# ANNUAL SALARY AND BENEFITS REPORT AND RECOMMENDATIONS, 2010

# FACULTY COMPENSATION AND BENEFITS COMMITTEE OF THE UNIVERSITY SENATE

# Membership, 2009-2010:

Eugene W. Holland, Chair	HUM	Faculty Council	2010
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Robert Heneman	BUS	Faculty Council	2012
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Ann DeVries	MED	Faculty Council	2011
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Jay Zweier	MED	Faculty Council	2011
Diane Birckbichler	HUM	Faculty Council	2010
Richard Hill	OPT	Retiree designee	2010
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Larry Lewellen	OHR	ex officio, Human Resources	
Susan Williams	OAA	ex officio, Academic Affairs	
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#### **SUMMARY**

- OSU salaries move from being in the bottom half of both Benchmark and CIC comparison groups to the top half (from 7<sup>th</sup> to 4<sup>th</sup>).
- OSU's ranking among AAU institutions rose by 3 positions (from 37<sup>th</sup> to 34<sup>th</sup>), coming closer to our goal of 30.
- Dramatic changes in STRS benefits are in store due to the recession; comprehensive information for comparing 403b retirement annuities will soon be available; changes in dependent eligibility for health care will go into effect on January 1, 2011.
- The committee recommends that OSU continue to improve in the AAU salary ranking; that monies being set aside as a cushion for the next few years be redirected to faculty compensation if not needed to offset budget cuts; and that OSU regional campus salaries be raised.

## **BACKGROUND**

According to the University By-Laws (3335-5-4812), it is the responsibility of the Faculty Compensation and Benefits Committee (FCBC) to "study the adequacy and other attributes of the university's policies and provisions for: (i) salaries, outside professional services and supplemental compensation; and (ii) retirement benefits, hospitalization, medical insurance, and other health benefits, life insurance, other insurance, travel reimbursement, educational benefits, recreational benefits, and other perquisites, benefits, and conditions of faculty employment." Each year, the FCBC issues a report to the university community at large, outlining the results of its on-going examination of salaries, benefits and other conditions of faculty employment at OSU. Like its predecessors, this year's report will start by presenting the conclusions of this year's study of salaries and benefits. It will then outline on-going issues that will be taken up again by the Committee next year. It concludes by recommending steps the University should take to meet its goals for recruiting, rewarding, and retaining top-caliber faculty at an institution with aspirations to eminence.

But first it is important to put this report in context. AY 2009-2010 was an unusually busy year for the FCBC. The Great Recession that started in the fall of 2008 made its impact felt this year at OSU and at institutions of higher education across the country. Many universities were forced to institute furloughs, hiring freezes, and suffered stagnant or declining salaries; this turmoil has made comparing faculty salaries difficult in some cases, as we will explain below. In the face of these very difficult economic circumstances, however, and in comparison with many if not most other institutions of higher education around the country, OSU has done very well. Due to a combination of extraordinary foresight and planning under the able leadership of outgoing Senior Vice-President of Business and Finance Bill Shkurti, on one hand, and solid support from Governor Strickland and the legislature on the other, OSU has not merely weathered the economic storm, but actually improved its position vis-àvis peer institutions, according to most available measures. We examine OSU's position at length in the first section of this report, devoted to compensation. At the same time, however, the Great Recession severely compromised the State's pension funds, including the State Teachers Retirement System (STRS) to which most OSU faculty belong. Although the specifics of the STRS reform are not yet known, it is clear that the pension component of the OSU benefits package will suffer considerably for decades to come. We present what is known at this point about what is likely to be in store for STRS in the second section of this report, devoted to benefits; better news about changes to the Supplemental Retirement Annuities offered at OSU and several other important benefits issues are also discussed here. Because of the high degree of uncertainty characterizing the State's and the University's finances, there are many issues still pending before the Committee (section three), and the Committee's

recommendations this year (section four) are unusually modest, compared to recent reports. This modesty does not signal a change in the aspirations of FCBC; rather, it results from recognition that there may be a variety of means of achieving University goals, and that we need to remain sensitive to context in developing ways to meet them.

