

**THURSDAY, AUGUST 29, 2019
TALENT AND COMPENSATION COMMITTEE MEETING**

Hiroyuki Fujita
Lewis Von Thae
Alex Shumate
Erin P. Hoeflinger
John W. Zeiger
Elizabeth P. Kessler
Jeff M.S. Kaplan
Janice M. Bonsu
Janet Porter
Timothy P. Smucker (*ex officio*)

Location: Longaberger Alumni House
Sanders Grand Lounge

Time: 8:00-9:45am

Executive Session

8:00-9:05am

Public Session

ITEMS FOR DISCUSSION

1. *Key Critical Searches – Susan Basso* 9:05-9:10am

ITEMS FOR ACTION

2. Personnel Actions – Susan Basso 9:10-9:15am
3. *Hand-Carry*: Approval of Procedure for Setting and Reviewing Compensation for University Executives – Susan Basso, Lyn Harper 9:15-9:30am
4. Amendment of Total Compensation Philosophy – Susan Basso, Lyn Harper 9:30-9:35am
5. Approval of the FY20 Presidential Goals – Dr. Michael Drake, Dr. Hiroyuki Fujita 9:35-9:45am

Written Report (Background Only)

- a. *Human Resources Summary*

PERSONNEL ACTIONS

BE IT RESOLVED, That the Board of Trustees hereby approves the personnel actions as recorded in the personnel budget records of the university since the May 31, 2019, meeting of the board, including the following appointments and contract renewals:

Appointments

Name: Jessica A. Eveland
Title: Secretary
Unit: Board of Trustees
Term: May 1, 2019

Name: William Farrar
Title: CEO of The James Cancer Hospital and Solove Research Institute
Unit: Wexner Medical Center
Term: September 1, 2019

**AMENDMENT OF TOTAL COMPENSATION PHILOSOPHY
FOR UNIVERSITY EXECUTIVES**

Synopsis: Amendment and restatement of the Total Compensation Philosophy for University Executives ("Total Compensation Philosophy"), is proposed.

WHEREAS in order to fulfill its mission and meet institutional hiring needs and priorities, the university must attract and retain outstanding executives; and

WHEREAS a compensation philosophy is an important component in providing a foundation for the design and administration of executive compensation; and

WHEREAS the Board of Trustees approved the current Total Compensation Philosophy on August 28, 2015; and

WHEREAS the Board of Trustees desires to amend and restate the Total Compensation Philosophy:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the attached amended and restated Total Compensation Philosophy.



Executive Total Compensation Philosophy

Purpose

To support its stated mission, The Ohio State University (the university) shall maintain a total compensation program that enables the university to attract, retain, and reward highly qualified and talented executives.

Key Principles and Objectives

The university's total compensation philosophy for executives is based on the following key principles and objectives:

- Attract, retain and motivate highly qualified and talented executives charged with fulfilling the university's mission;
- Provide total compensation (total cash compensation (base salary and incentive pay) plus the value of all employer-paid benefits and perquisites) to executives that is competitive in appropriate external labor markets;
- Link total compensation to organizational and individual performance and the university's academic, advancement, health care delivery, research, business and organizational strategies;
- Clearly communicate the university's main goals and priorities to executives;
- Operate within the constraints of the university's budgetary process and financial resources; and
- Ensure compliance with applicable laws and regulations.

Scope

The university's total compensation philosophy for executives applies to the following positions:

- University President;
- Chief Executive Officers;
- Executive Vice Presidents;
- Senior Vice Presidents;
- Vice Presidents;
- Associate Vice Presidents; and
- Other highly compensated employees as designated by the university's Board of Trustees and senior administration, including physicians, coaches, and researchers as applicable.

Components of the Total Compensation Program

- Base salary is the foundation of an executive's total compensation opportunity. Base salary ranges will be determined for an executive based on his or her position, responsibilities, experience, specialized knowledge, skills, accomplishments, flexibility, performance capacity and relative value to the university. Base salaries for executives generally will be targeted at the median (between the 50th and 60th percentiles) of base salaries paid to similarly situated employees in the external labor markets.
- Incentive pay plays a real and significant role in an executive's total compensation opportunity, and is intended to reinforce performance expectations and reward the achievement of organizational goals of the university. Depending on the position, an executive's incentive pay may be based on individual goals that relate to university objectives and/or overall university performance, and may relate to annual (short-term) performance periods and/or multi-year (long-term) performance periods. Total cash compensation, including incentive pay, for executives generally will be targeted at the median (between the 50th and 60th percentiles) of total cash compensation paid to similarly situated employees in the external labor markets. In periods of exceptional performance, maximum total cash compensation may reach the top quartile of total cash compensation paid to similarly situated employees in the external labor markets.

