

**THURSDAY, FEBRUARY 21, 2019
TALENT AND COMPENSATION COMMITTEE MEETING**

Hiroyuki Fujita
Alex Shumate
Clark C. Kellogg
Erin P. Hoeflinger
John W. Zeiger
Lewis Von Thaeer
H. Jordan Moseley
Janet Porter
Michael J. Gasser (*ex officio*)

Location: Longaberger Alumni House
Sanders Grand Lounge

Time: 8:00-9:45am

Public Session

ITEMS FOR DISCUSSION

- | | |
|--|-------------|
| 1. <i>Time and Change Strategic Plan Update - Dr. Fujita, Ms. Basso</i> | 8:00-8:10am |
| 2. <i>Retirement Plan Overview - Ms. Basso, Ms. Hovance</i> | 8:10-8:25am |
| 3. <i>Procedure for Setting and Reviewing Compensation for University Executives
- Ms. Basso</i> | 8:25-8:30am |
| 4. <i>Key Critical Searches - Ms. Basso</i> | 8:30-8:35am |

Executive Session

8:35-9:35am

Public Session (continued)

ITEMS FOR ACTION

- | | |
|---|-------------|
| 9. <i>HAND CARRY: Personnel Actions - Ms. Basso</i> | 9:35-9:40am |
| 10. <i>Procedure for Setting and Reviewing Compensation for University Executives
- Ms. Basso</i> | 9:40-9:45am |

OHIO STATE'S STRATEGIC PLAN

TIME AND CHANGE

Enable, Empower and Inspire

To make the next bold leap in Ohio State's land-grant history of excellence and impact, we aspire to be a leading national flagship public research university.

TALENT AND COMPENSATION

Recruiting, retaining and developing the talent to be a leading national flagship public research university

Impact of the Strategic Plan

Key Recruits:

Johanna Burton - Director, Wexner Center for the Arts
Don Pope Davis, PhD - Dean, College of Education and Human Ecology
Darrick Hamilton, PhD - Executive Director, Kirwan Institute
Gil Latz, PhD - Vice Provost, Global Strategies and International Affairs
Rama Mallampalli, MD - Chair, Internal Medicine
Nahush Mokjadam, MD - Chief, Cardiac Surgery
Benjamin Poulouse, MD - Chief, General Surgery
Timothy Rehner, PhD - Dean and Director, Lima Campus
Timur Sarac, MD - Chief, Vascular Surgery
Morley Stone, PhD - Senior Vice President, Research

Promoting Women to Senior Level Positions

Alicia Bertone, DVM, PhD - Vice Provost and Dean, Graduate School
Beth Hume, PhD - Vice Provost and Dean, Undergraduate Education
Gail Marsh - Senior Vice President, Chief Strategy and Implementation Officer
Stacy Rastauskas Bretherton - Vice President, Government Affairs
Sara Rubin - Vice President, Development
Kimberly Spears-McNatt - Ohio State University Chief of Police
Kay Wolf, PhD - Senior Vice Provost, Academic Affairs



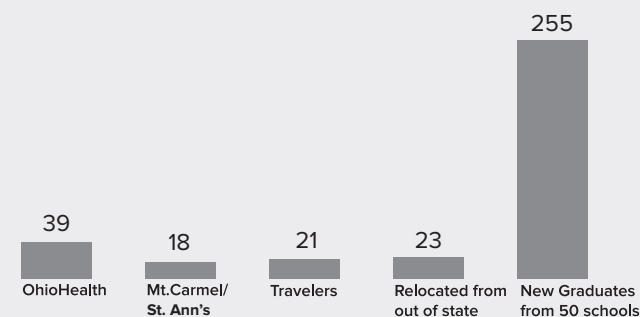
Outcomes

Talent By Numbers

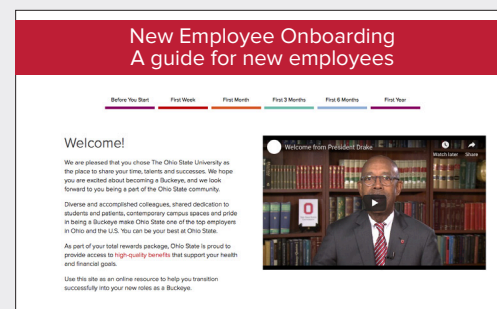
10	Executive Searches
98,304	Submitted Applications
4,151	Positions Filled
244,501	eLearning Completions
78 \$95,375	Number and Amount of Staff Career Development Grants Awarded