# COMPENSATION

Ohio State measures the adequacy of its faculty salaries by three main criteria: (i) average salaries at OSU compared with those at a select group of "benchmark institutions"; (ii) average salaries at OSU compared with those of other CIC (Committee on Institutional Cooperation) institutions; and (iii) average salaries at OSU compared to the level of compensation it would take to get the university to the 30th position in the annual AAU (Association of American Universities) salary rankings. Two years ago, this report added a section on OSU and competitor institutions' salaries adjusted for living costs. This comparison has been made possible by the availability of a reliable cost-of-living adjustment index, the Runzheimer Report of Living Costs Standards. New to the report this year is an attempt to offset the cost-of-living index with quality-of-life indices for the cities in which our peer institutions are located; for while it is true that a dollar may buy more or less in one city compared to others, it is also true that it may take more or fewer dollars to recruit and retain first-rate faculty in a given locale, depending on the desirability of living there. Finally, this section includes another kind of salary information, new to the report last year: the average salary increase last year for continuing faculty, i.e., faculty on the payroll in both autumn 2009 and autumn 2010. Although matching data for the category of continuing faculty at competitor institutions are not available (yet), an attractive feature of this new measure is that it is available for individual academic units (department and colleges) as well as for the university as a whole (see Appendix F). Throughout this report, we will be citing average salary data for the university as a whole; in most cases, salary comparisons are also available broken down by rank (professor, associate professor, assistant professor), and are included in the appendices; for the internal "continuing faculty" category, the report only discusses data for the university as a whole, but Appendix F includes data broken down by Colleges, Departments, and Regional Campuses.

Before examining the comparative salary data in detail, an explanation of the source of the data needs to be provided, which is especially important given the circumstances of the last year or so. The figures reported in what follows all represent **nominal base** salaries as reported by the various institutions; **none** of them represent the salaries actually paid to faculty over the last year. Hence none of them reflect the reductions in take-home salary that occurred at institutions that imposed furloughs on faculty. Although much of the information regarding furloughs is (for understandable reasons) confidential, research suggests that out of our 9 Benchmark institutions, three have already implemented furlough programs, and three more have furlough plans pending; only one other Benchmark institution besides OSU is not implementing or considering a furlough program of any kind. Although information about furloughs is sketchy, in one case, a furlough plan already in force amounts to a 3% pay cut for the next two years. For one thing, this means that the average salaries actually paid at OSU this year compare even better with many peer institutions than the nominal base salary figures presented below suggest. But it also highlights how important sound fiscal planning and strong State support have been in enabling OSU to avoid the misfortune afflicting many of our peer institutions.

#### SALARIES: THE THREE COMPARISON GROUPS

# **Benchmark Institutions (See Appendix A)**

In many respects, the most appropriate salary comparison is to be made with our Benchmark institutions, since they were selected specifically because they are most like us: they are all large public research universities. This year, however, longitudinal comparisons with this group have been compromised because the group itself has been redefined: for reasons falling outside the purview of this report, the University of Texas was dropped, and the University of Maryland and the University of Florida were added. To partly compensate for this change, salary comparisons this year were made with both the old and the new "benchmark" groups. Up until about 6 years ago, the changes in OSU salaries matched both the old and new benchmark groups almost exactly; since 2003-2004, however, OSU salaries have performed noticeably better in relation to the new group than in relation to the old. (See Appendix A, p. 11.) Unfortunately, this graph also reveals that OSU salary increases have not been on par with those of our old Benchmarks recently, and have only exceeded those of our new Benchmarks as of this year. This important difference in the definition of our Benchmark institutions and the resulting unreliability of longitudinal comparisons notwithstanding, for the comparison of AY 2009-2010 with 2008-2009 taken in isolation, the overall average salary change (aside from slight differences at the various ranks) is the same for both benchmark groups, and the news is good: while OSU salaries ranked 7<sup>th</sup> last year in both groups, they have jumped to 4<sup>th</sup> place this year in relation to both groups. In other words, this year OSU moved from being located squarely in the bottom half of the benchmark groups to a position just within the top half. This is a significant improvement.

