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

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Subject: 2023-2024 (FY24) Merit Guidelines

Date: May 1, 2023

Please thoroughly review the important guidelines and instructions provided on the approach to follow this year to ensure consistent administration of merit increases.

This year’s merit increases for eligible employees will be effective:
- August 15, 2023 Faculty
- August 27, 2023 Bargaining unit staff
- September 1, 2023 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 hrcompensation@osu.edu questions.
2023-2024 Merit Guidelines

Performance Management

Performance management is a key part of the merit process and a critical component of professional development. Managers are expected to complete a performance review annually for each of their employees.

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. In addition, during this year’s merit process, equity can also be considered, including each individual’s position within their pay range based on relevant education, experience, performance and other appropriate factors.

Merit Increases

Funding

The aggregate funds available for each college and support unit to make pay adjustments is 3.0% of eligible employees’ base salaries. This funding amount should be used to assign merit increases based on performance. If necessary, this same funding pool may also be used for pay adjustments intended to help address compression, equity, 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 3.0% aggregate pool.

When determining each employee’s merit increase amount, colleges and units should compare performance as well as their employee’s current salaries in relation to the salaries of others performing similar functions.

Colleges and non-general funds units use their existing Present Budget Allocation (PBA) for their aggregate pool. Units that receive general funds are provided equivalent funds.

Eligible Employees

The following employees who are actively employed by the university prior to April 1, 2023, are included as part of the merit process and their salaries will be in the aggregate pool of dollars available for increases:

- Tenure, clinical 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
- Regular eligible employees defined above who move internally to another eligible position (transfer or reclassification, including promotion) and/or receive another type of pay increase on or after April 1
  - 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.
  - It is preferable to distinguish an increase provided to these individuals as part of the merit process from the salary offer associated with the internal movement; however, providing a merit increase to individuals who had an internal job movement on or after April 1 is at the discretion of the employing unit.
- Employees who have provided notice of their upcoming resignation or retirement with an effective date after August 15 (for faculty) or September 1 (for staff) will remain eligible for merit and part of the aggregate pool. An increase may be given to that individual at the discretion of the unit.
Ineligible Employees

The following employees are ineligible for the merit process and their salaries will not be included in the aggregate pool of dollars available:

- **External hires or rehires effective on or after April 1, 2023**
  - 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 whose termination or retirement is effective on or prior to August 15, 2023 (for faculty) or September 1, 2023 (for staff).**
- **Employees scheduled for layoff or on severance prior to September 1, 2023.**
- **Employees who did not complete the “Report = Support!” training by April 28, 2023, at 11:59 p.m. Units are responsible for confirming their ineligible employees who did not complete this training. For these individuals:**
  - Units must enter a 0% merit increase with the comment of “failure to complete Report = Support!”.
  - 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. Managers 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 3.0% 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 funds an employee and the grant 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 3.0% aggregate.
- Employees who receive a merit increase must be given a minimum of ½ of 1 percent (0.5%).
  - Wexner Medical Center follows the merit increase parameters established by their 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 current base salary is at or above their respective Career Roadmap pay range maximum may only receive a merit award as a lump-sum amount in lieu of a base pay increase.
  - For FY24, the lump-sum merit amount will be calculated as it has been in prior years:
    - For academic units, as a percentage of the employee’s current base pay.
    - For Wexner Medical Center, as a percentage of the maximum of the employee’s pay range.
- Beginning in FY25, **all employees receiving a lump-sum merit** due to their base pay being above their pay range maximum will have the lump-sum merit calculated as the applicable merit percentage multiplied by the pay range maximum.
- Lump-sum merit amounts will be factored into the unit’s aggregate pool that must balance to the 3.0% for FY24.
Zero Merit Increases

- When a college/unit elects to award no merit increase to an eligible employee, such as due to performance or an upcoming termination, documentation regarding the reason must be made and maintained within the college/unit to explain why the individual was not given a merit increase. A comment must also be entered in Workday. Health System units maintain this justification outside of Workday and should ensure that the performance review includes sufficient justification for a zero increase.

Base Salary Merit Increases > 10%

- Justification for a base salary merit increase of greater than 10% must be entered in the merit comment field in Workday. HR Compensation must approve staff increases greater than 10% and will collaborate with OAA to determine approval for faculty increases greater than 10%.

Non-Merit Increases

Counteroffers and Other Increase Amounts

- Counter offers, 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. These items will not be included in the aggregate pool calculation.
- 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/research/clinical faculty promotions in the amount of 6.0% 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 3.0%.
  - 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: A college wants to provide a 12.0% increase for a faculty promotion. 6.0% will come from OAA; 3.0% will come from the college’s aggregate pool, and 3.0% 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.
- One-time payments are not part of the merit process and are excluded from the calculation of the aggregate merit pool.
- Discretionary or 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, “rewards should be given for significant outstanding performance that advances unit goals and should be tied to a specific accomplishment” in FY23.
- Unit leadership approval should be obtained for all discretionary bonuses prior to initiating the one-time payment in Workday. Additionally, Human Resources approval is required for all discretionary bonuses greater than $2,000.

Refer to https://hr.osu.edu/services/compensation/merit/ for additional details and the timeline.