

# Non-Salary and Deferred Compensation

Policy 602.34

## 1 Introduction

1.1 This policy sets forth specific provisions for the payment of non-salary and deferred compensation to Faculty and Staff of Appalachian State University (“Appalachian”). Any such compensation provided to any eligible university employee must comply with the full provisions of this policy.

1.2 In accordance with UNC Policy 300.2.14, this policy specifies non-salary compensation that is provided to defined categories of university employees.

1.3. Advanced approval of the Board of Trustees is required for any non-salary compensation not specifically authorized in this policy or that exceeds the specified compensation limits. Approval for any deferred compensation not already permitted under UNC policies must be granted by the Board of Governors.

## 2 Scope

This policy applies to all non-salary compensation provided to any Appalachian faculty and staff member, except:

2.1. Pursuant to UNC System Policy 300.2.14, the Chancellor is exempt from this Policy;

2.2. The Athletic Director and head coaches, subject to UNC System Policy 1100.3, to whom individual employment contracts are issued and approved by the Board of Trustees and Board of Governors are exempt from this policy, except non-salary and/or deferred compensation that fall outside of the terms of such contracts are subject to this policy; and

2.3. SHRA employees are exempt from this policy, except for non-salary compensation received by SHRA employees associated with moving/relocation expenses as permitted in the State Budget Manual and as identified in [Appalachian Policy 602.35 – Employee Relocation Expenses](#).

## 3 Definitions

### 3.1 Non-Salary Compensation

Non-Salary Compensation includes, but is not limited to: payment of moving/relocation expenses; provision of a motor vehicle or motor vehicle allowance; provision of housing or housing allowance; contingent/incentive compensation; and any other special benefit of monetary value provided to employees for job-related reasons.

### 3.2 Deferred or Delayed Compensation

Deferred or Delayed Compensation is defined broadly as including, but not limited to:

- a. Any payment or contribution by the University or one of its associated entities, whether paid directly to the employee, to the employee’s account or plan, or to a person acting in a capacity similar to a trustee for the employee, and which is paid later than the regular or next subsequent payment cycle; or
- b. A traditional 457 deferred compensation plan, retirement plan or account, annuities, and life insurance that accumulate cash value. This includes both tax-qualified and non-qualified plans, and any other similar form of payment, whether tax-sheltered or not.

### 3.3 Exclusions from Non-Salary Compensation

Non-Salary Compensation does not include:

- a. Base Salary;
- b. Salary supplements for additional temporary, acting, or interim responsibilities;
- c. Lump-sum payments for additional duties disbursed promptly upon completion of the work assignment;
- d. Stipends associated with named or endowed professorships;
- e. Compensation to correct a payroll error that is promptly disbursed upon discovery;
- f. One-time payments for awards related to recognition programs established and approved by the Chancellor; nor
- g. Items that are required by the University for the express purpose of conducting university business, including:

- Reimbursement of professional or work-related travel expenses, including mileage reimbursement for business use of a personal vehicle and allowable per-diem meal expenditures;
- Provision of housing when occupancy of the housing is required as part of the job; or
- Provision of equipment to perform the work of the position, including computers, cellular phones, and similar work-related items.

## **4 Policy and Procedure Statements**

### **4.1 General Criteria for Awarding Non-Salary Compensation**

4.1.1. Within the parameters outlined in this policy, Non-Salary Compensation may be provided for reasons that are relevant to attracting or retaining faculty and staff of the highest possible quality.

4.1.2. Decisions concerning Non-Salary Compensation shall be consistent with the University's Equal Employment Opportunity policies and will not be based in whole or in part on any employee's protected status.

4.1.3. All Non-Salary Compensation that is being offered to any eligible employee must be included in the employee's written employment offer letter or contract.

### **4.2 Funding Sources and Taxes**

4.2.1 The funding source for Non-Salary Compensation shall not be state-appropriated funds, unless separately approved by the Board of Trustees, and then only when permitted by guidelines issued by the Office of State Budget and Management.

4.2.2 Non-Salary Compensation may be funded by an associated entity of the University only if permitted by that entity's policies and if the compensation meets all other requirements of this policy.

4.2.3 All Non-Salary Compensation shall be subject to tax withholding and will be reported to federal and state tax agencies.

4.2.4 To comply with Internal Revenue Service (IRS) regulations, certain forms of Non-Salary Compensation may require individuals to maintain written records to document business and nonbusiness (i.e., personal) use to ensure appropriate tax withholding and reporting by University Payroll. Such records shall be provided by the subject employee when requested by the University.

