Faculty supplemental pay must be approved in advance of the work being performed by the Chief Academic Officer (Provost). Students may not be paid on a PSA and must be hired through Student Employment. Adjuncts are not eligible for University benefits.

## Authority:

- Fair Labor Standards Act
- Board Policy 2-3-401
- Board Regulations 3-3-401
- State Personnel Rules P-3-26 through P-3-50
- OMB Circular A-21

## Responsibility:

It is the responsibility of the authority approving supplemental pay to:

1. Comply with all Federal, State and University Regulations regarding supplemental pay for employees
2. Ensure the services provided for supplemental pay are not a component of the current employment commitment to the University
3. Ensure that the additional work assignment does not conflict with the needs of the department, or compromise the amount or quality of the instructional, scholarship or administrative work of the University

## Requirements:

### General

1. All PSAs will be reviewed by Payroll Services for compliance with procedures prior to payment. Payments may be delayed if Payroll Services determines more information is required or procedures were not followed. PSA forms lacking required information or signatures will be returned for completion, which may delay payment in the current month. If a special check is required for payment on a day other than a scheduled pay day, a

special check request must accompany the PSA form and there may be a charge to the department for the special check.

2. Students should not be paid on a PSA. All students should be hired through the UNC Student Employment Office and paid either on an hourly or a salary basis.
3. A request for supplemental pay may be handled as a continuing payment, typically over one semester. On the Stipend Amount line, indicate the gross amount of the payment to be made, and the number of payments or months this amount will be split between.
4. Payments made via PSA must be made within one month after the services are completed to ensure compliance with Federal and State laws and regulations. The supervisor is responsible for submitting paperwork in a timely manner.
5. No PSA will be processed if it is under \$50.00.
6. No supplemental payments may be promised to Classified or Administrative Exempt employees until approved by the Director of Human Resources or designee in advance of the work being performed. Faculty supplemental pay must be approved in advance of the work being performed by the Chief Academic Officer (Provost).

### **Classified Staff**

1. All Classified staff eligible for supplemental pay should be paid using a Personal Service Agreement (PSA) form.
2. All Classified staff payments made via PSAs will be charged the full fringe benefit rate.
3. Prior to authorizing any supplemental pay, the home department must determine if the employee is eligible for overtime pay. Questions should be directed to Human Resources.
4. Classified employees are eligible for payments for extended services via PSA payments. Extended services relate to employees who temporarily assume responsibilities in addition to and outside those stated within their Position Description Questionnaire (PDQ) and continue over a period of several months.

### **Faculty and Exempt Staff**

1. Full-time faculty and administrative exempt staff assignments greater than one FTE must be paid on a PSA unless it is teaching/instructional. Instructional assignments over one FTE must be written as an overload contract. However, no employee may have a PSA without a regular primary contract which has begin and end dates that will be equal to or greater than the PSA dates.
2. Full-time fringe benefit rates will apply to all PSAs unless the faculty or exempt employee is less than .50 FTE for the fiscal year.
3. Part-time faculty may be paid with a PSA if the assignment is non-teaching/non-instructional. An additional non-teaching/non-instructional assignment for a part-time exempt staff should be contracted with an additional job suffix rather than a PSA.

### **PSA Form Instructions:**

#### **Semester Payouts:**

Fall semester is paid out August through December

Spring semester is paid out January through May

Summer semester is paid out June, July, and August

### **Form Completion and Procedures**

#### **Part One**

The Supervisor completes all information in Part One, prior to the employee commencing work.

Describe in detail the nature of the additional duties and the date/s that the supplemental services

were performed (or attach other letters/documents describing the service, as appropriate). On the Stipend Amount line, indicate the gross amount of the payment to be made, and the number of payments or months this amount will be split between.

### **Part Two**

**If the employee is Classified or Exempt, Part Two must also be completed, with all signatures including the Director of Human Resources, prior to the work commencing. PSA forms for faculty employees must be signed by the Provost prior to any work commencing. The form must be signed by the employee in advance of the work being performed to ensure agreement by the employee to the terms and conditions for the supplemental pay. In all cases, all signatures must be obtained before payment can be made.**

### **Part Three**

The supervisor must certify that the work has been completed or will be completed prior to submitting for payment. Certification may be made by the Supervisor prior to the 15<sup>th</sup> of the month so that payment will coincide with the end of the month for which services were performed. The Supervisor assumes responsibility for notifying payroll if for some reason, the services are not completed.

The completed form must be returned to Payroll Services by the 15<sup>th</sup> of the month to ensure payment on the next regularly scheduled payday. PSA forms lacking required information or signatures will be returned for completion, which may delay payment. If a special check is required for payment on a day other than a scheduled payday, a special check request form must accompany the PSA and there may be a charge to the department.

**Other Forms:** Forms for Vacation, Leave Without Pay and/or Requests for Approval of Off-Campus Consulting, Exempt positions teaching classes during regular work hours, or Professional Activity may be required in conjunction with the PSA/Stipend Request form.

**Variance From Procedures:** The requirements detailed above are necessary to ensure compliance with State and Federal laws and regulations. Any variances will require justification and special approval by the UNC Controller. Justification must include:

1. Why the procedures were not followed (e.g., Classified services approved in advance, Request for payment submitted within one month of service, etc.)
2. What corrective action has been taken to ensure proper procedures will be followed in the future
3. Name and phone number of person to contact with questions.

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