Merit Guidelines Announcement

To: President’s Cabinet, Deans, Department Chairs and School Directors

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Subject: 2024-2025 (FY25) Merit Guidelines

Date: May 2, 2024

Please thoroughly review these guidelines and instructions related to this year’s process to help ensure consistent administration of merit increases.

This year’s merit increases for eligible employees will be effective:

August 15, 2024 Faculty
August 25, 2024 Bargaining unit staff
September 1, 2024 Non-bargaining unit staff

For assistance with this year’s merit guidelines, please contact the HR Consultant or HR Compensation team contact for your college or unit.

The Compensation website is an additional resource or you can email questions to hrcompensation@osu.edu.
2024-2025 Merit Guidelines

Performance Management

Performance management helps team members feel connected and engaged at Ohio State. It is a key part of the merit process and a critical component of ensuring professional and personal growth. People leaders are expected to complete a performance review annually for each of their employees and help them understand how their work contributes to the bigger picture.

To assess performance appropriately, colleges and units follow the performance management process specific to their area and commensurate with university guidelines. Each individual’s merit increase should generally correspond to their performance over the prior year, rather than applying an across-the-board approach.

Merit Increases

Funding

The aggregate funds available for each college and support unit to make pay adjustments is 3.5% of eligible employees’ base salaries. This funding amount should be used to assign merit increases based on performance. If applicable, this same funding pool may also be used for pay adjustments intended to help address compression, or other applicable pay considerations. Regardless of the considerations used to determine the amount of pay increase, the increases provided through the merit process must be entered into Workday as merit and will be considered as part of the 3.5% aggregate pool.

Colleges and non-general fund units use their existing General Fund Allocations (GFA) and other revenues sources for their aggregate pool. Support Offices that receive GFA for general fund positions are provided equivalent funds through their annual allocation of Support Unit Guidelines.

Eligible Employees

For FY25, the following employees who are actively employed by the university prior to April 1, 2024, are included as part of the merit process and their salaries will be in the aggregate pool of dollars available for increases:

- Tenure, clinical/teaching/practice, and research track faculty regardless of FTE.
• Regular unclassified staff regardless of FTE.
• Regular classified staff regardless of FTE, including non-bargaining unit staff hired prior to April 1 who are still completing an initial or promotional probationary period as of September 1 (bargaining unit staff are subject to merit increase rules as dictated by their bargaining agreement).
• Regular non-Board purview executives.
• Employees defined above who move internally to a merit-eligible position (transfer or reclassification, including promotion) and/or receive another type of pay increase on or after April 1. This includes employees who move from a position that was previously outside of the merit pool (bargaining unit and temporary/term positions) to a merit-eligible position.
  o For these individuals, their salary will be included in the aggregate pool of the new employing unit when the effective date of the job movement falls between April 1 and August 1.
  o The provision of a merit increase to these individuals is at the discretion of the employing unit. However, any merit increase provided should be done as part of the merit process and not included in the salary offer associated with the internal job movement.
• Employees who will still be in an active employment status as of the merit effective date of August 15 (for faculty) or September 1 (for staff) will remain eligible for merit consideration and included in the aggregate merit pool, even if the employee will be leaving Ohio State after the merit effective date.
  o Awarding a merit increase to these individuals is at the discretion of the employing unit. However, any merit increase must be provided through the merit process (and as part of the aggregate merit pool) in the form of an increase to base salary (unless the base salary for that individual is over the maximum of their assigned pay range).
• **NOTE:** Beginning with next year’s FY26 merit process, the eligibility cutoff date will move to June 1. Although time will be limited to fully assess a new employee’s performance, moving the date will decrease the amount of time a new hire needs to wait for a pay adjustment. The change also helps to better align pay between new and current employees. Advance notice of this change is offered so that colleges and units may plan appropriately.

**Ineligible Employees**
The following employees are ineligible for the FY25 merit process, and their salaries will not be included in the aggregate merit pool:
• External hires or rehires effective on or after April 1, 2024:
These individuals should still receive appropriate feedback about their performance at regular intervals until they go through the next performance review cycle.

- Faculty in the last year of a probationary period who have not been reappointed or received tenure.
- Employees who are not in an active employment status as of the merit effective date of August 15 (for faculty) or September 1 (for staff).

Although not excluded from the aggregate merit pool, employees who did not complete the “Report = Support!” training by April 26, 2024, at 11:59 p.m. are ineligible to receive a merit increase. Units are responsible for confirming their ineligible employees who did not complete this training. For these individuals:
  - Units must enter a 0% merit increase and reference “failure to complete Report = Support!” in the comment section.
  - Medical Center employees who did not complete Report=Support! will reflect a 0% merit increase for the budgeted amount on the P3 budget spreadsheets that will be distributed. People leaders should assign these employees a performance rating but should not change the budgeted increase amount.
  - Questions regarding the non-compliant list should be directed to equityeducation@osu.edu.

