

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
BUREAU OF HUMAN RESOURCES  
April 23, 2003

**HUMAN RESOURCES MEMORANDUM 4-03**

TO: All Agency Department Heads, Human Resource Representatives

**SUBJECT: MERIT FREEZES FOR FISCAL YEAR 2003-2004 and FISCAL YEAR 2004-2005**

PL 2003, Chapter 20, Sec. D-22, freezes merit increases scheduled to be awarded between July 1, 2003 and June 30, 2005. The current effect of this legislation is that employees who are not at the top step of their salary range, with a salary review date that falls between July 1, 2003 and June 30, 2005, inclusive, will not advance to the next step. This being the case:

- Employees with a salary review date on or before June 30, 2003 will receive the recommended merit increase for 2003.<sup>1</sup>
- If the salary review date for a recommended merit increase is on or before June 30, 2003, but is not administratively processed in a timely manner, the employee will receive the merit increase for 2003.
- When reconstructing retroactive reclassification/reallocation actions, all merits with a salary review date on or before June 30, 2003 should be calculated into the retroactive payment due. Merits with a salary review date on or after July 1, 2003 should not be calculated into the retroactive payment due.

The freeze on merit increases does not effect the requirement to complete annual performance appraisals; annual performance reviews must be conducted on the scheduled performance review date pursuant to Civil Service Bulletin 10.4C. Because the freeze on merit increases does not effect the requirement to complete annual performance appraisals, performance review and salary review dates should be advanced only one year, not two years. Agency human resource representatives should note "Performance Review-Merit Frozen" in the comments box of HRP.

Consistent the intent of PL 2003, Chapter 20, Sec. D-22, discretionary "Special Merit Increases" authorized in *Civil Service Rules* [Chapter 5, Sec. 3, B, 1, b.] will not be considered during the same period.

***S/ Donald A. Wills***

Donald A. Wills, Director

---

<sup>1</sup> MSEA bargaining unit and Confidential employees whose salary review date falls on July 1 or July 2, 2003 would ordinarily receive the merit increase effective June 30. In this limited circumstance, the merit increase will not be awarded on June 30. The legislation requires the use of the "scheduled" merit date (actual salary review date) rather than the effective merit date. If the June 30 effective merit date were used, employees with a salary review date of July 1 or 2, 2003 would receive the merit increase in both 2003 and 2005, which is contrary to the intent of the legislation.