

## Horizontal Transfer Policy

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## § 1. Horizontal Transfers

### § 1.1. Definition of Horizontal Transfer

A horizontal transfer is the movement of an employee from one position to another position within the same agency or between agencies when:

- there is no break in service, and
- the positions have the same salary grade or are in the same career-banded class.

### § 1.2. Application of This Definition to Changes Between Salary Grades

The Promotion Policy, rather than this Policy, applies when an employee changes from one pay grade to another pay grade with the same prefix, but a higher number (for example, from NC10 to NC11).

If an employee is changing between pay grades with different prefixes (for example, from NC10 to DT06), compare the salary range midpoints for the old pay grade and the new pay grade. If the new pay grade's midpoint is higher than the old pay grade's midpoint, the action is a promotion and governed by the Promotion Policy, rather than this Horizontal Transfer Policy.

This distinction between horizontal transfer and promotion will usually not result in a distinction in pay, because the same process – under the Pay Administration Policy – is

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used to determine salaries under this Horizontal Transfer Policy and under the Promotion Policy.

### § 1.3. **Transfers Between Career-Banded Classifications and Graded Classifications**

Employees transferring from a career-banded classification to a graded classification or vice versa should be treated as a Grade-Band Transfer action, and the salary established using the Pay Administration Policy if transferring to a graded class or the Career Banding Salary Administration Policy if transferring to a banded class.

### § 1.4. **Break-in-Service Defined**

A break in service occurs when an employee is in nonpay status for more than thirty-one calendar days from the last day of work (except when on leave without pay).

Normally, a transfer between agencies results in an employee reporting to work in the receiving agency the first workday following the separation date from the releasing agency.

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## § 2. **Salary Rate**

For transfers governed by this Policy, the salary must be set under the Pay Administration Policy. The salary may increase or decrease. A salary change on a horizontal transfer cannot create internal salary inequity. See the portion of the Pay Administration Policy on the equity pay factor for further details.<sup>1</sup> Documentation for the new salary must be established under the procedures in the Pay Administration Policy. In addition, staff should attach the analyst notes to the OM action in the HR/Payroll System. Universities should maintain documents in their system of record.

When an employee transfers between banded classes, the salary shall be established based on consideration of all pay factors for career banding.

If there is a salary limitation due to budget restrictions or equity considerations, the announcement should include a separate recruitment range that specifies the maximum salary to be offered.

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<sup>1</sup> The Administrative Code rule on horizontal transfers currently defines “internal salary inequity” as existing “when an employee’s salary is 10 percent above or below” similarly situated employees. 25 NCAC 01D .0913(a). However, under federal and state law, there is no safe harbor for differences smaller than 10 percent. Indeed, there have been cases in the past where employers’ pay differences were held discriminatory in particular circumstances, even though those differences were smaller than 10 percent.

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### § 3. Effective Date

If an employee reports to work the first workday following separation, the releasing agency shall carry the employee on its payroll through the day prior to the effective date of the transfer even though the separation date may fall on a non-workday.

An exception may be made when the releasing date falls on a non-workday at the first of the month, in which case the pickup should be made on the first day of the month. If other time is involved, such as holidays or approved vacation, the releasing agency and the receiving agency shall agree upon who will pay the employee.

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### § 4. Overlap of Leave and Reemployment

It is the responsibility of both the releasing agency and the receiving agency to arrive at appropriate transfer dates and to transfer leave properly. If, however, the employee has been paid for unused vacation by the releasing agency after a separation which was apparently in "good faith," and not intended as a means of realizing compensation for accumulated vacation leave, and the employee is reemployed before the date through which vacation leave was paid, the payment for vacation leave shall not be considered as dual compensation.

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### § 5. Benefits Transferred

When an employee transfers to another position that is subject to the State Human Resources Act ("SHRA"), all unused sick and vacation leave shall be transferred.

If the employee transfers to an exempt position in which leave will not be credited the same as employees subject to the State Human Resources Act, accumulated vacation and sick leave may be transferred subject to the receiving agency's approval. If vacation leave is not transferred, it shall be paid in a lump sum not to exceed 240 hours. Sick leave may be transferred and held for future use should the employee transfer back to a SHRA position.

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### § 6. Qualifications

The employee must possess at least the minimum qualifications and competencies required for the class to which transfer is made.

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### § 7. Personnel Records Transfer

The personnel file, as defined by statute and in the Personnel Records Policy, shall be transferred to the receiving agency.

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### § 8. Leave With Pay for Transferred Employees

When management transfers an employee to serve the best interests of the State, the employee may be eligible for paid leave. These leave provisions are contained in the Transfer Leave Policy.

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### § 9. 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 .0900](#)

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### § 10. History of This Policy

Date	Version
July 1, 1975	New policy on leave with pay for employees transferring.
January 1, 1976	Included provisions for competitive service positions.
June 1, 1985	Revised maximum distance factor from 20 to 35 miles or more to become eligible for consideration of reimbursement of moving expense.
December 1, 1985	Deleted provisions for competitive service.
August 1, 1986	Revised to allow exception for salary to be cut in case of insufficient funds or creation of a serious internal salary inequity.
January 1, 1990	Revised to conform to new pay plan. Added provision for transfer of employee personnel file when employee transfers to another agency.
December 1, 1995	Revised to state that the exception for paying a lower salary does not apply if an employee has RIF reemployment priority.
July 1, 2002	Revised to include advisory note regarding salary "waiver."

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July 1, 2005	Revised to eliminate “hiring rate” and to change “special entry rate” to “special minimum rate.”
July 1, 2006	Paragraph on Benefits Transferred revised to conform to changes in the Vacation and Sick Leave Policies.
January 1, 2007	(1) Changed title from “Transfer” to “Horizontal Transfer” to differentiate from redeployment and to clarify that this terminology is used only for transfers to the same grade. Transfers that involve a promotion are coded “Promotion,” etc. (2) Added provisions for career-banded classes. (3) Clarified transfer provisions for graded classes.
August 2, 2018	Edited to allow increases in the salary rate for Horizontal Transfer actions.
April 14, 2022 (effective June 1, 2022)	Changed to provide that salary increases should be considered under the procedures in the new Pay Administration Policy. Removed provisions that generally allowed salaries to only increase, not decrease, on a horizontal transfer. Removed provision that placed a 10% limit on any salary increase resulting from a horizontal transfer. 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.
December 12, 2024	Added to Section 2, Salary Rate: “Documentation for the new salary must be established under the procedures in the Pay Administration Policy. In addition, staff should attach the analyst notes to the OM action in the HR/Payroll System. Universities should maintain documents in their system of record.”