# **CIC Institutions (See Appendix B)**

Of the twelve CIC institutions, two (Chicago and Northwestern) are private universities, which makes this group slightly less reliable as a standard of comparison for OSU salaries: Chicago and Northwestern regularly top the list of average salaries in the CIC, and this year is no exception. However, one additional data-point available for the CIC (but not for our Benchmark institutions) is particularly revealing: for AY 2009-2010, OSU's average salary increase topped the CIC group, and it did so not just for the overall average, but also for assistant and associate professors. (For full professors, OSU raises this year ranked only 4<sup>th</sup> in the CIC.) Translated into absolute terms, this means that the position of OSU average salaries within the CIC rose from 7<sup>th</sup> to 4<sup>th</sup>, a very significant gain. Longitudinally, this is the best position OSU has occupied in the CIC in over ten years (i.e., since we ranked 4<sup>th</sup> in AY1996-97; our lowest position was 10<sup>th</sup>, in AY2001-02). It has been over 25 years since OSU salaries were better positioned within the CIC group: they were second in AY1982-83 and 1983-84, and third in AY 1984-85. The improvement in OSU's salary ranking within the CIC thus matches our improvement compared to the Benchmark institutions exactly: we rose from 7<sup>th</sup> to 4<sup>th</sup> in both groups.

# **AAU Institutions (See Appendix C)**

The final comparison group is the Association of American Universities (AAU), which describes itself as "an association of the 62 leading research universities in the United States." This group provides the target ranking to which OSU aspires, rather than a select group of institutions with which direct salary comparisons can fruitfully be made. For some time now, Ohio State has been committed to the goal of reaching the salary rank of 30<sup>th</sup> among AAU institutions. As is the case for the CIC institutions, longitudinal data presenting an historical perspective on OSU's performance relative to this goal are

presented in Appendix C. This year's FCBC report, like last year's, distinguishes OSU's position relative to the subset of public AAU universities from its position relative to the entire group (publics and privates combined); both comparisons are included in the Appendix.

In relation to both groups, OSU's ranking improved by three positions, from 16<sup>th</sup> to 13<sup>th</sup> out of 34 in comparison to the public group, and from 37<sup>th</sup> to 34<sup>th</sup> out of 60 in comparison to the group as a whole. These are the best AAU rankings OSU has seen since AY1996-97, when we were 10<sup>th</sup> among public institutions and 32<sup>nd</sup> in the group as a whole. We are still shy of the goal of 30<sup>th</sup>, and nowhere near the position OSU achieved in the mid-1980s to early-1990s, when our rankings ranged from 28<sup>th</sup> (AY1991-92) to 14<sup>th</sup> (AY1983-84). But moving from 37<sup>th</sup> to 34<sup>th</sup> represents significant improvement nonetheless, and gets us that much closer to achieving our goal, which is to break back into the top half of the AAU ranking of all research universities.