Executive Total Compensation Philosophy

- Benefits, including perquisites, are an important and competitive element of an executive’s total compensation opportunity. The university provides an array of comprehensive and competitive benefit programs for its executives and their families, including medical coverage, retirement benefits, life insurance, disability insurance, vacation and sick time, and other supplemental executive benefits important in recruiting and retaining desired talent. Supplemental executive benefits and perquisites are designed to be strategic and flexible, and are considered as a part of total compensation. Benefits and perquisites for executives generally will be targeted to be competitive in the market in which the university is competing for talent.
- Total compensation, which is defined as total cash compensation (base salary and incentive pay) plus the value of all employer-paid benefits and perquisites, recognizes that within the market, executive packages may differ and the alignment of individual elements of compensation may not align with the total compensation package. As a guardrail, total compensation in excess of the 75th percentile of the external labor markets will be carefully reviewed and documented as indicated in the Transaction Authority Procedure. On occasion, to recruit or retain employees in highly market sensitive positions, it may be necessary to provide total compensation which would place an executive outside these guidelines.

Peers

A key principle and objective of the university’s total compensation philosophy is to provide total compensation that is competitive in the appropriate external labor markets. These external labor markets include certain academic institutions and general industry markets for identified positions (referred to as peers). The categories of peers considered by the university when establishing total compensation, as well as the university’s primary academic peers and primary athletic peers are described below.

Categories of Peers

Depending on an executive’s position, peers may include academic institutions and/or general industry markets. The following table describes positions at the university and related categories of peers.

Positions	Categories of Peers	Scope
University Leadership and Major Entity Leaders	Peers include not-for-profit and for-profit organizations of similar size, scope and complexity. Market data may be considered from the following segments: <ul style="list-style-type: none"> • Major public and private universities selected because of their comparability in terms of size, scope, and complexity to the university. See “Primary Academic Peers” below. • Academic and research-oriented health care organizations • Independent research labs and applied research institutions • Other public and private for-profit organizations that are identified as “peers” and “talent competitors” 	National/Global
Research and Development	Peers include organizations of a similar scientific and research focus. Market data may be considered from the following segments: <ul style="list-style-type: none"> • Biotechnology, medical device and pharmaceutical companies • Academic hospitals and health care • Independent research labs and applied research institutions • Other public and private for-profit organizations that are identified as “peers” and “talent competitors” 	National/Global
Academic	Peers include well-known academic health care and delivery network	National/Global



Executive Total Compensation Philosophy

Health Care and Delivery Network	organizations. Market data may be considered from the following segments: <ul style="list-style-type: none">• Key “best in class” academic medical centers and integrated health care systems of similar size, scope and scale• Stand-alone academic medical centers with medical schools• Integrated health systems that are classified as Accountable Care Organizations• Independent research labs and applied research institutions	
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Executive Total Compensation Philosophy

Primary Academic Peers

The following academic institutions have been identified as peers based on the university’s historical sourcing of talent, as well as comparability standards that include the institution’s size, complexity, academic stature, and location and whether the institution has a medical school with a hospital.

- Brown University
- Case Western Reserve University
- Columbia University
- Duke University
- Emory University
- Harvard University
- Indiana University*
- Johns Hopkins University
- Northwestern University*
- Pennsylvania State University*
- Stanford University
- The State University of New Jersey (Rutgers University)*
- University of Arizona
- University of California, Berkeley
- University of California, Irvine
- University of California, Los Angeles
- University of California, San Diego
- University of Chicago
- University of Florida
- University of Georgia
- University of Illinois*
- University of Iowa*
- University of Maryland*
- University of Miami (Fla)
- University of Michigan*
- University of Minnesota*
- University of North Carolina
- University of Pennsylvania
- University of Pittsburgh
- University of Southern California
- University of Texas (Austin)
- University of Virginia
- University of Washington
- University of Wisconsin*
- Washington University, St. Louis
- Yale University

*Indicates member of the Big Ten Conference

Primary Athletics Peers

The following academic institutions have been identified as peers for covered athletics positions under the Board’s purview (e.g., Athletic Director and certain coaches) based on the university’s historical sourcing of talent, as well as athletic comparability standards. These institutions have significant overlap to academic peers, however, include high profile athletics programs.