Note: Data from Q1 and Q2 FY19

Recruiting Nursing Talent From Multiple Sources



Noteworthy



Development of Employee Life Cycle

Attract

- **27 new employees hired** through partnership with Ohioans with Disabilities
- **100 job fairs and community events**
- Expanded social media footprint
- **93% of new hires** feel they made the right decision to join Ohio State

Grow

- Executive Transition Acceleration Program to **increase a new leader's speed-to-performance** and integration into the university
- **New employee website**
- **21 new chairs supported** in the New Chair Program
- **140+ deans, chairs and vice provosts** engaged with experts on key trends
- Launched two new leader programs: **Starting Strong and New Leader Experience**
- **Created several apprenticeship and externship programs** to assist with "growing our own" for hard-to-fill positions
- **Report = Support:** The first university-wide mandatory sexual misconduct prevention online course on how to identify, disrupt and report sexual misconduct; over 17,000 Ohio State University employees have completed the course

Inspire

- Supported **Staff Career Development Grants**
- **Developing Career Roadmap**
- Designed and **implemented a faculty compensation plan** to support academic success, recruitment and retention
- **Launched Inclusive Leadership and Diversity Basics courses**
- Implemented **Outstanding Leader Program** and **Faculty Leadership Institute**

Transition

- Developing a standard **off-boarding process** for Ohio State

Future Actions

Implement the Enterprise Project that will improve the Ohio State experience and advance operational excellence through Workday and other modern, effective services and technology

Develop a Talent and Culture Strategic Plan



to attract and retain the exceptional talent needed to achieve our strategic plan

Work with marketing to **develop an Employer Brand for Ohio State** to help us attract top talent and to improve our social media presence from an employer perspective

Move to common start dates and begin to develop an Ohio State University New Employee Orientation creating an **exceptional first day experience**

TIME AND CHANGE

Enable, Empower and Inspire

THE OHIO STATE UNIVERSITY STRATEGIC GOALS

Ohio State is building upon our recognition as a leading flagship public research university. The university's strategic plan, "Time and Change: Enable, Empower and Inspire," has five areas of focus.

- I Teaching and Learning**
Ohio State will be an exemplar of the best teaching, demonstrating leadership by adopting innovative, at-scale approaches to teaching and learning to improve student outcomes.
- II Access, Affordability and Excellence**
Ohio State will further our position as a leading public university offering an excellent, affordable education and promoting economic diversity.
- III Research and Creative Expression**
Ohio State will enhance our position among the top national and international public universities in research and creative expression, both across the institution and in targeted fields — driving significant advances for critical societal challenges.
- IV Academic Health Care**
The Ohio State University Wexner Medical Center will continue our ascent as a leading academic medical center, pioneering breakthrough healthcare solutions and improving people's lives.
- V Operational Excellence and Resource Stewardship**
Ohio State will be an exemplar of best practices in resource stewardship, operational effectiveness, and efficiency and innovation.

OHIO STATE'S STRATEGIC PLAN

TIME AND CHANGE

Enable, Empower and Inspire

TALENT AND COMPENSATION

2018-19 Update



THE OHIO STATE UNIVERSITY



THE OHIO STATE UNIVERSITY

Retirement Plan Overview

Prepared for The Talent and Compensation Committee of The Ohio State University Board of Trustees
February 21, 2019



Agenda

- Retirement Basics
 - The Purpose of Employer Plans
 - Types of Retirement Plans
- Retirement Plans Available to All Ohio State Employees
 - State-Mandated Plans
 - OPERS
 - STRS
 - ARP
 - Supplemental Elective Plans
 - 403(b) Plan
 - 457(b) Plan
- Additional Retirement Plans
- University Plan Administration
- Looking Forward



Retirement Basics: The Purpose of Employer Plans

- Retirement savings is an essential piece of an employer's total rewards program
- Supports institutional goals related to attracting, developing, and retaining an outstanding workforce
- Provides employees an opportunity to build retirement savings on a tax-advantaged basis
 - Contributions to a retirement plan are generally made with pre-tax dollars, reducing the employee's taxable income for the year the contribution is made
 - Taxes are deferred until distributions are made
 - To maintain the tax advantage, each plan must comply with tax laws, including with respect to:
 - Eligibility
 - Contribution limits
 - Vesting
 - Form and timing of distributions