# SALARIES ADJUSTED for Cost-of-living and Quality-of-life (See Appendices D and E)

Relying on base salaries alone smuggles into the comparisons the mistaken presumption that the purchasing power or real value of those salaries is the same regardless of the institutions' locations. A different perspective on salary differentials emerges when the relatively low cost of living in central Ohio is taken into account. The Runzheimer Report of Living Cost Standards now makes it possible to adjust the salaries paid at various institutions in light of the living costs of their respective locations. Although no longitudinal comparisons are yet possible, adjusting for cost-of-living does change OSU's ranking in relation to all three groups – but not always for the better. (See Appendix D.) In relation to our Benchmark institutions, OSU's living-cost-adjusted position improves slightly from 4<sup>th</sup> to 3<sup>rd</sup>. (As an index of how dramatically living-cost adjustment can affect ranking, UCLA's position among the Benchmarks drops from first to last when living-costs are factored into the comparison.) In relation to the CIC, however, OSU's living-cost-adjusted position actually falls quite significantly from 4<sup>th</sup> to 7<sup>th</sup> (out of 12). In relation to the AAU group, finally, OSU's living-cost-adjusted position rises from 34<sup>th</sup> to 19<sup>th</sup>.

In its continuing efforts to provide the university community with as much relevant information as possible regarding compensation, benefits and conditions of employment, FCBC sought this year to develop reliable quality-of-life indices to offset the cost-of-living index just discussed for the cities in which our peer institutions are located – the argument being, once again, that while a dollar may buy more or less in one city compared to others, it also may take more or fewer dollars to recruit and retain high-caliber faculty in a given locale depending on the desirability of living there. Wisconsin provides perhaps the most dramatic illustration: although the cost-of-living adjustment only improves the position of University of Wisconsin salaries by one position within the CIC (from dead last to next-tolast), the high quality-of-life in Madison (which regularly makes the top 5 or 10 list of best places in the country to live) makes it easier for the university to recruit and retain faculty, despite the relatively low salaries. Unfortunately, but inevitably, quality-of-life cannot be quantified the way cost-of-living can be. And the ordinal rankings of cities by quality-of-life that do exist (such as the *Money Magazine* list, from which much of the data for our quality-of-life indices is drawn) do not include most of the places where our peer institutions are located, and are therefore of very limited use. Fortunately, FCBC benefited from a research project conducted by Human Resources intern and PhD candidate Seth Fishman, who worked with the Committee all year to develop a set of "Quality of Life Indicators" for OSU and its Benchmark institutions; it is included here as Appendix E. Although these quality-of-life indicators cannot literally offset the cost-of-living index in an precisely calculable way, they do provide useful information for comparing the desirability of the locales of OSU and its Benchmark institutions.

# **SALARIES:** Total Faculty vs. Continuing Faculty Increases (See Appendix F)

The final analysis of OSU faculty compensation differentiates internally between the percentage salary increase of all faculty and the percentage increase of continuing faculty, i.e. only those faculty who were employed at OSU in both fall of 2008 and fall of 2009. This difference is significant because the latter figure excludes from the salary pool the salaries of both the faculty who left the university in 2008 – generally due to retirement, and at relatively high salaries – and those who joined the university in 2009 – generally at entry rank, and at relatively low salaries. Assuming that roughly the same number of faculty in any given year leave the University as join it, a comparison of the total salary pool in fall 2008 with the total salary pool in fall 2009 skews the rate of increase downward: in effect, the salaries of the highly-paid retirees of 2008 are replaced with those of the entry-level faculty of 2009, thereby reducing the average increase. Comparing continuing faculty alone thus provides a better indication of the actual rate of increase of salaries for the year: for AY2009-2010, while comparing all faculty salaries registers only a 2.8% gain, the average gain for continuing faculty at OSU was in fact 3.3%. (By next year, this metric may be available for Benchmark and AAU institutions as well.)