- Duke University
- Indiana University*
- Northwestern University*
- Pennsylvania State University*
- Stanford University
- The State University of New Jersey (Rutgers University)*
- University of Arizona
- University of California, Los Angeles
- University of Florida
- University of Georgia
- University of Illinois*
- University of Iowa*
- University of Maryland*
- University of Miami (Fla)
- University of Michigan*
- University of Minnesota*
- University of North Carolina
- University of Pittsburgh
- University of Southern California
- University of Texas (Austin)
- University of Virginia
- University of Washington
- University of Wisconsin*

*Indicates member of the Big Ten Conference

APPROVAL OF FISCAL YEAR 2020 PRESIDENTIAL GOALS

Synopsis: Approval of the attached presidential goals for fiscal year 2020, is proposed.

WHEREAS under the terms of President Michael V. Drake's letter of offer, each fiscal year, the president and the Board of Trustees will set forth the president's goals and objectives; and

WHEREAS in order to establish these goals and objectives, the president is submitting the attached for review and approval by the Board of Trustees; and

WHEREAS once approved by the Board of Trustees, the attached goals and objectives will serve as the basis to evaluate the president during his review period:

NOW THEREFORE

BE IT RESOLVED, That the Board of Trustees hereby approves the attached goals and objectives which set forth five areas of focus: Time and Change Strategic Plan, Student and Faculty Success, National Impact, the Campus Environment, and Leadership and Talent. All will continue to move the university forward as a leading national flagship public research university in the 21st century.

The Ohio State University Goals - Fiscal Year 2020

Time and Change strategic aspiration: To make the next bold step in Ohio State's land grant history of excellence and impact, we aspire to be a leading national flagship public research university

Time & Change Strategic Plan

1. **Advance the strategic plans for the university and academic health center** – To take the next steps in Ohio State's land-grant history of excellence and impact, we will be a leading national flagship public research university and academic medical center driving breakthrough advances for important societal issues.

Student and Faculty Success

2. **Strengthen the quality and affordability of Ohio State's teaching and learning programs, including digital flagship and state of the art curriculum development** – Ohio State faculty will be among the best in the nation utilizing and producing teaching and curriculum improvement modules. The university will be the benchmark for digital innovation and recognized practices to improve student outcomes, access, and affordability.

National Impact

3. **Further establish The Ohio State University as a national and global leader in higher education practices, policy and research to serve societal needs** – Ohio State leaders and faculty will serve on and lead national and international efforts to impact higher education practices and outcomes. Partnerships with regional, national, and international collaborators will advance research and knowledge creation and Ohio State's impact as a flagship university.

The Campus Environment

4. **Deploy best practices and policies to support the safety and wellbeing of students, staff, and faculty on OSU campuses and further create a sustainable learning environment** - Ohio State will continuously assess and support the safety and wellbeing of students, staff, and faculty. A model smart campus, utilizing leading sustainable environmental and community practices, will be planned and deployed.

Leadership and Talent

5. **Exemplify best-in-class leadership to advance the university toward strategic goals, further develop plans, practices, and policies to attract and retain the best higher education talent and advance the recruitment of key leadership positions at the university.** – The ambitious 5-7 year strategic plan calls for innovative and disciplined actions to achieve desired results. Key to success will be the caliber of faculty and leadership across the enterprise and the engagement of alumni, government and business partners, and friends of the university.

Human Resources

Board of Trustees Talent & Compensation Committee Update – August 2019

The Ohio State University Human Resources department has prepared this report as a summary of key activities and updates specific to the HR Strategic Plan and related HR Transformation initiatives that are currently underway. The strategic priority areas of focus in the HR Strategic Plan include:

- HR Excellence
- Talent Management
- Total Rewards

Each of these pillars are supported by the core foundational elements that are key to the implementation of the plan, which are:

- Change Management
- Communication
- Compliance/Management of Risk
- Culture
- Diversity & Inclusion

The report is intended to keep members of the Talent & Compensation Committee apprised of key HR milestones, updates and concerns, as appropriate. Additionally, data and metrics with current analytics, specific to the workforce demographics of the university have been recently refreshed.

As we continue to strive to operate as one HR discipline university-wide, the content outlined encompasses HR efforts across all campus locations, inclusive of the Wexner Medical Center.

Based on the feedback received in response to the May 2019 report, we will continue to provide updates to the summary along with results in advance of each board committee meeting.

