

DEPARTMENT OF ADMINISTRATIVE & FINANCIAL SERVICES
BUREAU OF HUMAN RESOURCES
July 27, 2004

HUMAN RESOURCES MEMORANDUM 7-04

TO: Agency Heads, Human Resource Representatives

SUBJECT: LUMP-SUM PAYMENT IN LIEU OF FY 2004 MERITS

The purpose of this memorandum is to provide agencies with instructions for processing the lump-sum payment of \$387 (prorated for part-time and seasonal) for employees who would have been eligible to receive a step increase during the period of July 1, 2003 and June 30, 2004.

Eligibility for Increase

All employees, except agency commissioners* and certain senior staff in the Office of the Governor who, but for the merit freeze, would have been eligible to receive a merit increase *in their permanent assignment* during the period of July 1, 2003 and June 30, 2004.

Employees Eligible for Automatic Processing

The lump-sum payment will be issued automatically to employees for whom eligibility can be determined through electronic means. To determine eligibility employee information as of July 1, 2003 was used.

Using July 1, 2003 data *all* of the following conditions had to be met:

- (a) Employee must be in 1 – active status or 2 – inactive (on leave).
- (b) If in Admin Unit C Salary Step must not = 06
- (c) Company Number is not = 00360, 01100, 01210, 01601, 01701, 03000, 03010, 03020, 04000, 04001, 09960

Current data:

- (a) Employee must be in 1 – active status or 2 – inactive (on leave).

Employees For Whom Manual Processing Is Required:

Two Reports have been generated for your review. The information on these reports is current information except for the salary review date which appears in the column “Dates 2003” (salary review date as of June 30, 2003).

The hours and weeks in the position record for the period from 7/1/2003 – 6/30/2004 will be used to establish the number of hours upon which to base the lump-sum payment. The

prorated lump-sum payment for seasonal and part-time employees will be provided on the lump-sum payment reports provided by BHR.

Report PWHEL04-1 - Employees Receiving Lump-Sum Payments:

- Transactions have been automatically generated on the list based on the criteria on page 1 of this memo.
- Please review and make the necessary corrections and deletions. An asterisk will appear next to those employees who are at Step 08 or above which will require a closer review.

Report PWHEL05-1 - Employees *not* Receiving Lump-Sum Payments. When reviewing these reports to determine if an employee is eligible for this lump-sum payment the following criteria must be considered:

- Transactions have not been automatically generated for employees on this list.
- Please review and add to Report PWHEL04-1, Employees Receiving Lump-Sum Payments.
- Employees who were eligible to receive a merit increase in their permanent assignment for the period from 7/1/2003 – 6/30/2004, but would have been **denied a merit increase** will not be eligible to receive the lump-sum payment.
- Employees who were eligible to receive a merit increase in their permanent assignment for the period from 7/1/2003 – 6/30/2004, but were **promoted after the salary review date** will be eligible to receive the lump-sum payment.
- Employees who were eligible to receive a merit increase in their permanent assignment for the period from 7/1/2003 – 6/30/2004, but were **promoted before the salary review date** will not be eligible to receive the lump-sum payment.
- Employees who are **redlined**, and would have been removed from redline status if they would have received a merit increase for the period from 7/1/2003 – 6/30/2004, are eligible for the lump sum. In this case, however, the redlined employee will not be removed from redline status and placed on step until the next salary review date.
- **Pending Reclassifications:**
 - Employees who have a reclassification pending funding in the Bureau of Budget and who were eligible to receive a merit increase in their permanent assignment for the period from 7/1/2003 – 6/30/2004 will receive the lump-sum payment.

- When reconstructing a salary as a result of a reclassification and the effective date of the reclassification results in a promotion and a new salary review date that occurs after the former salary review date, the lump-sum payment will not be affected.
- When reconstructing a salary as a result of a reclassification and the effective date of the reclassification results in a promotion and a new salary review date that occurs before the former salary review date, the lump-sum payment will be deducted from the final retroactive payment.
- By exception, employees who were in the **Voluntary Cost Savings Program** between 7/1/2003-6/30/2004, and who have had their position hours and/or weeks revised downward because of this program will not have the lump-sum payment prorated. The lump-sum calculation will need to be reviewed and changed to the appropriate amount as if the employee had not taken the voluntary reduction.
- **Retirees** who, prior to the retirement effective date, would have been eligible for a merit increase for the period from 7/1/2003 and 6/30/2004 will be reviewed and processed by the Bureau of Human Resources and the Office of the State Controller. No agency action is necessary to process the lump-sum payment for these former employees.

Processing Procedures and Key Dates:

A processing calendar is attached to this memorandum and should be studied in detail.

The lump sum payment will automatically be generated for employees that are eligible to receive the payment.

- This payment is a lump-sum payment, special pay number 47.
- Taxes will be withheld using the supplemental tax rate, 25% Federal, 5% State, and Medicare of 1.45%, if applicable.
- This payment is not considered earnable compensation; no retirement deductions will be withheld.

The Office of the Controller will make necessary corrections prior to paying the lump-sum payment using the authorization from BHR.

Critical Dates:

- **Monday, July 26** – Lump-Sum Payment Report listing employees eligible and not eligible for the lump-sum payment will be distributed for agencies to make necessary additions, changes and deletions needed.
- **Tuesday, August 3** – Agencies will return the corrected reports to Jeannie Johnson who will authorize the changes and submit to the Office of the Controller for payment.

- **Wednesday, August 18** – Cycle A eligible employees to receive the lump-sum payment.
- **Wednesday, August 25** -- Cycle B eligible employees to receive the lump-sum payment.

S/ Donald A. Wills

Donald A. Wills, Director
Bureau of Human Resources

*
The Adjutant General
Commissioner, Admin and Finance
Commissioner, Agriculture
Commissioner, Prof and Financial Regulation
Commissioner, Conservation
Commissioner, Corrections
Commissioner, Econ and Community Devt
Commissioner, Education
Commissioner, Environmental Protection
Commissioner, Health and Human Svcs
Commissioner, Inland Fish and Wildlife
Commissioner, Labor
Commissioner, Marine Resources
Commissioner, Public Safety
Commissioner, Transportation

LUMP SUM PAYMENT

JULY 2004

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27 Distribution of reports for lump sum payment to agencies.	28	29	30	31

LUMP SUM PAYMENT

AUGUST 2004

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3 All agencies return corrected lump sum payment reports to BHR	4 Cycle A Payday	5	6	7
8	9	10	11 Cycle B Payday	12	13	14
15	16	17	18 Lump sum payment issued for Cycle A	19	20	21
22	23	24	25 Lump sum payment issued for Cycle B	26	27	28
29	30	31				