

<b>ADMINISTRATIVE DIVISION</b> FINA Administration and Finance		<b>POLICY NUMBER</b> FINA 6.00
<b>POLICY TITLE</b> Employee Payroll		
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> April 14, 2025
<b>RESPONSIBLE OFFICER</b> Executive Vice President for Finance and Chief Financial Officer		<b>ADMINISTRATIVE OFFICE</b> University Finance – Controller’s Office

**PURPOSE**

This policy outlines various factors associated with the University’s employee payroll processing, which adheres to applicable federal and state regulations.

**DEFINITIONS AND ACRONYMS**

**Employee:** Any person having an employment relationship with the University, regardless of the appointment type (e.g., classified, unclassified, full-time, part-time, temporary, student, intern).

**Exempt:** Employees of the University who are exempt from (not subject to) both the minimum wage and overtime requirements of the Fair Labor Standards Act (FLSA) due to employment in a bona fide executive, administrative, or professional capacity.

**Non-Exempt:** Employees of the University who are covered by the FLSA and subject to both the minimum wage and overtime requirements of the law.

**POLICY STATEMENT**

Payroll for all University employees, including all comprehensive and regional campuses, is processed centrally by the Payroll Department at the Columbia campus. The Payroll Department processes and distributes payments to employees based on documentation that is provided and authorized by the Division of Human Resources (DHR) and/or departmental HR personnel.

A. Pay Schedule and Frequency

Both exempt and non-exempt employees, including both salaried and hourly individuals, are paid semi-monthly through the issuance of paychecks on the 15<sup>th</sup> and the last day of the month for the respective two-week period. The Payroll Department publishes and distributes a schedule of the specific payroll dates, including the deadlines for submitting payroll data.

Faculty with nine-month appointments will be paid accordingly, receiving eighteen equal semi-monthly paychecks.

In accordance with South Carolina Code of Law Section 8-11-30, the University is prohibited from making payments to employees for salary which is not due (e.g., advance payments). The only authorized exception applies to an early payment distributed in the month of December to accommodate the holiday schedule.

## B. Items Withheld

The University requires or allows the following items to be withheld from employee paychecks, which are deducted from the employee's gross pay:

### 1. Mandatory

- a. **Federal Income Tax:** Withheld in accordance with the applicable Form W-4 (Employee Withholding Certificate), which is completed by the employee in the payroll system. In the event a Form W-4 is not complete, federal income taxes are withheld on a mandatory basis of single with zero exemptions. Exceptions apply to certain non-resident aliens.

An employee can adjust their federal income tax withholding by updating their Form W-4 information in the payroll system. If insufficient federal income tax withholding occurs for an employee, the IRS may notify the Controller's Office, at which time the Controller's Office will make the appropriate changes in the payroll system to ensure compliance with IRS requirements.

- b. **State Income Tax:** Withheld in accordance with the applicable Form W-4. In the event a Form W-4 is not complete, state income taxes are withheld on a mandatory basis of single with zero exemptions.
- c. **Federal Insurance Contributions Act (FICA) Taxes:** Comprised of old-age, survivors, and disability insurance taxes (Social Security) and hospital insurance taxes (Medicare), which are withheld from the employees pay at rates of 6.2% and 1.45%, respectively. Social Security tax is subject to a wage base limit. An additional Medicare tax of 0.9% may also apply to employees whose wages exceed the IRS's established threshold. Exceptions apply to students and certain non-resident aliens.
- d. **Retirement Program Contributions:** Eligible employees are required to become members of the South Carolina Retirement System (9%) or Police Officers Retirement System (9.75%), as applicable, unless the State Optional Retirement Program (9%) is elected within the first thirty days, the contributions for which are deducted based on standard member contribution rates. Retirement contributions are exempt from federal income tax withholding and excluded from South Carolina taxable gross income.
- e. **Federal and State Tax Liens:** If the IRS or the South Carolina Department of Revenue (SCDOR) has levied against an employee's wages, withholding must occur in accordance with the terms set forth on the official levy document. The IRS and SCDOR are obligated to furnish the employee with a copy of this document.
- f. **Family Court Orders:** If the University receives an official court order stipulating that a certain deduction be made from an employee's pay, such garnishment will occur until the order is rescinded, with the funds remitted to the court by the Payroll Department accordingly.

