

The Ohio State University
Offices of Academic Affairs and Human Resources
FY2002-2003

II. Compensation Philosophy, Objectives, Strategies, and Principles

A. Compensation Philosophy

The Ohio State University believes that competitive pay is a key element in recruiting, retaining, and rewarding the type of employees that are needed to fulfill the University's mission. Our goal is to pay competitive salaries by using systems that are clearly communicated to employees and readily administered by managers.

B. Compensation Objectives

In order to fulfill its mission, The Ohio State University must attract and retain an outstanding staff. To meet institutional staffing needs and priorities, the compensation system established in support of this goal includes the following objectives:

1. To establish compensation levels for positions on the basis of their relative internal worth and external competitiveness within relevant labor markets;
2. To reward employees on the basis of work performance;
3. To administer pay equitably and consistently;
4. To establish a compensation policy that is consistent with the judicious expenditures of funds entrusted to the University; and
5. To ensure accountability for compliance with The Ohio State University Board of Regents Rules and Regulations and statutory requirements

C. Compensation Strategies

The university intends to pursue compensation strategies, which maximize the recruitment, performance, and retention of quality faculty and staff, while adhering to the letter and spirit of applicable regulations.

Each college/unit is considered a strategic enterprise, the decentralized unit in a university which is “centrally driven but decentralized.” The achievement of excellence within each unit is the primary measure of compensation strategy success. The concept of excellence should include attracting and retaining quality faculty and staff, investing in performance, and achieving an appropriate environment of equity.

The compensation rate for individual positions is primarily established by relevant competitive markets, as well as the impact of individual positions or teams on the mission of the unit, as feasible within the units’ budget. Salary patterns within job titles may also vary by the credentials and performance of individuals occupying the positions. Within the market-based approach, colleges/units should pay particular attention to equity patterns across protected groups, especially taking leadership to transcend any of the historical market-based patterns of inequality.

The university does not typically administer step, across-the-board, longevity, cost-of-living, or other increases indicative of minimum entitlements. Such strategies fail to allow compensation rewards to vary commensurately within the levels of contribution and impact of individual faculty and staff. All salary increases are awarded based on “merit,” supported by these guiding principles and administrative guidelines.

The construct of “merit” includes all the concepts discussed above: performance, internal and external equity, and the impact of the position or team on the mission of the unit and university.

D. Compensation Principles

1. Each college/unit should adopt a process of compensation planning which incorporates information on performance and equity (internal and market); and impact where appropriate.

Performance information should have input from the direct supervisor, and other sources of feedback where feasible (such as peers, subordinates, customers, etc.)

Equity patterns should be formally evaluated (at least every three years) for most positions. However, for market or internally sensitive positions, more frequent review is recommended.

The concept of *impact* allows the Provost, Dean, Chair or Vice President to prioritize scarce resources to colleges, departments, teams, or individuals with the greatest effect or potential effect on achievement of college/unit goals and excellence.

2. The compensation planning process within a college/unit should be guided by central principles and guidelines, unit governance, and be focused on furthering academic excellence and an environment of opportunity and fairness.
3. Each college/unit compensation planning process should provide reasonably equivalent opportunities and outcomes for small departments as well as larger.
4. Colleges/units may adopt their own written guidelines as to the eligibility for salary budget increases for faculty and staff hired or promoted in the months immediately preceding July 1st.
5. Classified staff on probationary status are eligible for the budget increases. However, colleges/units should be very cautious about giving raises to probationary staff, as this sends a conflicting message if the individual is discharged at the end of probation. The best practice is to delay increase until successful completion of probation.
6. The use of one-time cash payments is allowed to reflect truly outstanding achievements on time-bound projects, and/or to

supplement the salary increase process in recognizing unusually outstanding performance. With few exceptions (such as a bona-fide variable compensation program), one-time cash payments should not be a substitute for annual rate.

Colleges must not reduce instructional or student support services to fund cash payments to faculty and/or staff.

7. The purpose of the raise distribution process is to achieve an optimal distribution of salaries in a unit and therefore the focus should be on distributing dollars rather than percentage increases except in the case of faculty promotions where percentage increases of particular sizes are mandated.
8. Zero percent increases are appropriate in the following instances:
 - When an individual's performance is inadequate. (In such instances the performance deficiencies should be documented and communicated to the individual throughout the performance cycle.)
 - If individuals fail to provide required documentation related to their own performance. For example, in the case of faculty failure to document accomplishments in instruction, research or other scholarly activity during the annual review process.
 - Situations in which current salary substantially exceeds market, or salaries of other individuals within the employing unit with similar duties, levels of performance, and experience/qualifications.