**Section 310.450 Procedures for Determining Annual Merit Increases** **and Bonuses**

a) Definitions −

1) Annual Merit Increase − An annual merit increase is an in-range salary adjustment for demonstrated performance.

2) Annual Merit Bonus – An annual merit bonus is a percentage of the employee's annualized base salary that is paid once for demonstrated performance and separately from the base salary.

b) Eligibility Conditions − Eligibility for an annual merit increase and bonus shall be determined by the following conditions:

1) 12 Months Creditable Service or from the Last Officially Scheduled Performance Review and Performance Review Discussion – Each employee will be eligible for a performance review: after attaining 12 months creditable service if new to the position; if continually in the one position for longer than 12 months from the last officially scheduled performance review (80 Ill. Adm. Code 302.270(d)); if continually in the one Trainee Program (80 Ill. Adm. Code 302.170) position for 12 months and each subsequent 12 months in the same position; if continually in the one position which is Personnel Code [20 ILCS 415] Section 4(d) exempt or otherwise partially, Jurisdiction B, exempt from the Personnel Code and each subsequent 12 months in the same position; if the combined time in the position and in a completed interim assignment is longer than 12 months from the last officially scheduled performance review; or if in interim assignment and the employee's creditable service date is 12 months or more ago, the employee shall return from a leave to serve in interim assignment for the employee's Performance Review and discussion. The employee's immediate supervisor shall prepare a Merit Compensation and Performance System form prior to the Performance Review Date or if the employee just returned from a leave to serve in interim assignment for the purpose of receiving the Performance Review, the employee's immediate supervisor shall prepare a Merit Compensation and Performance System form on the date the employee returned with input from the employee's immediate supervisor while in interim assignment. The employee's immediate supervisor shall discuss the results with the employee.

2) Guidechart Category Amount, Salary Range Maximum in Relation to Base Salary Increase and Current Base Salary –

A) Annual Merit Increase − Should the performance review result in the employee not being eligible for an annual merit increase due to provisions of Section 310.450(d), or should the employee's base rate be at the maximum rate of pay of the salary range assigned to the employee's position, the employee will not be eligible for an annual merit increase until 12 months of additional creditable service has been accrued. (Interim Assignment Pay shall never be used to determine eligibility for an annual merit increase.)

B) Annual Merit Bonus − Should the performance review result in the employee not being eligible for an annual merit bonus due to provisions of Section 310.450(d), the employee will not be eligible for an annual merit bonus until 12 months of additional creditable service has been accrued. (Interim Assignment Pay shall never be used to determine eligibility for an annual merit bonus.)

c) Immediate Supervisor Determination of Performance Category – Based upon the results of the performance review, the employees' immediate supervisor shall determine whether the employee's performance warrants or does not warrant an annual merit increase and bonus.

d) Amount Restrictions − The amount of an annual merit increase and bonus recommendation shall be determined by use of the Merit Increase and Bonus Guidechart of Section 310.540 if the employee's performance review has on the Performance Review Date been evaluated at a Category 3 or higher level. An employee whose performance review has on the Performance Review Date been evaluated at Category 4 shall not receive an increase in the present base salary or a bonus. However, in no event is the resulting salary to be lower than the minimum or higher than the maximum rate of pay of the respective salary range assigned to the employee's position. (Interim Assignment Pay shall never be used to determine an annual merit increase or bonus.) (Effective July 1, 2009, annual merit increases and bonuses are suspended, and annual merit performance reviews continue.)

e) Immediate Supervisor Indication of Eligibility and Amount – The employee's immediate supervisor shall prepare a Performance Certification and Merit Increase Recommendation form indicating whether or not the employee is eligible for an annual merit increase and bonus and the amounts thereof. (Effective July 1, 2009, annual merit increases and bonuses are suspended, and annual merit performance reviews continue.)

f) Review and Approval − The employee's immediate supervisor shall forward the completed Merit Compensation and Performance System and Performance Certification and Merit Increase Recommendation forms to the agency head or a designated authority for review and approval.

g) Effective Date and New Creditable Service Date – The annual merit increase and bonus shall become effective the first day of the month in which the employee's Performance Review Date occurs. The employee's new creditable service date shall be the first day of the month in which the employee's Performance Review Date occurred or would have occurred if the employee had not been in interim assignment on that date.

(Source: Amended at 33 Ill. Reg. 14944, effective October 26, 2009)