I appreciate your ongoing support of our transformative journey

On behalf of the HR Leadership Team,

Susan Basso

SVP, Talent, Culture & Human Resources



THE OHIO STATE UNIVERSITY
HUMAN RESOURCES



HR Transformation at Ohio State

In alignment with the 2018-2023 HR Strategic Plan
focused on three strategic pillars, and a strong foundational culture



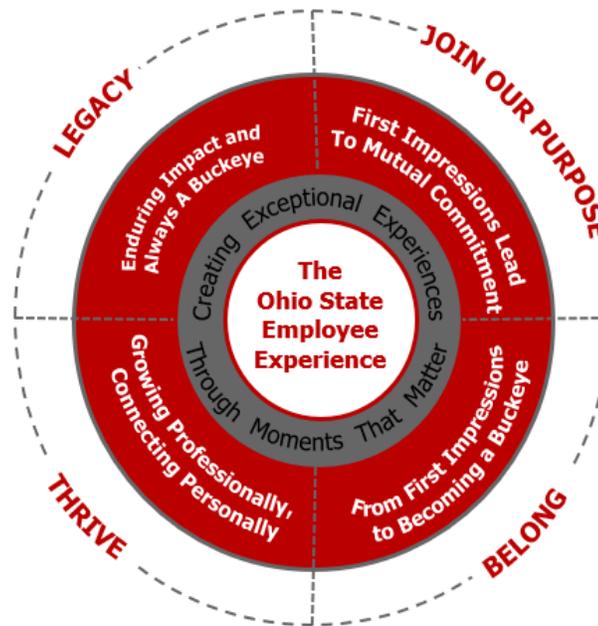
Talent Management

Recruit, retain and develop the most talented and high-quality faculty, staff and physicians.

Talent & Culture Strategy

Ohio State’s aspiration as an employer is to create an exceptional employee experience and be an employer of choice. A foundational element to achieve this goal is to cultivate a talent and culture framework that influences employee inspiration, student success and global solutions. We must also promote a respectful and collaborative workplace culture consistent with university-wide values. This is a vision that is consistent across all five pillars of the university’s Time and Change Strategic Plan. To do this, we have started to develop a comprehensive 5-year strategic plan for talent and culture that will encompass the entire university.

Ohio State Employee Experience



| Culture | Values | Diversity & Inclusion

We have developed a model that depicts the Ohio State Employee Experience from the first impression where a candidate may see Ohio State as a potential employer to the day an employee retires “Always a Buckeye.” This model will be utilized to ensure our talent strategy is not “episodic,” but aligned to a systemic framework. The Talent and Culture strategy will utilize Employer of Choice dimensions to define our key strategic initiatives.



HR Excellence

Improve the employee experience through transformed HR core processes that deliver strategic HR services and transactional accuracy and efficiency.

HR Service Delivery

HR continues its major transformation initiative focused on raising standards of HR excellence and service delivery across the university and Wexner Medical Center. This change is accelerated by the Workday implementation and together represents a significant institutional investment.

Workforce Transition

A critical milestone was reached with the rollout to the HR Community of summary job descriptions for the new roles that have been designed within the future state HR Service Delivery model. Full job descriptions and details of the expression of interest process will soon be available to begin the transition of staff from current roles to the new future state roles.

An HR Open House is being held August 26, 2019 for the HR Community as a flexible half-day education and question/answer session to prepare for the expression of interest process and ultimate transition of roles. HR leadership will, in an informal setting, provide information and answer questions about the future state HR roles and the vision for the new working relationships within HR.

Shared Services



HR Service Delivery pilots kicked off at the beginning of June. The pilot for the new HR Shared Service Center began with staff responsible for HR transactions in the service centers in the College of Arts and Sciences, Business and Finance and Student Life coming together to form the base of the new HR Shared Service Center.

Deborah Miller, Director of Shared Services, Office of Student Life, has been appointed the Interim HR Shared Services Center Director. Under her leadership, the Pilot teams are working to streamline and standardize business processes, design standard metrics and service level commitments, and deploy the new Service Now technology.

The initial implementation of Service Now went live in mid-July supporting the pilot HR Shared Service Center team. Support for the Employee and Labor Relations Center of Expertise is scheduled to go live in mid-August. Additional functionality in Service Now will go live this fall, supporting the full HR Shared Service Center team with logging of requests and knowledgebase support for specialized

services within the HR Shared Service Center. Service Now technology will provide the platform for transparency for employees on their requests and resolution within the shared service center; that functionality will go live with full implementation planned for late January 2020.

HR has retrofit its existing space on the 3rd floor of the Gateway building to accommodate the pilot shared services team. New, modern, collaborative workstations and flexible workspace have been installed and the pilot shared services team is scheduled to move in on September 9, 2019. Existing HR staff in that location are also being reseated into this space. HR has identified future space in a planned administration building at 15th Avenue and High Street for a potential future home for the entire HR operation. The first part of that building is due to be complete in spring of 2021 and at that time the entire HR Shared Services organization would be located there together.

Engagement, Communications and Change Management

Engagement activities are continuing and deepening as we get closer to go live for the HR Service Delivery model. Efforts continuing from the spring include: one-on-one meetings with deans and senior university and Wexner Medical Center leaders to enhance understanding of the new model and to align expectations for coming role transitions; meetings with HR community members to further enhance understanding of the transition process and align expectations; regular communications with HR community, HR leaders and stakeholders in finance, supply chain and IT.