4.2.5 Employees receiving Non-Salary Compensation are responsible for ensuring their individual compliance with any applicable state and federal tax laws.

### **4.3 Permissible Types of Non-Salary Compensation**

#### **4.3.1 Household Moving/Relocation Expenses**

4.3.1.1. Based on available resources, department heads have the option to include moving expenses as part of an employment offer for relocating employees, with approval of the Chancellor or a person specifically authorized by the Chancellor.

4.3.1.2. Not every employment offer is intended to include moving expenses and its inclusion should be based on business necessity to attract well-qualified candidates.

4.3.1.3. Any moving/relocation expenses provided as part of an employment offer must comply with all provisions and limitations provided in Appalachian Policy 602.35 - Employee Relocation Expenses, and the North Carolina State Budget Manual.

#### **4.3.2 Temporary Housing as Part of Initial Hiring**

4.3.2.1. Temporary housing assistance may be included as part of an employment offer for relocating employees classified as Senior Academic and Administrative Officers, with approval of the Chancellor.

4.3.2.2. The provision of temporary housing should be limited and based on business necessity to attract well-qualified candidates.

4.3.2.3. Where authorized as part of an offer of employment, the employee may be reimbursed for receipted temporary housing costs not to exceed \$2,000 per calendar month for up to six months.

4.3.2.4. The Chancellor may authorize a housing allowance in an amount up to \$2,500 per calendar month and/or a total duration of up to one year under special circumstances, to attract unique or hard-to-recruit talent to the University.

4.3.2.5. Temporary housing costs that exceed the authorized amount or duration must be approved in advance by the Board of Trustees.

#### **4.3.3 Vehicle Allowances**

4.3.3.1. The Chancellor may provide the use of one leased vehicle, courtesy vehicle, or comparable vehicle allowance to any of the Vice Chancellors for the primary purpose of conducting University business. The annual taxable income value for any non-business use of said vehicle and related operating expenses may not exceed \$7,500.

4.3.3.2. The Athletic Director is authorized by the Chancellor, but not required, to provide the use of one leased vehicle, courtesy vehicle, or comparable vehicle allowance to the Assistant/Associate Athletic Directors, Assistant/Associate Coaches, and Head Trainers for the primary purpose of conducting University business. The annual taxable income value for any non-business use of said vehicle and related operating expenses may not exceed \$7,500.

#### **4.3.4 Contingent/Incentive Compensation for Certain Athletics Employees**

Contingent/Incentive compensation beyond base salary provided to any EHRA employee in the Department of Athletics (other than specific compensation for the Athletic Director and Head Coaches with individual contracts covered by UNC Policy 1100.3), for reasons including, but not limited to, attaining performance goals such as post-season playoffs or student-athlete academic achievement performance, must be approved by the Board of Trustees. Such approvals may be on a case-by-case basis or by a standard schedule proposed to the Board of Trustees by the Athletic Director with authorization of the Chancellor.

#### **4.3.5 Contingent/Incentive-Based Compensation for Other Employees**

Any form of contingent/incentive compensation beyond base salary to be paid to any EHRA employee in recognition of performance or productivity, except as provided for in section 4.3.4 of this policy, must be expressly authorized by the Chancellor and the Board of Trustees and conform with any relevant policies and guidelines of the Board of Governors then in effect.

### **4.4 Deferred Compensation**

4.4.1 The State of North Carolina and Appalachian State University offer employees certain Deferred Compensation benefits, including voluntary, employee-paid 457, 403(b), and 401(k) options. Employer contributions to these plans by the University or its affiliated entities are not permitted under UNC policy.

4.4.2 Unless expressly approved by the UNC Board of Governors, Appalachian State University or its associated entities may not provide any other employer-paid, entity-paid, or privately-paid options for Deferred Compensation to any employee covered by this policy.

## **5 Additional References**

[Appalachian Policy 110 – Discrimination and Harassment](#)

[Appalachian Policy 114 – Equal Opportunity](#)

[Appalachian Policy 602.35 – Employee Relocation Expenses](#)

North Carolina State Budget Manual

## **6 Authority**

UNC System Policy 300.2.14

## **7 Contact Information**

Office of Human Resources - 828.262.3187

## **8 Original Effective Date**

December 7, 2020

## **9 Revision Dates**