### 2. Optional

- a. Elective benefit deductions (e.g., health, vision, dental, life insurance, long term disability insurance, medical spending account, health savings account, etc.) will be deducted based on the employee's respective selections in the state's benefits system.
- b. Employees may enroll in supplemental insurance benefits (e.g., universal life/long term care benefits, short-term disability, critical illness, etc.) offered by the University. These benefits are employee-paid and may be paid through payroll deduction.
- c. Employees may enroll in supplemental retirement plans (e.g., 403(b), 457(b), etc.), also known as tax-sheltered annuities, to meet individual retirement goals. While a list of authorized companies is made available by DHR, the University does not endorse or recommend any particular company or group of companies.
- d. Various University-related voluntary deductions, such as parking and fitness center memberships, are available to employees.

#### C. Direct Deposit

All University employees (e.g., faculty, staff, student employees, graduate assistants, temporary employees, etc.) must enroll in direct deposit. Upon hire, the employee will be instructed to enter direct deposit information in the University's payroll system. Until the automated prenotification process is complete, which includes a verification of the account numbers and account types entered, a paper paycheck will be issued and mailed to the employee. Once the prenotification process is complete, all payroll payments will be made electronically.

If an employee loses or misplaces a paper paycheck, the Payroll Department should be notified immediately. A stop payment will be placed on the original check and a replacement check will be issued at the earliest date allowable. The interval between notification of a lost check and issuance of a replacement check averages 7 to 10 business days.

#### D. Time and Absence Reporting

##### 1. Time Reporting

Weekly records of the hours worked by non-exempt employees are required to be maintained under the Fair Labor Standards Act. DHR is responsible for determining an employee's exemption status under this federal law during the hiring process. Personalized electronic timesheets are available in the University's timekeeping system for each employee with a non-exempt position. Timesheets must be completed by non-exempt employees daily and submitted weekly. Failure to submit and approve a timesheet in an accurate, complete, and timely manner may result in inaccurate or incomplete payments to employees.

##### 2. Absence Reporting

All employees, including both exempt and non-exempt leave-earning employees are required to record their absences (e.g., annual leave, sick leave, etc.) in the University's

timekeeping system. Refer to DHR's leave policies for more information (HR 1.03 through HR 1.18). Non-leave earnings exempt employees have special provisions for leaves of absence which are addressed in HR 1.12.

#### E. Social Security Numbers

Federal law, as specified in the IRS's Publication 15 (Circular E, Employer's Tax Guide), requires each eligible employee to furnish their social security number during the hiring process and prior to employment. The collection of this information ensures the proper forms are issued by the Payroll Department for tax purposes. The University uses social security numbers for tax reporting purposes, not identification purposes – an internal employee identification number is assigned and used for identification purposes.

#### F. Work Outside South Carolina

For staff, remote worker agreements require supervisor, department leadership, and DHR approval. Any international appointment, which encompasses any employee working abroad, requires special approval from the University Controller and should be time limited in nature.

To ensure the Payroll Department remits accurate payroll and tax deposits, any employee working outside of South Carolina must ensure their state of employment is accurate and up to date in the payroll system.

#### G. International Employees

Once the appropriate hiring and verification processes occur through DHR and International Student and Scholar Support, payroll payments to international employees, including student employees, are issued following the same standardized guidelines and processes used for domestic employees. The Payroll Department will coordinate with international employees regarding required tax withholdings, including acknowledgement and discussion of any existing tax treaty benefits.

#### H. Tax Forms

Wages and tax withholdings are required to be reported to federal and state tax authorities. The Payroll Department will issue a Form W-2 (Wage and Tax Statement) to employees annually for tax reporting purposes. This form is issued by January 31 for the prior calendar year. The appropriate consent form must be completed by the employee to receive their Form W-2 electronically, which is strongly encouraged and preferred. Otherwise, the form will be distributed through the mail to the employee's permanent mailing address. For international individuals, a Form 1042-S (Foreign Person's U.S. Source Income Subject to Withholding) may be issued in lieu of or in addition to a Form W-2. This form is issued by March 15 for the prior calendar year.

### **PROCEDURES**

There are no procedures for this policy. Questions may be sent to the Controller's Office at [controller@sc.edu](mailto:controller@sc.edu) or the Payroll Department at [payroll@mailbox.sc.edu](mailto:payroll@mailbox.sc.edu).

**RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES**

[FINA 1.00 Chart of Accounts](#)

[FINA 2.40 Independent Contractor](#)

[FINA 6.01 Payroll Overpayments](#)

**HISTORY OF REVISIONS**

<b>DATE OF REVISION</b>	<b>REASON FOR REVISION</b>
November 1, 2006	New Policy Approval
February 17, 2015	Policy revisions due to departmental reorganization and name changes and to reflect policy clarifications
April 14, 2025	Consolidation, language, content, and formatting updates