Retirement Basics: Types of Retirement Plans

- Defined Benefit
 - Provides for a specified benefit at retirement
 - Benefit is determined based on a pre-defined formula, typically related to age, length of service, and final average compensation
- Defined Contribution
 - Does not provide for a specified benefit at retirement
 - Benefit is determined based on the sum of contributions made to a participant's account, plus any investment earnings/minus any investment losses



Retirement Plans Available to All Ohio State Employees

- All University employees are required by law to participate in one of the following:
 - Ohio Public Employees Retirement System (“OPERS”)
 - State Teachers Retirement System of Ohio (“STRS”)
 - The Ohio State University Alternative Retirement Plan (“ARP”)
- In addition, University employees may elect to contribute to one or both of the supplemental, voluntary retirement plans sponsored by the University:
 - The Ohio State University 403(b) Retirement Plan (“403(b) Plan”)
 - The Ohio State University 457(b) Deferred Compensation Plan (“457(b) Plan”)



State-Mandated Plans: OPERS

- OPERS is available to all University staff, including student employees
- Three plan options
 - Traditional Pension Plan – defined benefit based on age, years of service, and final average salary
 - Member-Directed Plan – defined contribution
 - Combined Plan – both defined benefit and defined contribution
- Contributions (statutory and subject to IRS limits)
 - Employee contribution: 10%
 - Employer contribution: 14%
 - If an employee does not participate in the Traditional Pension Plan, Ohio law requires that a ‘mitigating rate’ is redirected to fund Traditional Pension Plan liabilities



State-Mandated Plans: STRS

- STRS is available to all University faculty
- Three plan options
 - Defined Benefit Plan – defined benefit based on age, years of service, and final average salary
 - Defined Contribution Plan – defined contribution
 - Combined Plan – both defined benefit and defined contribution
- Contributions (statutory and subject to IRS limits)
 - Employee contribution: 14%
 - Employer contribution: 14%
 - If an employee elects the Defined Contribution Plan, Ohio law requires that a ‘mitigating rate’ is redirected to fund Defined Benefit Plan liabilities



State-Mandated Plans: ARP

- Eligible faculty and staff with an appointment of at least 75% FTE can elect to participate in the ARP **instead of** OPERS/STRS
- The ARP is a defined contribution plan sponsored and maintained by the University (i.e., not administered through a state retirement system)
- Contributions (statutory and subject to IRS limits)
 - Employee contribution:
 - Staff: 10%
 - Faculty: 14%
 - Employer contribution: 14%
 - Mitigating rate for staff: 2.44%
 - Mitigating rate for faculty: 4.47%



Supplemental Plans: 403(b) and 457(b) Plans

- University employees may elect to participate in the 403(b) Plan and/or the 457(b) Plan, in addition to their applicable state-mandated plan
- The 403(b) Plan and the 457(b) Plan are defined contribution plans that are funded through employee contributions. An employee can participate in both plans at once, and can contribute up to the IRS maximum in each.
- Employee contributions are discretionary, subject to the following limits:
 - Annual minimum under each plan: \$180
 - Annual IRS maximum under each plan: \$19,000 or, if age 50 or older, \$25,000 (for 2019)



Additional Retirement Plans

The University sponsors additional retirement plans for certain highly compensated employees whose retirement contributions to the state-mandated plans reach the IRS limits:

- The Ohio State University Retirement Continuation Plan (“RCP”)
- The Ohio State University Supplemental 415(m) Retirement Plan (“415(m) Plan”)
- The Ohio State University Retirement Continuation Plan II (“RCP II”)
- The Ohio State University Supplemental 415(m) Retirement Plan II (“415(m) Plan II”)

These plans are all defined contribution plans



University Plan Administration: Overview

- Ohio State has administrative responsibilities related to STRS and OPERS, including collecting and making contributions to the systems (approximately \$498 million in contributions in 2018)
- Ohio State is responsible for administering the seven University-sponsored retirement plans (ARP, 403(b) Plan, 457(b) Plan, RCP, 415(m) Plan, RCP II and 415(m) Plan II) (approximately \$3.4 billion in assets)
- Ohio State must engage and work with multiple providers under the University-sponsored retirement plans to provide investment options and certain administrative services