# NINE-MONTH FACULTY APPOINTMENTS

The calendar conversion from quarters to semesters, combined with stricter accounting requirements for most Federal research grants, raised an important issue straddling the categories of "compensation" and "conditions of faculty employment" in the FCBC purview: what it would mean, in terms of the standard faculty appointment, to be "on duty" for "nine months" under the new semester calendar. Of course, nine months was only an approximation of the time spent on-duty under the quarter system, and it remains an approximation under the semester system. But the inclusion of the supplementary May term in the definition of a "nine-month appointment" risked extending the length of the academic year, by some calculations, significantly beyond nine months, and beyond what it had been under the quarter system. An ingenious solution was arrived at by the "Nine-Month Appointments Task Force" appointed by the Provost and chaired by Professor Jim Beatty: so-called "nine-month" appointments would henceforth be calculated in days rather than weeks or months. This solution (the details of which can be found at http://oaa.osu.edu/documents/NineMonthReport2010Feb8.pdf) had the singular advantage of meeting Federal accounting standards and aligning 9-month and 12-month appointments in rough parity in the new semester calendar. But the inclusion of the May term in the new definition of the academic year still threatened the research programs of a considerable number of faculty, particularly those not eligible or likely to get Federal grants. Professor Beatty was invited to present a draft of his Task Force report to the Committee, after which the Chair met with Professor Beatty for a follow-up discussion. The result was a recommendation, in the final version of the Task Force Report, that "on duty" for the May term be defined with sufficient flexibility to enable faculty to discharge their teaching responsibilities in the two regular semesters and conduct "approved off-campus research" during the May term (see the section of the Task Force Report entitled "Faculty Workload Under Semesters," p.10). This flexibility was then incorporated into the changes to Faculty Rule 3335-5-07 governing "on-duty" status for faculty that were recommended by Faculty Council and then passed by the University Senate this past spring.

As far as compensation and conditions of employment are concerned, then, OSU faculty did very well this year, particularly under the very difficult circumstances occasioned by the Great Recession.

# **BENEFITS**

The same cannot be said about benefits, where the results were mixed. So far (and barring the eventuality of a double-dip recession), the most dramatic effect of the Great Recession will be on OSU pensions. All of the State of Ohio pension plans will be affected, including the State Teachers Retirement System (STRS) to which most OSU faculty belong. Up through 2008, STRS had sufficient assets to cover its pay-out obligations for roughly the next 40 years; State law requires that pension funds hold sufficient reserves to cover pay-outs 30 years into the future, so the System was in good shape. Once the recession hit, however, STRS assets were no longer adequate to cover pay-outs for anywhere near the next 30 years, so pension system reform was called for. The details of the reform are still being worked out, and the reform process is complicated. Fortunately, the Committee has as one of its ex officio members the Vice-President of Human Resources, Larry Lewellen, who also co-chairs the state-wide Healthcare Pension Advocates group (HPA). The HPA works with STRS and the Ohio Retirement Study Council (ORSC), the legislative body that oversees all the State retirement systems and will propose reforms to the State legislature later this calendar year. Larry reported to the Committee throughout the academic year, keeping us up to date and occasionally soliciting our input on the latest pension reform proposals. Although final decisions will not be made until after the November 2010 elections, the following types of pension plan changes are being considered:

- o Increase in the contributions from both employer and employees (probably to be phased in over a number of years)
- o Increase in the number of years for calculating the Final Average Salary (on which pension amounts are based)
- o Increase in the number of years of service required to be eligible for retirement benefits
- o Permanent reduction of the Cost-of-living Adjustment
- o Elimination of the "enhanced benefit" for teachers with more than 35 years of service (no longer considered necessary to encourage experienced teachers to stay in the profession)

So it's not just Main Street that lost out to Wall Street in the crash of 2008, but College Avenue as well: any and all of these changes will substantially reduce the pension benefits paid to teachers and faculty for decades to come, in order to cover the staggering losses and obscene bonuses of the financial services sector located at the epicenter of the economic melt-down. STRS reform is clearly an issue that next year's FCBC will want to monitor closely throughout AY2010-2011, when legislation with dramatic effects on OSU faculty pensions is sure to be passed. Fortunately, most of the other benefits issues pursued by the Committee this year produced good news.

