

## Reallocation Policy

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### § 1. Definition

Reallocation is the assignment of a position to a different classification, documented through data collection and analysis according to customary professional procedure and approved by the Human Resources Director.

For purpose of the Salary Adjustment Fund, the following references are considered reallocations:

- Reallocation – assignment of a graded or banded position to a higher level classification to recognize higher level duties.
- Grade-Band Transfer – initial reallocation of graded positions to banded classes where salary increases are required to recognize higher level duties. (See Career Banding Salary Administration Policy.)

The purpose of a reallocation pay increase is to reward the employee for more responsible and more difficult duties than those in the current classification.

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### § 2. Salary Rate for Reallocation to Same or Higher Grade

When an employee's position is reassigned to the same grade or a higher grade, the new salary will be determined under the steps in the Pay Administration Policy. A salary change on a reallocation should not create internal salary inequity. See the portion of the Pay Administration Policy on the equity pay factor for further details.

Unless OSHR has provided approval, the salary increase cannot exceed the increase amount established in the agency or university's flexibility authorization.

**Reallocation Policy (cont.)**


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Documentation for the new salary must be established under the procedures in the Pay Administration Policy.

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§ 3. **Salary Rate for Reallocation to a Lower Grade**

When an employee's position is assigned to a lower grade, one of the options listed below shall be implemented. It is a management responsibility to avoid creation of salary inequities among employees. Each case must be evaluated to determine which of the salary administration alternatives is most appropriate, based on the circumstances as documented to the Office of State Human Resources, on appropriate forms, by the employing agency.

When reduction in level results from:	the salary:
removal of duties and responsibilities because of change in demonstrated motivation, capability, acceptance of responsibility or lack of performance,	shall be reduced at least to the maximum as required by the Demotion/Reassignment Policy.
position redesign because of management decisions on program changes, reorganization, or other management needs not associated with the employee's demonstrated motivation, capability, acceptance of responsibility or lack of performance,	may remain above the new maximum as long as the employee remains in the same classification or is promoted to a higher level position.
a change in the labor market or some other reason not related to change in the duties and responsibilities of the position, though the position must be reallocated to the approved classification and grade,	may remain unchanged by election of management to maintain the employee's current classification and grade by working the employee against the lower level position, so long as the employee continues to occupy the same position or is in the same classification. When vacated, it shall be filled at the lower level.

## Reallocation Policy (cont.)

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### § 4. **Delayed Optional Increases**

If increases within the range are recommended, they should be given on the effective date of the reallocation. If the desired amount of increase is not given on the effective date, increases, up to the full allowable amount, may be given at later dates on a current basis.

If increases are to be given at later dates, a notation must be entered on the form showing the dollar amount of the allowable increase, the amount given, and the balance that may be given later. The personnel actions submitted later must state "Reallocation Increase" in the description of action block, which will denote that this is a delayed increase.

If no increase is to be given at a later date, no notation is necessary.

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### § 5. **Salary Increase Authorization Cancelled**

If a subsequent promotion, reallocation up or down, demotion or reassignment, or horizontal transfer to a different class occurs, this cancels the authorization to grant additional increases as a result of the previous reallocation.

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### § 6. **Reallocation within 12 Months of a Reduction**

If an employee has been reduced to a lower salary grade through demotion, reassignment, reallocation or salary range revision, but without a corresponding reduction in salary, and within twelve months of the reduction the employee is reallocated:

- The employee shall not be considered for a reallocation increase unless the reallocation is to a grade higher than the grade held prior to the reduction.
- If reallocated to a higher grade, the Pay Administration Policy shall be used.

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### § 7. **Approvals and Exceptions**

Any salary actions outside the scope of an agency's flexibility authorization must be submitted to the Office of State Human Resources for review and approval under the process in the Pay Administration Policy.

Any exceptions or variances from this Policy shall be submitted to the Office of State Human Resources under the exception and variance process in 25 NCAC 01A .0104.

## Reallocation Policy (cont.)

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### § 8. **Determining Effective Date**

Reallocation shall be made effective on the first day of the pay period. Form PD-118 should be submitted to the Office of State Human Resources as established in the guidelines of the Agency Special Processing Agreement. Otherwise, submit Form PD-118 thirty days prior to the proposed effective date to allow adequate time for study and processing of the request. Requests received after the first day of the month are subject to be made effective no earlier than the first of the following month, and requests can be effective only after complete information is available to make a decision. If any party is delayed in carrying out its responsibilities, the employee should not be caused to suffer delay; and the effective date will be revised to the most reasonable date consistent with the time that complete information would have been available to make the decision on reallocation of the position.

### § 9. **Qualifications**

When an employee's present position is reallocated upward, the employee must ordinarily possess the minimum recruitment standards, or their equivalent, as set forth in the class specification. If a classification audit has verified that duties, skills, and knowledge are being demonstrated at a higher level and the position is reallocated, the employee may be reallocated by waiver of the stated education and experience requirements.

If reallocation downward is made to a position within the same field of work, the employee automatically qualifies. However, if a reallocation down is to a different field of work, the employee must meet the minimum recruitment standards, or their equivalent, as set forth in the class specification.

### § 10. **Sources of Authority**

This policy is issued under any and all of the following sources of law:

- N.C.G.S. § 126-4(2),(5),(6)
- 25 NCAC 01D .0200

## Reallocation Policy (cont.)

### § 11. History of This Policy

Date	Version
March 1, 1966	Reclassification no longer considered as promotions requiring salary increase. Left up to agency whether to grant increase and, if one is given, agency determines whether to change anniversary date.
October 29, 1975	Policy revision for waiver of qualifications for reallocated positions.
January 1, 1976	Revised salary policy to permit an employee's salary to remain above the maximum. Added policy on effective dates of reallocation.
August 1, 1977	Revised salary policy to make it mandatory to reduce salary to maximum; however, reduction may be delayed one year if agency presents a plan and justification that assures opportunity to restore to a position of former grade level.
January 1, 1979	Salary Determination Upon Reallocation. (Exception) To provide for the employee to adjust to the pay reduction, the reduction may be delayed by management for up to one year from the date of the position's allocation to the lower grade level. (Will not have to submit plan.)
August 1, 1980	Allowed salaries to remain above the maximum if determined in the classification reallocation that the employee was not at fault in any way. However, if the reclassification to a lower level was the result of an employee's lack of performance or lack of ability to perform, the reallocation would be handled exactly as a demotion.
April 1, 1984	Salary may remain the same as long as the employee remains in the same classification or is promoted to a higher level position. Previously state "in the same position."
December 1, 1985	Deleted competitive service provisions.
October 1, 1986	Salary rate provisions revised - performance increase provisions deleted.
December 1, 1986	Definition of reallocation revised.
November 1, 2005	Revised to define Reallocation for purposes of the Salary Adjustment Fund.
April 14, 2022 (effective June 1, 2022)	Removed portion of policy specifying and restricting the size of a salary increase on reallocation. Instead, salary should be determined under the new Pay Administration Policy. Removed material on special minimum rates, as that process has been replaced in the new Pay Administration Policy. Moved material on geographic differentials to the new Geographic Differential Policy.