Career Roadmap

Career Roadmap, a job family model and compensation structure, will modernize compensation and talent practices to help attract and retain the Ohio State workforce of the future. When live in Workday, Career Roadmap will include new tools for career path visibility, consistent career levels and market-informed pay decisions. Career Roadmap also supports the operational excellence and resource stewardship goals in the university's strategic plan.

The implementation date for Career Roadmap, now January 2021, was influenced by both internal stakeholders and input from other universities that have implemented similar initiatives. Based on that input, greater leadership engagement and additional employee feedback was incorporated. A brief pause for the launch of Workday in summer 2020 was also added.

Development of the job catalog is now complete, and the initiative is preparing to enter a new phase of position mapping and validation. It's imperative that staff across the university and medical center are confident in the process and outcomes. In alignment with feedback from the President's Cabinet, the initiative will move forward with a phased, iterative mapping approach to better outline costs and other implications, while keeping stakeholders informed. Market-pricing of the job catalog is underway. Initial cost impacts will be available in late 2019 when market-pricing is combined with preliminary mapping results.

When Career Roadmap is implemented in January 2021, it will provide new tools and processes to help Ohio State better understand its payroll investment and ensure competitive, market-based compensation.

Other projects subsequent to Career Roadmap could include a review of jobs for civil service classification and a possible university-wide, minimum wage policy. In both cases, Career Roadmap will provide a framework to properly scope, prioritize and execute the project.

Additional information related to position mapping can be found at hr.osu.edu/career-roadmap/position-mapping/.



Total Rewards

Ensure competitive Total Rewards while balancing fiscal responsibility.

Health and Welfare

2018 marked the third successive year for The Ohio State University Faculty & Staff Health Plans to return negative cost trend results, after taking pharmacy rebates into consideration. Although cost trends in the market have also decreased in recent years, negative trend is almost unheard of, and Ohio State's 5-year trend is -0.4% compared to the 4.1% market trend for the same time period.

Looking to the future, we do expect costs to begin to rise again, both nationally and in our own health plan. Therefore, we continue to try to identify strategies to improve health outcomes and sustain long-term cost stability.

In 2020, we will be reorganizing the existing OSU Health Plan (OSUHP) network into a tiered network, with a goal of driving additional utilization to providers with a greater opportunity to integrate patient care.

- Tier one, the Premier Network, will include all OSU Wexner Medical Center providers and facilities, as well as providers from Central Ohio Primary Care (COPC), all current network providers in the pediatric and behavioral health specialties, and other select community providers needed to ensure adequate access for all of our members. In addition, statewide network providers that are available outside of Franklin and its contiguous counties will continue to be available through the Ohio PPO Connect wrap network and will not be impacted by the network tiering.
- Tier 2, the Standard Network, will be comprised of most the remaining providers that are in the OSUHP network today.

There are benefit design differences between the Premier and Standard Networks that provide for a higher level of benefit coverage to help incent members to utilize Premier providers; however, the member still ultimately retains provider choice. It is important to note that 78% percent of current members already utilize all Premier Network providers, based on a twelve-month claim analysis through May 2019.

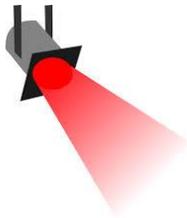
We are also working closely with OSUHP to ensure that high-touch transition services are available for impacted members who need assistance with continuity of care, including coordination with OSUWMC's Central Scheduling to assist members with finding providers and establishing appointments. In addition, we are working with OSUHP to establish expectations for ongoing patient access and will monitor that data to ensure that member needs continue to be met after the rollout of the tiered network.

Other Health and Welfare Plan Opportunities

The member institutions of the Inter-University Council of Ohio (IUC) recently collaborated with the IUC Purchasing Group to conduct a collective bid process for life and disability insurance, as well as dental benefits. The bid processes resulted in the establishment of an IUC price agreement with a single vendor for each benefit based on the award of the collective IUC business.

Ohio State gained pricing improvements resulting in the following projected annual savings for the university and employees during each year of the four-year agreements starting in 2020:

- Disability Insurance - \$1.3 million
- Life insurance - \$420,000
- Dental - \$60,000



HR Spotlight: Contract Negotiations Update

Ohio Nurses Association (ONA) contract negotiations concluded on June 27, 2019. ONA is an organized labor union representing nearly 4,000 registered nurses across the medical hospitals (excluding East Hospital). The nurses overwhelmingly ratified the new agreement On July 11, 2019.