# 403(b) Supplemental Retirement Accounts

Human Resources has been negotiating with the vendors who offer OSU faculty 403(b) supplemental retirement accounts (SRAs), in order to ensure that vendors provide clear information about the fees they charge to service the accounts. Heretofore, most of those fees had been practically speaking invisible, making it impossible for faculty to compare vendors, and often costing unsuspecting subscribers thousands of dollars in unanticipated fees. Negotiations were concluded satisfactorily this year, and Human Resources will soon be posting on its website a complete list of the vendors and all their fees; vendors will be obliged to keep this information current. (Vendors refusing to reveal their fee structures are henceforth prohibited from offering SRAs to the OSU community.) This represents a huge improvement in the delivery of SRA options to faculty, in a format that enables realistic comparison of the costs and likely benefits associated with the different vendors' programs. Next year's

Committee will look forward to the launch of the new 403(b) website by Human Resources.

In other benefits news, the "Your Plan for Health" preventative medicine program (YP4H) has saved far more money than was anticipated, with additional savings possible as more faculty and staff sign up and participate in the program. One of the huge advantages for OSU of being "self-insured" (i.e., providing health insurance for itself internally rather than through an outside party) is that savings from programs like YP4H return to us directly in the form of lower (or more slowly-growing) premiums. Another initiative, aiming to ensure that only eligible dependents of employees are enrolled in OSU health care plans, was implemented this year, and is expected to generate approximately 3 million dollars in savings. At the same time, Federal and State legislation has mandated that dependent eligibility for children of employees be extended up to the ages of 26 (Federal) and 28 (State). The Federal legislation stipulates that these older dependents be subsidized at the same rate as younger dependents, while the State legislation does not: this means that enrolling dependents age 26-28 will cost employees more than enrolling dependents age 0-26. Federal- and State-mandated changes to OSU healthcare plans will both go into effect on the first of January, 2011. Next year's Committee, in conjunction with the Health Plan Oversight Committee, will want to monitor the implementation of these changes.

# PENDING ISSUES

- To a certain extent, questions about changes to the STRS, the SRA program at OSU, and dependent eligibility implementation remain on-going concerns of the Committee into next year, since none of them have reached definitive resolution.
- A long-standing issue before the Committee, phased retirement, has also been put on hold, pending the definitive reform of the STRS.
- Similarly, further discussion and implementation of the Faculty Reward System for a High Performance Academic Culture, already addressed in detail in last year's report, have been deferred at the Provost's request until after a successful conversion to semesters and the University has weathered the current economic crisis. In addition to the questions brought up in last year's report, FCBC will want to pursue the possibility of using cash in addition to annual rate as a form of faculty reward, to a greater extent and in a more uniform manner than has heretofore been the case at OSU (see the section on Recommendations for more on this point). Given that the Provost's Faculty Reward System foresees greater flexibility in the kinds of faculty activities getting rewarded, it seems fitting to consider greater flexibility in the kinds of rewards being offered, as well.
- The Committee next year will be working with Laura Gast (OHR) and Julie Carpenter-Hubin (OAA) on a gender equity study involving compensation (among other things), and will continue an examination, started this year, of the relationship between faculty and administrative growth, both in terms of numbers and in terms of compensation rates.
- The recent practice of increasing revenue by increasing undergraduate enrollments, combined
  with talk about making this practice into policy, raises questions that the Committee next year
  will want to explore concerning faculty workload, as well as the quality of education OSU
  undergraduates receive: it may be advisable in this connection to examine trends in studentteacher and student-faculty ratios at OSU over the last decade or so, and in comparison with
  other similar institutions.

All faculty members are invited and encouraged to submit both salary and benefits issues of concern to them to the Committee chair at <a href="mailto:holland.1@osu.edu">holland.1@osu.edu</a> by the beginning of the 2010-2011 academic year.

