



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

From: Bruce A. McPheron, Executive Vice President and Provost
Joanne McGoldrick, Associate Vice President, Total Rewards

Re: 2017-2018 Annual Merit Compensation Process Guidelines and Instructions

Date: June 22, 2017

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

A merit pool aggregate of 2.0% has been established this year for each college and support unit. This aggregate means that the unit must set aside the amount of continuing funds (PBA) needed to cover the aggregate pool amount of base salaries of all eligible employees in the unit.

Employees who were hired on or before April 19, 2017, will be eligible for a merit increase pending performance evaluations and unit's discretion. Those hired after April 19, 2017 can receive performance evaluations, but they will not be eligible for merit increases in 2017-2018 as part of AMCP. If offer letters have already been sent stating that candidates are eligible for a 2017-2018 merit increase, those agreements will be honored.

All full-time tenure-track, clinical and research faculty and regular status 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 FY19 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 the merit pool 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.

Salaries for temporary, term and part-time regular staff should be reviewed at this time for inflation and/or merit increases based on 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 will typically be linked to overall college/unit compensation principles.

Colleges will fund their entire aggregate pool. Support units will be provided PBA equivalent to their 2% merit aggregate pool.

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 should be excluded from the merit pool. Approval will be necessary for cash awards greater than \$1,000. Cash awards requiring approval must be entered into the AMCP system with justification provided in the comments box. OHR Compensation will review them after entry is completed.

Counter Offers

Faculty counter offers, off-cycle market adjustments or contractual agreements that have been previously approved with an effective date of September 1, 2017 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, 2017 should follow this same guidance. Staff counter offers that occur after July 1, 2017 should be entered with an effective date of September 1, 2017 and may be entered as an exception to the aggregate pool as long as at least the 2% aggregate percentage is included in the pool.

Faculty Promotions

Tenure-track faculty promotions(excluding those who are granted tenure without promotion) 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 that wishes to provide a 10% promotional increase will receive 6% from OAA, and 2% from the college pool and another 2% outside the pool).

Market and Equity Increases

Colleges and support units are encouraged to use the AMCP process to make salary adjustments based on external market and internal 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, outside of the AMCP process, between July 1, 2017 and December 31, 2017.

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.

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

College and/or departments must update their rationale and process for salary increases annually, 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 in to the OHR Compensation Department (HRCompensation@osu.edu) via the AMCP Exception Listing by the dates listed below. OHR will collaborate with OAA on the review and approval of staff and faculty exceptions.

Due Thursday, July 27, 2017

1. Exception request listing including:
 - a. Individual base salary adjustments (PBA) of 10% or greater
 - b. Reclassifications occurring simultaneously with AMCP
 - c. Counter offers
2. Individual salary adjustments (PBA and/or cash) that lead to total compensation of over \$270,000

All cash awards must be entered into the system. They are not required to be entered on the exceptions listing. However, justification must be entered into the comments box in the system. OHR will run the cash awards report and review the comments for those awards over \$1,000.

AMCP TIMELINE

July 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4	5	6	7	8
9 System Preparation Begins	10	11	12	13 AMCP Opens for Entry	14	15
16	17	18	19	20	21	22
23	24	25	26	27 Exception Listing Due to OHR	28	29
30	31					

AUGUST 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2 AMCP Entry Closes 7PM	3 OHR Compensation Begins Reviews	4	5
6	7	8	9	10	11 Load Back to Job Data	12
13	14 Units Review Job Data, Run Final Reports &	15	16	17	18	19
20 Biweekly Effective Date	21	22	23	24	25	26
27	28	29	30	31		

September 2017

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 Monthly Effective Date	2
3	4	5	6	7	8	9
10	11	12	13	14	15 1 st Biweekly Pay with Increases	16
17	18	19	20	21	22	23
24	25	26	27	28	29 1 st Monthly Pay with Increases	30