Preparations for a successor agreement began in July 2018 with the Medical Center's negotiations team meeting regularly to establish a bargaining strategy that would align ONA's interests with Medical Center's previously establish objectives, including:

1. Safe, effective patient care;
2. Recruitment and retention; and
3. Organizational stability and financial stewardship.

Below are highlights of the new three-year agreement:

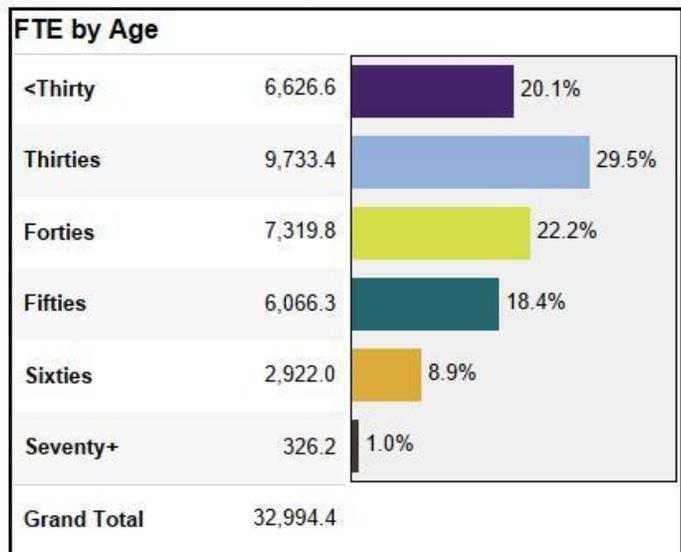
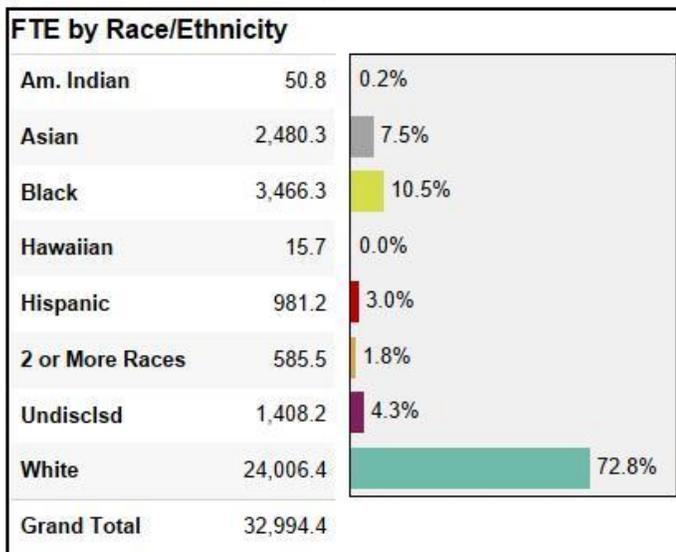
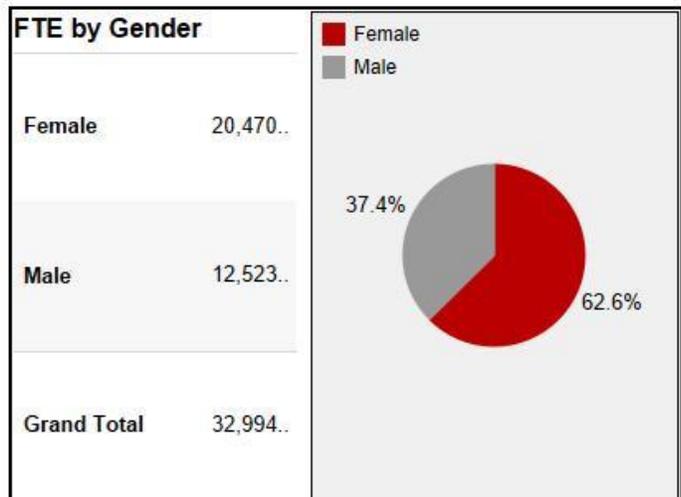
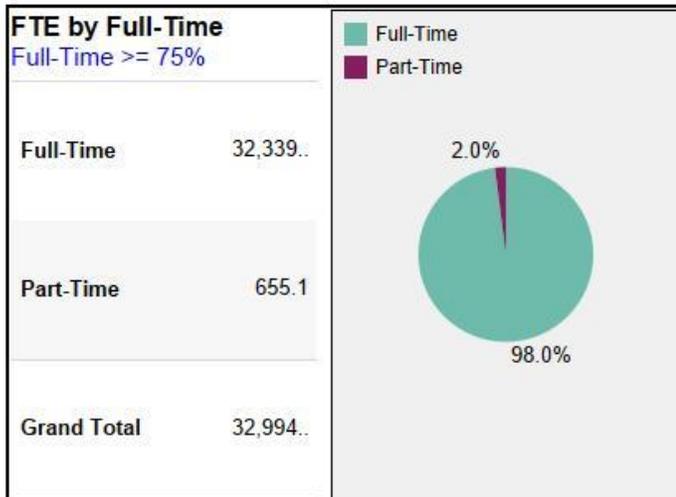
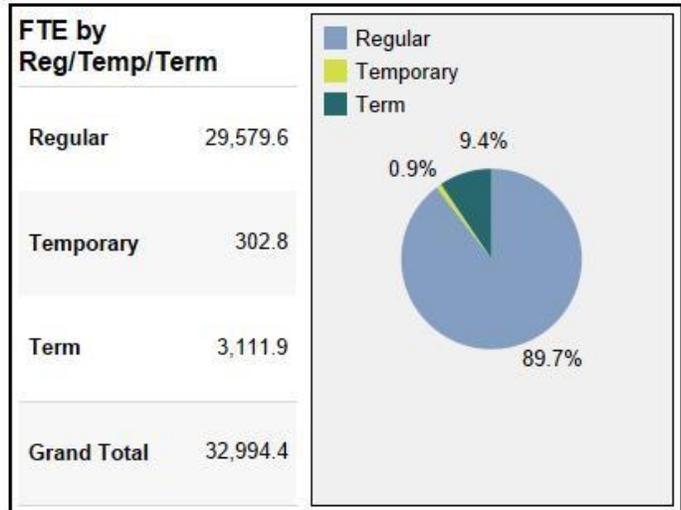