University Plan Administration: Asset Management

Plan	Assets Managed By	Investment Direction
OPERS Traditional Pension	Retirement System	Retirement System
STRS Defined Benefit		
OPERS Member-Directed		Participant
STRS Defined Contribution		
ARP	University provider (Participant's choice of 8)	Participant
403(b)	University provider (Participant's choice of 12)	
457(b)	University provider (Participant's choice of 5)	



University Plan Administration: Participants

Plan	Active Participants*
OPERS	28,670
STRS	4,800
ARP	5,900**
403(b) Plan	5,090
457(b) Plan	2,725

* As of October 1, 2018

** 3,210 staff and 2,690 faculty



University Plan Administration: Student Employees

Total Student Employees Participating in State-Mandated Plans*	Total Student Employees Exempt from State-Mandated Plans*
15,750	9,500

* As of December 31, 2018



University Plan Administration: Active Retirements in 2018

- 325 university staff retired from OPERS
 - 265 of whom are Ohio State retirees
- 94 university faculty retired from STRS
 - 58 of whom are Ohio State retirees
- 30 university staff and faculty retired under the ARP
 - All of whom are Ohio State retirees
- Ohio State retirees
 - Eligibility
 - Eligible to receive an OPERS or STRS benefit, and
 - At the time of retirement, have 10 years of continuous Ohio State service in a regular appointment of at least 50%
 - Ohio State retiree benefits include certain post-retirement life insurance benefits and dependent tuition assistance



Looking Forward

The University is committed to supporting the efforts of faculty and staff to plan a financially secure retirement. To ensure our retirement savings opportunities continue to fulfill that goal, the University has identified the following future initiatives:

- Increase education on retirement plan choice and financial wellness
- Enhance plan design to support both the University's and the participants' goals
- Improve business processes associated with plan administration
- Incorporate evolving best practices

**AMENDMENTS TO THE PROCEDURE FOR SETTING
AND REVIEWING COMPENSATION FOR UNIVERSITY EXECUTIVES**

Synopsis: Approval of the amended and restated Procedure for Setting and Reviewing Compensation for University Executives, is proposed.

WHEREAS a Procedure for Setting and Reviewing Compensation for University Executives is an important component in providing a foundation for the design and administration of executive compensation; and

WHEREAS the Board of Trustees approved a Procedure for Setting and Reviewing Compensation for University Executives on August 28, 2015; and

WHEREAS the Board of Trustees approved changes to the Procedure for Setting and Reviewing Compensation for University Executives on November 6, 2015, June 3, 2016 and January 27, 2017; and

WHEREAS the university desires to amend and restate the Procedure for Setting and Reviewing Compensation for University Executives upon approval by the Board of Trustees:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the attached amended and restated Procedure for Setting and Reviewing Compensation for University Executives.



Procedure for Setting and Reviewing Compensation for University Executives

Purpose

This procedure outlines the scope of authority for setting and reviewing total compensation opportunities for the President of The Ohio State University (university) and certain other executives of the university.

Scope of Authority for Setting Total Compensation

The following table sets forth the scope of authority for setting total compensation opportunities for defined categories of executives and other highly compensated employees of the university.

	Scope of Authority for Setting Total Compensation			
	CEO of the Medical Center	Provost	President	Board of Trustees
Board Purview Executives				
President				Approve
Provost; CEO of the Medical Center			Recommend to Board	Approve
University Board Purview Executives		Recommend to President	Recommend to Board	Approve
Medical Center Board Purview Executives	Recommend to Provost	Recommend to President	Recommend to Board	Approve
Other Highly Compensated Employees: Non-Physician Employees				
Annual total compensation of greater than \$270,000 and below the total compensation market median; AND Base salary less than \$500,000	Approve (Medical Center Employees)	Approve (University Employees)		
Annual total compensation of greater than \$270,000 and at or above the total compensation market median but below the total compensation market 75 th percentile; AND Base salary less than \$500,000	Recommend to Provost (Medical Center Employees)	Approve (University and Medical Center Employees)	Review of Periodic Report	Review of Periodic Report
Annual total compensation of greater than \$270,000 and at or above the total compensation market 75 th percentile; OR Base salary equal to or greater than \$500,000	Recommend to Provost (Medical Center Employees)	Recommend to President* (University and Medical Center Employees)	Approve	Review of Periodic Report

**Due to the expeditious and confidential nature of some employment agreements within the Department of Athletics, total compensation for football and basketball agreements that are highly sensitive and require immediate action will go directly to the president for approval.*



