**Ask an HR Advisor: Reducing Pay in NC**

**Q:** What do I need to do if I want to reduce an employee’s pay in NC?

**A:** Employers planning to reduce an employee’s pay are required by NC Wage and Hour Law to give the employee written notice of such.  The law (NCGS 95-25.13) requires this written notification to be at least 24 hours in advance of the reduction being made, not 24 hours in advance of issuing the paycheck reflecting the reduction.

If employees experience a permanent unilateral reduction in pay of more than 15% and **resign** from employment, they may be eligible for unemployment. benefits because such is considered by the Employment Security Act of North Carolina as “leaving with good cause attributable to the employer.”  If, however, an employee resigned due to a pay reduction of more than 15%, which was the result of a rule or procedure violation, the employee would not be eligible for unemployment benefits (*Catapult does not generally recommend reducing employee pay in conjunction disciplinary measures).*

Remember that you can never take a non-exempt employee below the hourly minimum wage and exempt employees below $684/week.

For more information about North Carolina Wage & Hour Laws contact Catapult’s Advice Team at 919-878-9222.

Written by a Catapult Advisor