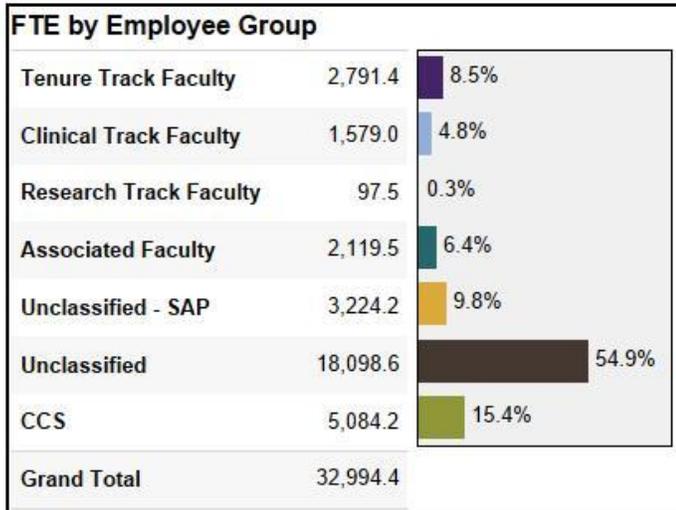
- Eliminates the practice of mandatory overtime and allows for maximum flexibility in offering financial incentives to meet the staffing needs of the Hospitals.
- Establishes nurse to patient ratios that are acuity driven, evidence-based, nationally benchmarked and aligned across the Hospitals.
- Increases access to vacation leave for nurses with minimal seniority.
- Establishes an affordable, data-driven, market-based, and durable compensation model that enables the Hospitals to remain competitive in attracting and retaining the best talent. Most nurses will receive between 15% and 18% increase over the contract term.