**Employees Outside the Aggregate Merit Pool**

While not included in the aggregate pool of dollars available for increases (e.g., not included in the college/unit’s 3.5% aggregate pool calculation), the following employees should receive performance reviews and, at the college/unit’s discretion, may be considered for a merit increase consistent with the guidelines for eligible faculty and staff:

- Staff in term and temporary positions.
- Associated faculty paid by salary or course rate.
- Graduate associates returning to equivalent appointments.

**Administering Merit Awards**

- Employees of Ohio State, when paid by non-general funds accounts, must be governed by the pay increase guidelines established by the university.
- When a grant covers an employee’s pay and does not have adequate funds to support a merit increase, the college/unit may use its own funding to pay for any increase provided.
- All increases given through the merit process must be accommodated with the 3.5% aggregate.
• Employees who receive a merit increase must be given a minimum of ½ of 1 percent (0.5%).
  o Wexner Medical Center follows the merit increase parameters established by its leadership.
• An eligible employee may receive no merit increase if their performance does not justify an increase.
• Staff employees who are eligible for a merit increase but whose base salary reaches or already exceeds the pay range maximum for their position may receive a merit award only as a lump-sum amount instead of an addition to base pay.
  o The lump sum merit award amount must be calculated as the applicable merit percentage multiplied by the pay range maximum.
• Lump-sum merit amounts will be factored into the unit’s aggregate merit pool that must balance to 3.5% for FY25.

**Required Justification**

Documentation with sufficient justification is required when a college/unit elects to provide:

• No merit increase to an eligible employee.
• A base pay increase that includes more than the amount associated with the employee’s performance-based merit award.

The above documentation should be maintained in the college/unit, but a comment entered in Workday is also required to document the transaction(s). Health System units maintain this justification outside of Workday.

**Non-Merit Increases**

**Counteroffers and Other Increase Amounts**

• Counteroffers, market adjustments and previously approved contractual increases with an effective date on or before the effective date of an individual’s merit increase must be processed as a separate transaction outside of the merit process. When these types of transactions are entered into Workday prior to the start of the merit process on June 30, the salary change will be reflected in merit and included in the calculation of the new base for the merit aggregate pool.
• Employees receiving a counteroffer, market adjustment or other contractual increase remain eligible to receive a merit increase and may be given appropriate consideration.

**Faculty Promotions**

• Central funding is provided for tenure, clinical/teaching/practice, and research track faculty promotions in the amount of 6% of the general funds portion of the faculty
member’s salary. No funding is provided for faculty who are granted tenure without promotion.

- The 6.0% centrally funded promotional increase will be calculated on the salary before the merit adjustment has been applied.
- A faculty member who is promoted must receive a merit increase of at least 3.5%.
- The 6.0% promotional increase will be centrally processed as a separate transaction outside the merit process and will not be included in the merit pool calculation.
- A college may fund a promotional amount in addition to the merit increase and centrally funded 6.0% promotional increase. The additional promotional amount will be processed as a separate transaction after both the merit and 6.0% promotional transactions have occurred.

**Example**: If a college wants to provide a 12.0% increase for a faculty promotion, 6.0% will come from OAA; 3.5% will come from the college's aggregate pool, and 2.5% will be funded by the college outside the aggregate pool.

**Bonuses (One-Time Payments)**

- Colleges/units may provide a discretionary or non-discretionary bonus to an employee at the same time that a merit increase is provided; however, the bonus must be processed manually by the college/unit as a one-time payment.
- Discretionary and non-discretionary bonuses are processed as one-time payments and thus, are not part of the merit process and are excluded from the calculation of the aggregate merit pool.
- Discretionary and non-discretionary bonuses that will be paid in August or September do not require a compensation exception form to be submitted. However, per the Reward and Recognition Policy 3.15, discretionary “rewards should be given for significant outstanding performance that advances unit goals and should be tied to a specific accomplishment” in FY24.
- Unit leadership approval should be obtained for all bonuses prior to initiating the one-time payment in Workday.

**NOTE**: Beginning with next year’s FY26 merit process:

- Discretionary bonus awards will be subject to the provisions of the Rewards and Recognition Policy 3.15, including the maximum bonus amount, which is currently being reviewed and will be updated accordingly.
• Bonus awards exceeding that amount may only be made in conjunction with a previously documented and approved incentive plan, contract/agreement, or letter of offer, making them non-discretionary.

Refer to https://hr.osu.edu/services/compensation/merit/ for additional details regarding this year's merit process, including the applicable timeline.