



EXECUTIVE VICE PRESIDENT AND PROVOST

MEMORANDUM

TO: Vice Presidents, Deans, and Department Chairs
FROM: Joseph A. Alutto, Executive Vice President and Provost
DATE: March 11, 2009
SUBJECT: **Fiscal Year 2010 Compensation Guidance**

This memorandum provides guidance for the FY10 annual merit compensation process.

Context for This Year

1. A merit pool target of 2.5% is to be established for each college and vice presidential unit. It is important to note that:
 - a) Even in these difficult times we must continue our performance-based culture and ensure that merit funds are used to reward and retain our highest performers and reduce any market inequities.
 - b) Our average faculty salary was at one time in the top third of the AAU, and is now near the bottom third, and our staff salaries are on average more than 10% below those of competing employers; as such we must make this limited merit pool a priority.
2. Out-of-pocket increased costs for faculty and staff for next year will be minimized due to recent successful cost reduction initiatives of nearly \$100 million. (Health care premiums will not increase for 2010, RPAC [*Recreation & Physical Activity Center*] fees will not increase, and parking fees will increase less than 5%.)
3. In light of the difficult economy facing the state of Ohio and its impact on our students, the President, Provost, and members of the Senior Management Council* will voluntarily forego any salary increase or earned bonus for the year. These funds will be redirected to increased scholarship support for students.

**The Senior Management Council includes Javaune Adams-Gaston, Herb Asher, Joyce Beatty, Chris Culley, David Frantz, Steve Gabbe, Jeff Kaplan, Tom Katzenmeyer, Bill Shkurti, Larry Lewellen, Bobby Moser, Chip Souba, Kathy Starkoff, Curt Steiner, Peter Weiler, Carol Whitacre and Kate Wolford.*

(continued)

Performance Culture

In order to become the employer of choice, both state-wide and nationally, we must maintain a strong performance-based culture. The compensation process must inspire excellence by rewarding performance and accountability. As has been the case, there are no minimum or across-the-board increases. All increases must be based on performance and market and/or equity considerations. An aggressive pursuit of efficiencies and cost savings must continue, within Ohio State and in conjunction with our partners throughout the University System of Ohio.

Academic Plan Priorities and the Competitive Compensation Initiative

Even under these difficult conditions we must continue recruiting and retaining our best and brightest colleagues by offering competitive salaries. Budgets will be challenging for the foreseeable future, but we must continue to invest in our people to move forward in our institutional progress.

Transparency

As a collective leadership we aspire for a high level of transparency in all decision processes. Transparency is particularly important in compensation planning, where the compensation increase criteria should be documented, available, and aligned with the goals of the unit. Principles associated with compensation should be discussed in a time frame relevant to the compensation decision. For example, if the college administers a portion of the compensation, the criteria for distribution of that allocation should be appropriately available so that faculty and staff members understand the potential compensation adjustment from that source of funding.

Colleges and departments must continue to post compensation philosophy documents on a college website and ensure that a mechanism exists by which faculty and staff can review and comment. By updating annually, college and unit leadership are meeting the transparency intent.

Miscellaneous

The bargaining units and the Health System are not included in this Compensation Guidance; the College of Law is included but on a separate semester schedule.

Questions regarding this process should be addressed to Tom Bond, Compensation Manager—Office of Human Resources at bond.5@osu.edu.

- c: Chair, Faculty Compensation and Benefits Committee
- Chair, Graduate Associate Compensation & Benefits Committee
- Chair, Staff Compensation & Benefits Subcommittee
- Office of Human Resources—Larry Lewellen, Tom Bond, Laura Gast, OHRC, Payroll
- Senior Vice President, Business and Finance—Bill Shkurti
- Senior HR Professionals
- Senior Fiscal Officers