



**Office of Academic Affairs**

203 Bricker Hall  
190 N. Oval Mall  
Columbus, OH 43210

**MEMORANDUM**

TO: Vice Presidents and Deans

FROM: Joe Alutto, Executive Vice President and Provost  
Larry Lewellen, Vice President for Human Resources

DATE: July 16, 2009

SUBJECT: Guidance on Bonuses and Cash Payments—FY10 Compensation Process

This guidance on bonuses and cash payments is effective immediately for FY10 and the FY10 annual merit compensation process, and is not a permanent change in compensation philosophy.

- 1) Increases to annual salary must be controlled to 2.5%, with no options for flexibility.
- 2) Bonuses that are part of a contractual commitment in employment agreements/offer letters may be continued and should be conservatively administered.
- 3) Otherwise, non-contractual bonuses are intended to be eliminated for this particular annual compensation process due to the challenges of the state budget. To the extent any such non-contractual bonus is critical to deliver, the bonus should be approved by OHR and must be subtracted from the 2.5% compensation budget of the college/unit.
- 4) Cash payments in lieu of salary increases for faculty or staff at the high end of the pay range (or competitive market) are not considered bonuses and may continue to be administered, as this is a process which reduces annual salary commitments into the future. As such, these cash payments in lieu of raises do not have to be subtracted from the 2.5% compensation budget of the college/unit, but cannot exceed .5% of total AMCP\* salary budget. Such payments must be approved by OHR.

For questions please contact Tom Bond, Compensation Manager, Office of Human Resources at [bond.5@osu.edu](mailto:bond.5@osu.edu) or 2-4383.

c: Senior Fiscal Officers and Senior Human Resource Professionals