Date: June 19, 2014

To: Vice Presidents, Deans, Department Chairs and School Directors

From: Joseph E. Steinmetz, Executive Vice President and Provost
      Andraea Douglass, Senior Vice President, Office of Talen, Culture and Human Resources


**Performance Culture**

The annual merit compensation process (AMCP) provides an important opportunity to recognize and inspire achievement and to reinforce performance and accountability. Therefore, performance reviews are a critical component of professional development and thus are required for all employees. We want to take this opportunity to recognize our highest performers, so a distribution of raises should be provided rather than an across-the-board approach. No minimum raise is required. We also want to consider market and equity disparities and incorporate those adjustments during the AMCP process whenever possible.

**Compensation Pool and General Guidance**

Each college and support unit will determine its merit pool aggregate within the range of 0.5% to 2.0%. This aggregate means that the unit must set aside the amount of continuing general funds (PBA) needed to cover the aggregate pool amount of base general funds salaries plus the associated benefits of all eligible employees in the unit. *College and support units should send their aggregate merit pool amount to Meredith Salata (salata.9@osu.edu) by July 3, 2014.*

All faculty and staff, regardless of hire date or probationary status, are eligible for a compensation adjustment. Colleges/units should delay implementation of raises for staff on probationary status until successful completion of probation. Raises for those individuals may be done off-cycle at the end of their probationary period. Faculty in their last year of a probationary period who have not been reappointed or tenured should be ineligible for AMCP. Colleges/units may designate recent hires as ineligible if their offer letter, written communication, or unit policy states that the hiring salary is intended to remain constant until FY16 or another planned salary review period. Colleges/units may determine that individuals who are resigning, retiring, being laid-off, or on severance are ineligible.

There should be no more than 0.5% difference in aggregate amounts among faculty, unclassified and classified staff.

Graduate associates returning to equivalent appointments should receive merit-based compensation increases consistent with the guidelines used for faculty and staff.

Associated faculty salaries and/or course rates should be reviewed at this time for inflation and/or merit increases based on the guidelines used for faculty and staff.

Individuals paid by agency funds or other non-general funds accounts (certain affiliated entities) will be governed by the raise guidelines (budget and process) set by each entity’s board. Those guidelines do not have to be identical with the university’s, but should be reasonably consistent.
External grant-funded areas are given flexibility to use available compensation increase funds with college/unit approval. This decision typically will be linked to overall college/unit compensation principles.

Colleges will fund their entire aggregate pool. Support units will fund half of their aggregate pool, with the other half being provided from central funding.

**Merit Increases**

As stated above, the aggregate merit pool should in no way be viewed as floor for merit increases or as entitlement for "just being employed." As a general guide for salary increase recommendations, your unit’s aggregate should be viewed as the appropriate increase for a good/very good performance year. Higher increases are certainly recommended for top performers, but they must be accommodated within your overall merit pool aggregate (i.e., for every employee receiving more than the aggregate another employee(s) must receive less than the aggregate). We also expect that there will be employees who receive no merit increase because their base pay is already commensurate with market or because their performance does not justify an increase.

**Cash Awards**

Cash awards (i.e., one-time supplemental payments or bonuses) will be allowed this year, in addition to base salary adjustments. Cash awards are meant to reward exceptional achievement, performance on a project, or leadership shown in the unit. In cases where an individual’s salary is above market, a cash award in lieu of a base increase can be a cost effective way to align his or her salary without using continuing funds.

> **Cash awards may be excluded from the pool. However, a list of all cash award recipients and the amount of the award must be submitted to Meredith Salata (salata.9@osu.edu) by July 30, 2014, on the “AMCP FY15 Cash Awards and Exception Request Form.” Approval will be necessary for cash awards greater than $1,000.**

**Counter Offers**

Faculty counter offers, off-cycle market adjustments, or contractual agreements that have been previously approved with an effective date of September 1, 2014, can be entered as an exception to the aggregate pool as long as at least the unit’s aggregate amount is included in the pool. Any faculty counter offers that occur between now and September 1, 2014, should follow this same guidance. Staff counter offers that occur between now and May 31, 2014, may be entered off-cycle, and those that occur after June 1, 2014, should be entered with an effective date of September 1, 2014, and may be entered as an exception to the aggregate pool as long as at least the unit aggregate percentage is included in the pool.

**Faculty Promotions**

Tenure-track faculty promotions will be funded 6% centrally (based on general funds portion of salaries) and should include at least an additional 2% from the college. Any amount from the college above their aggregate may be excluded from the pool. (e.g., a unit with a 1% aggregate that wishes to provide an 8% promotional increase will receive 6% from OAA, and 1% from the college pool and another 1% outside the pool). All other faculty promotions should follow this 8% guidance and can also have any amount above the aggregate excluded from the pool.
**Market and Equity Increases**

Colleges and support units are encouraged to use the AMCP process to make salary adjustments based on market and equity considerations. The aggregate pool may be increased to accommodate these adjustments, though generally not to exceed the 2% upper limit (e.g., a unit may use a 1% aggregate pool for merit and an additional 1% for market/equity). Off-cycle requests for market and equity adjustments will be closely scrutinized and will not be accepted between June 1, 2014 and December 31, 2014.

**Process Logistics**

All zero increases must have documentation on file in the college/unit with a rationale for why the individual is not receiving a merit increase.

If there are reclassifications occurring simultaneously with merit increases, please include them on the Increase Exception Listing. The normal request for reclassification process will need to be followed.

All cash awards including those that are part of a pre-approved reward program must be included on the “AMCP FY15 Cash Awards and Exception Request Form.”

Within the Medical Center, this policy does not apply to units in the Health Systems, but does apply to the College of Medicine and the Office of Health Sciences.

College and/or departments must update their college compensation philosophy annually for salary increases and make this available to individual faculty and staff on secure college websites or by other methods.

**Exceptions Requiring Approval**

All exceptions must be turned to Meredith Salata (Salata.9@osu.edu) by the dates listed below. OHR will collaborate with OAA on the review and approval of staff and faculty exceptions.

Due Thursday, July 3, 2014

1. A merit pool aggregate other than 0.5% to 2.0% A difference of more than 0.5% aggregate for faculty, unclassified or classified staff.

Due Wednesday, July 30, 2014

1. Exception request listing including:
   a. Individual base salary adjustments (PBA) of 10% or greater where there is a portion to be excluded from the pool
   b. Cash awards that exceed $1,000
   c. Reclassifications occurring simultaneously with AMCP
2. Individual salary adjustments (PBA and/or cash) that lead to total compensation of over $250,000 (College of Medicine follows separate approval process)
### Timeline

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- **July 3** Aggregate Pool Proposal due to OHR
- **Aug 27** Cash Awards and exceptions due to OHR
- **Aug 29** AMCP Opens
- **Aug 30** AMCP Closes
- **Aug 16** AMCP Load Back to Job
- **Sept 1** Monthly Effective Date
- **Sept 24** Biweekly Effective Date