Procedure for Setting and Reviewing Compensation for University Executives

Other Highly Compensated Employees: Physician Employees				
	Dean, College of Medicine	CEO of the Medical Center	President	Board of Trustees
Annual total compensation of greater than \$270,000 and below the total compensation market median; AND Base salary less than \$500,000	Approve			
Annual total compensation of greater than \$270,000 and at or above the total compensation market median but below the total compensation market 75 th percentile; AND Base salary less than \$500,000	Recommend to CEO of the Medical Center	Approve	Review of Periodic Report	Review of Periodic Report
Annual total compensation of greater than \$270,000 and at or above the total compensation market 75 th percentile; OR Base salary equal to or greater than \$500,000	Recommend to CEO of the Medical Center	Recommend to the President	Approve	Review of Periodic Report

For purposes of this procedure, “annual total compensation” means all cash compensation that may be awarded to, earned by or paid to an employee during a one-year period, including the employee’s annual base salary, annual target incentive payments, retention payments (prorated on an annual basis), deferred compensation credits (if not credited annually, then prorated on an annual basis) and supplemental retirement plan contributions. For purposes of this procedure the “market median” means the market composite data between the 50th and 60th percentiles of the applicable market. The annual total compensation ranges set forth in the table may be adjusted by the Board of Trustees.

Compensation Review and/or Approval by the Board of Trustees for New, Current, Interim and Renewal Appointments

The chair of the Talent and Compensation Committee of the Board of Trustees will review and approve: (1) the total compensation (base salary, incentive pay and benefits including perquisites) of the president and board purview executives; (2) the total compensation of any employee appointed as interim to a board purview executive position; and (3) any changes in the total compensation for an employee referenced in (1) or (2). Board purview executives are employees who are considered to have “significant influence” over the reputation and affairs of the university. Whether an employee is considered to have “significant influence” will be determined based on the employee’s reporting relationship within the university, the position’s perceived risk in relation to the university’s financial health and/or reputation, and the employee’s role in establishing or carrying out the university’s strategic goals. The chair may request additional information to include justification for the offer package as deemed necessary. All employees who report directly to the president will be considered to have significant influence and, therefore, will be board purview executives. Determinations as to whether any other positions are considered to have significant influence will be recommended by the Office of Human Resources, in consultation with the Office of Legal Affairs and senior administration, and approved by the Talent and Compensation Committee.



Procedure for Setting and Reviewing Compensation for University Executives

Any actions taken by the chair of the Talent and Compensation Committee of the Board of Trustees under this procedure shall be subject to ratification by the full Talent and Compensation Committee and the full Board of Trustees.

In addition, the president and the chair of the Talent and Compensation Committee of the Board of Trustees will be provided a periodic report of all compensation actions taken for other highly compensated employees with annual total compensation in excess of \$270,000 and at or above the total compensation market median for purposes of consistency with the Total Compensation Philosophy for University Executives and this procedure.

Compensation Review: President and Board Purview Executives

The Talent and Compensation Committee of the Board of Trustees will conduct an annual review and report to the Board of Trustees on the total compensation opportunities provided to the president and board purview executives for purposes of ensuring consistency with the university's Total Compensation Philosophy for University Executives.

The annual review will include a review of how base salary and annual total compensation compare to that of similarly situated employees of applicable peers. The university may provide annual total compensation in excess of the median if the president or board purview executive:

- has unique knowledge, skills and/or capabilities, and makes contributions to the university that are distinctive and reflective of attributes well in excess of norms;
- performs a role that has duties and responsibilities that are above and beyond what is typical in the marketplace (e.g., performs multiple roles, has a large and diverse set of responsibilities, has multiple appointments or designations); and/or
- is a recognized leader in his or her field(s), which enhances the employee's personal value to the university.

In addition, a comprehensive biennial review will be conducted on the reasonableness of total compensation and any special benefits and perquisites provided to the president and board purview executive as part of their total compensation opportunities. Special benefits and perquisites include, but are not limited to, housing benefits or stipends, travel expenses and reimbursements, tax gross-up payments, car allowances, social club initiation fees and dues, and deferred compensation arrangements.

History

Adopted: August 28, 2015

Revised: November 6, 2015

Revised: June 3, 2016

Revised: January 27, 2017

Target Revision Date: February 22, 2019