As the new agreement moves into the administration phase, nursing leadership and administration are committed to a collaborative relationship with ONA, with a continued focus on creating the best environment for patient care.

Quarterly Summary by All Employees

All Employees FTE for Total University, June 2019

(*Excludes students, intermittent employees and unpaid employees)

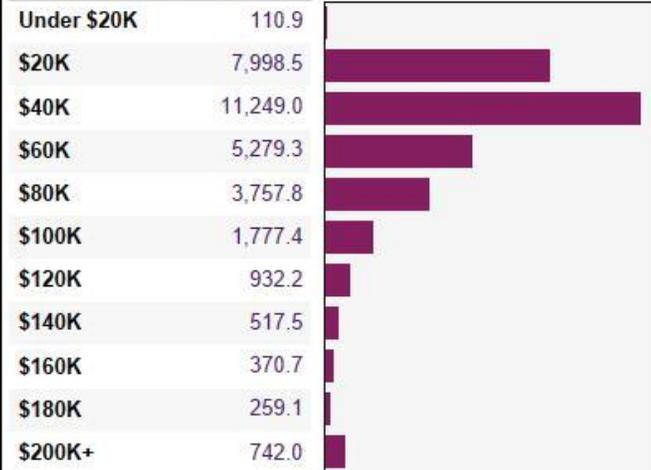


Quarterly Summary by All Employees

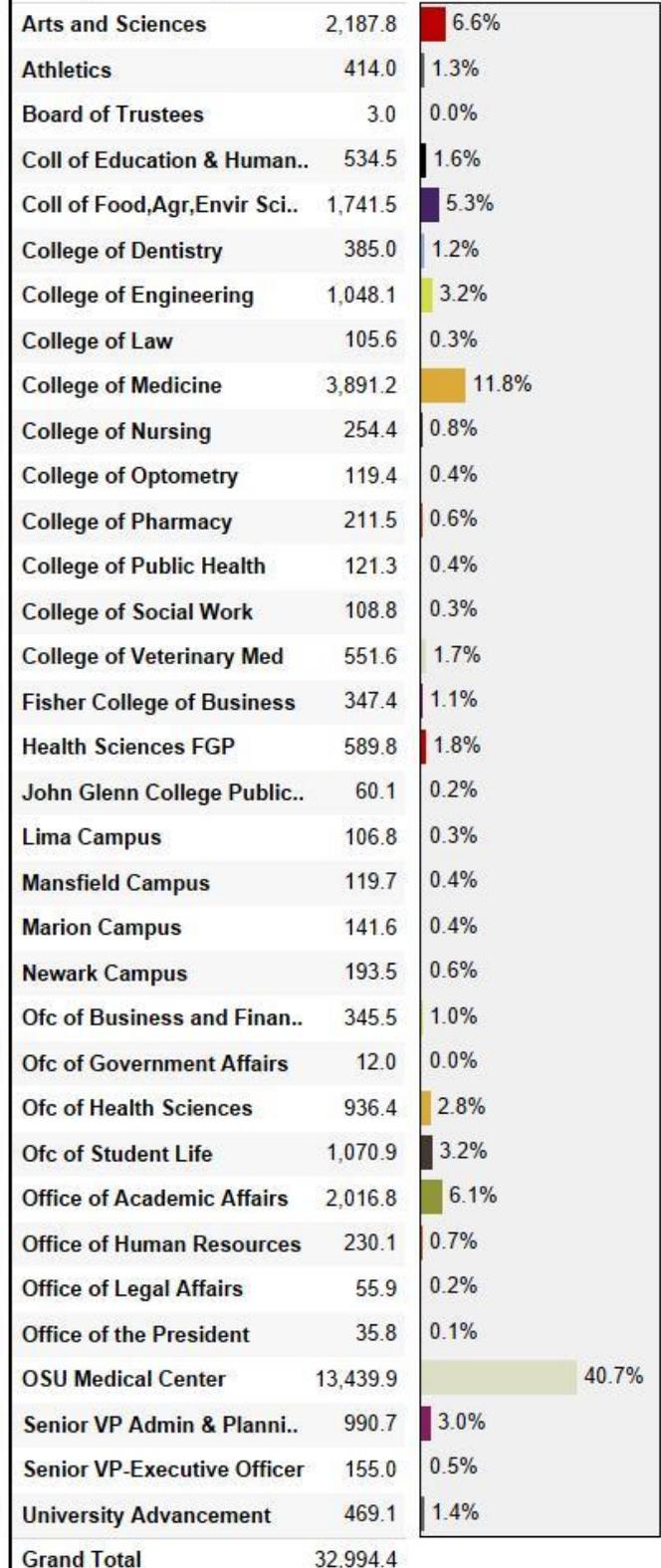
All Employees FTE for Total University, June 2019

(*Excludes students, intermittent employees and unpaid employees)

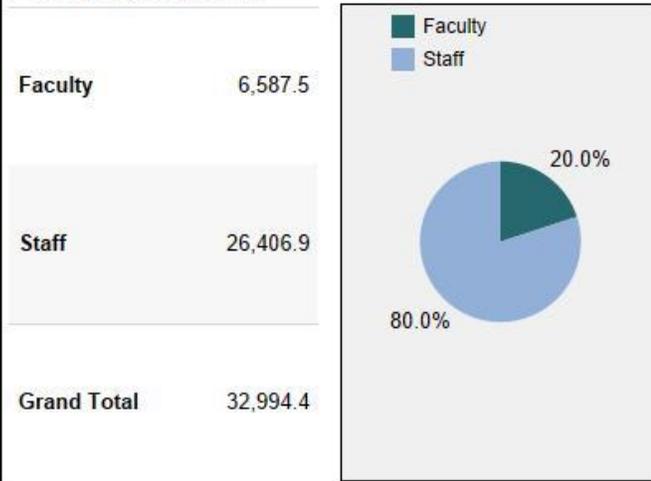
FTE by Pay Band



FTE by VP College



FTE by Faculty/Staff



FTE by Years of Service