# RECOMMENDATIONS

It has been customary at the end of recent FCBC reports to iterate or reiterate recommended compensation goals for the University, and then to suggest a set of concrete steps to be taken over several years in order to meet these goals. The goals have consistently taken two forms:

- o 1) that the average overall faculty salary at OSU at least meet, and preferably exceed, the average overall faculty salary of our Benchmark institutions, and that reasonable efforts be made to ensure that the average OSU faculty salary at each rank also meets or exceeds the corresponding Benchmark average
- o 2) that the ranking of OSU faculty salaries reach or exceed the 30<sup>th</sup> position among AAU institutions (i.e., the midpoint of the group of 60)

It is very gratifying to report, and a testimony to the skill with which University finances and governmental relations have been managed over the past year or more, that the main recommendation of the first of these goals has been met in AY2009-2010. When compared with the older set of Benchmark institutions (the tougher comparison group), OSU's average salary of \$103,480 just barely exceeds the old Benchmark average of \$103,420; when compared with the new (easier) set, OSU's average salary surpasses the new Benchmark average by close to 1 percent (\$103,480 compared to \$102,590). Significantly and symptomatically, the average salary for OSU associate professors fails to meet the average associate professor salaries of either the old or the new Benchmark group: this is symptomatic of the stagnation that besets many OSU faculty at the associate professor rank – a wellknown problem that has proven far easier to recognize than to solve. Given our success in meeting the goal for overall average salaries, it seems unlikely that raising the OSU average associate professor salary to the Benchmark average would be possible without improving those professors' career trajectories themselves. It is to be hoped that eventual elaboration and implementation of the aforementioned Provost's Faculty Reward System will address this problem head-on. As for the second compensation goal of reaching the midpoint of the AAU rankings, we are closer than we have been in over a decade (OSU was ranked 32<sup>nd</sup> in AY1996-97), but still a ways short of the target. Another average increase of 2.81% next year, combined with an effective freeze of the average salaries of the four institutions immediately above us in the rankings (or a drastic reduction in average salaries somewhere higher up the list), would propel OSU into the top half of the AAU group.

Neither of these goals is unreasonable. As to the first goal: OSU average overall salaries have exceeded, matched, or come within .5% of the average overall salaries of our Benchmark institutions twice within the last decade; and after all, they are our Benchmarks, even if they were selected (and then re-selected) only recently, so we should in principle be able to match them in faculty compensation. As for the AAU rankings: as recently as 25 years ago (AY1983-84) OSU salaries were within the top **quartile** of the group (#14), and they remained in the top **half** for nearly a decade after that. In the final analysis, then, these are modest goals for a university of the caliber and aspirations of OSU, and *the Committee recommends that the University continue striving to reach them*.

To propose a set of concrete measures to reach these goals, however, seems foolhardy, given the current circumstances. That OSU has managed to raise salaries twice in the two years since the Great Recession began is extraordinary; but pretending to be able to predict what will happen next in order to propose steps to be taken over the next year or two would be ludicrous. We face major turning-points, both political and economic, within the next two years that will largely decide for us what will be

possible and what will be impossible in the attempt to meet our goals. The Administration has wisely planned to set aside 3% of the budget over the next three years, in an effort to protect the institution from the vagaries of the economy and the political system that may threaten us. However, if 2012 turns out not to be the calamity it is reasonable to fear that it might be, then *it is the recommendation of this Committee that the 3% set aside for protection's sake be rededicated to the goal of placing OSU in or above the 30<sup>th</sup> position in the AAU salary rankings.* Doing anything else with such a significant sum of unencumbered funds (if they do indeed become available) would send a clear signal to the faculty that meeting our compensation goals is not a top university priority, and would likely do serious damage to faculty morale. At the very least, such money should be used to provide a mix of annual rate rewards and cash rewards for high performance faculty, in line with the Provost's flexible Faculty Reward System for High Performance Academic Culture.

Finally, and in line with the unification of institutions of higher education throughout the State in Chancellor Fingerhut's University System of Ohio, *it is the recommendation of this Committee that OSU regional campus salaries be raised* so that they are the highest among all the state universities that have regional campuses. Salaries at OSU's four regional campuses must reflect their flagship status, matching the status of our main campus salaries compared to other state universities whose missions differ from ours.