Subject: 2021-2022 (FY22) Merit Increase Guidelines

Date: June 24, 2021

This memo outlines important guidelines and instructions on the approach that will be followed this year to ensure consistent administration of merit increases. Please thoroughly read the information provided.

This year’s merit increases for eligible employees are effective on the following dates:

- August 15, 2021 Faculty
- August 29, 2021 Bargaining unit staff
- September 1, 2021 Non-bargaining unit staff

For questions about the information provided or this year’s process, please contact the HR Consultant or the member of the compensation team assigned to your college or unit for assistance.

For additional information on the merit process, including key dates, please see the Compensation website or email hrcompensation@osu.edu.
Guidelines for the 2021-2022 Merit Increase Process

Performance Management
Performance management reviews are a critical component of professional development as well as a key part of the merit process. Managers are expected to complete a performance review annually for each employee.

To evaluate and recognize performance appropriately, colleges and units establish the performance management process for their area. A distribution of performance ratings should correspond to a distribution of merit increase amounts to recognize performance, rather than applying an across-the-board approach.

Merit Increases
The aggregate merit pool for each college and support unit is 3.0% of eligible employees’ base salaries.

Colleges and units should review their employees’ current salaries in relation to the salaries of others performing similar functions, compression, as well as anticipated Career Roadmap pay ranges. These factors may be considered, in addition to performance, when determining merit increase amounts.

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

Employees Eligible for Merit (Included in the Aggregate Merit Pool):
- Tenure, clinical and research track faculty regardless of FTE
- Regular unclassified and classified staff regardless of FTE
- Regular non board purview executives
- Employees who were promoted (including promotions as a result of a reclassification) or received an equity, market or other pay increase with an effective date on or after April 1, 2021 may be eligible for a 2021-2022 merit increase at the unit’s discretion. Where merit has already been taken into consideration with an increase effective April 1, 2021 or later, the unit may elect to give no additional merit increase.

Employees Ineligible for Merit:
- Hired or rehired on or after April 1, 2021; however, these individuals should receive a performance evaluation
- Staff with probationary status; a merit increase may be given following successful completion of the probationary period
- Faculty in the last year of a probationary period who have not been reappointed or tenured
- Those who have given notice for their upcoming resignation or retirement prior to August 15 for faculty or September 1, 2021 for staff
  - Eligibility for a merit increase for an employee who has given notice of their resignation or retirement on or after September 1st is at the discretion of the college/unit
- Scheduled for lay off or on severance prior to September 1, 2021
- Employees who did not complete the Report = Support! training as of May 30, 2021 at 11:59 p.m.
  o Units are responsible for confirming their ineligible employees who did not complete the Report = Support! training
  o Units must enter a 0% merit increase with the comment of “failure to complete Report = Support!”.
  o Compensation will denote Medical Center employees who did not complete Report=Support! on the P3 budget spreadsheets that are distributed in July. These employees will have a 0% increase pre-populated for the budgeted amount. Managers should assign these employees a performance rating but should not change the budgeted increase amount.
  o 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 merit pool (e.g. not included in the college/unit’s 3% aggregate merit 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 faculty and staff:

- Staff in term and temporary appointments
- Associated Faculty paid by salary or course rate
- Graduate Associates returning to equivalent appointments

Administering Merit Awards

- Parity should be maintained in the merit increase pools for faculty, unclassified staff, and classified staff. No more than a 0.5% difference should exist between the merit pools for these three groups.
- Individuals paid by agency funds or other non-general funds accounts (e.g. certain affiliated entities) are governed by the pay increase guidelines, budget, and process as established by the entity’s board. Those guidelines should be reasonably consistent with the university’s guidelines but are not required to match exactly.
- 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 monies to pay for the increase.
- Higher increases for top performers must be accommodated within the college/unit’s overall 3.0% merit pool aggregate.
- Employees who receive a merit increase must be given a minimum of ½ of 1 percent.
  o Wexner Medical Center follows the merit increase parameters established by leadership.
- An eligible employee may receive no merit increase if their base pay exceeds the pay range maximum or if their performance does not justify an increase.
- An eligible staff employee whose current base salary is at or above the respective pay range maximum may be eligible for an increase; however, a lump sum one-time payment may be granted in lieu of a base pay increase.
  o Medical Center employees at or above range maximum may receive a lump sum payment.
- New this year, lump sum adjustments will be included in the calculation of the 3% merit pool.
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 zero increase must be on file in the college/unit explaining why the individual was not given a merit increase. A comment must be entered in Workday.
  - Health system units are not required to provide documentation for zero increases
  - A comment in Workday is required for the College of Medicine and Office of Health Sciences.

Base Salary Merit Increases > 10%
- Justification for a base salary merit increase greater than 10% must be entered in the merit comment field in the system. OHR will review and approve staff increases greater than 10% and collaborate with OAA on the review and approval of faculty increases greater than 10%.

Non-Merit Increases

Counteroffers and Other Additional Increase Amounts
- Faculty counter offers, market adjustments, and previously approved contractual increases with an effective date on or before August 15, 2021 must be processed as a separate transaction outside of the merit process and will not be included in the merit aggregate calculation. In Workday, other transactions such as these are decoupled from merit. They can still be processed but must be handled separately from merit.

- Faculty receiving a counteroffer, market adjustment or other contractual increase should receive a merit increase.

Faculty Promotions
- Central funding is provided for tenure/research/clinical 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% centrally funded promotional increase will be calculated on the salary after the merit adjustment has been applied.
  - A faculty member who is promoted must receive a merit increase of at least 3%.
  - The 6% promotional increase will be centrally processed as a separate transaction outside the merit process and will not be included in the merit aggregate calculation.
  - A college may fund a promotional amount in addition to the merit increase and centrally funded 6% promotional increase. The additional promotional amount will be processed as a separate transaction after the merit and 6% promotional transactions have been completed.

Example: A college wants to provide a 12% increase for a faculty promotion. 6% will come from OAA; 3.0% will come from the college’s aggregate merit pool, and 3.0% will be funded by the college outside the merit pool.
Bonuses
- Colleges/units who provide a discretionary or non-discretionary cash bonus to an employee may do so; however, it will be processed by the college/unit as a one-time payment outside the merit process. Any discretionary or non-discretionary bonus that is processed as a one-time payment will be excluded from the calculation of the merit aggregate.

Other Actions During the Merit Period
- Workday can process only one compensation action per employee at a given time and will not allow a second compensation-related action to be submitted while another one is open.
  - Dates the merit process will be open:
    - July 1 through August 4th for campus
    - August 1st through September 3rd for medical center
  - Where possible, units are asked to limit the submission of the following transactions for regular employees eligible for a merit increase during the period when the merit process is open:
    - Reclassifications and other title changes
    - Request Compensation Changes, including allowance plans
    - FTE changes
  - One-time payment transactions do not affect the merit process, so they may continue throughout the merit process