

Faculty Compensation and Benefits Committee Annual Report
2019-2020

Member	College	Source	Term Expires
Stephanie Schulte, Chair	University Libraries	Faculty Council	2020
Nicholas Basta	FAES	Faculty Council	2020
John Maharry	Arts & Sciences	Faculty Council	2020
Stephanie Seveau	Medicine	Faculty Council	2020
Smita Mathur	Arts & Sciences	Faculty Council	2021
Corinne Reczek	Arts & Sciences	Faculty Council	2021
Julia White	Medicine	Faculty Council	2021
Mike Hogan	FAES	Faculty Council	2022
John Opfer	Arts & Sciences	Faculty Council	2022
Dana Renga, Vice Chair	Arts & Sciences	Faculty Council	2022
Chris Zirkle	EHE	Faculty Council	2022
Harold Moellering	OSURA	Retiree, Presidential	2021
Helen Malone		Provost/Designee	
Susan Basso		Senior VP for Talent, Culture and Human Resources HR/Designee	

Introduction

According to the University Bylaws and Rules 3335-5-48.12, it is the responsibility of Faculty Compensation and Benefits Committee to (FCBC) to “study the adequacy and other attributes of the university's policies and provisions for 1) salaries, outside professional services and supplemental compensation; 2) retirement benefits, hospitalization and 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, FCBC issues a report to the university community at large, outlining the results of its ongoing examination of salaries, benefits, and other conditions of faculty employment at OSU. This report includes recommendations for compensation which are shared with university administration. This year's recommendations are based largely on data reported in the 2019 AAU Faculty Compensation Survey, data compiled and presented in past years of FCBC work (especially 2018-2019), as well as ongoing collaborative efforts between FCBC, Health Plan Oversight Committee, and OSU Office of Human Resources. The 2020 AAU Faculty Compensation Survey was not received until the end of May and thus could not be discussed in depth within the committee, although it is included with this report. Additionally, the committee awaits results from the analysis of Mercer, the consultant hired by the Office of Academic Affairs to further study faculty salaries at Ohio State. Results had been expected in late spring; however, they have been delayed. Delays in reporting notwithstanding, perhaps of greater concern is the lack of a formally stated University goal related to faculty salary, as had been common in past years (e.g., 30th rank within AAU private and public universities). Goals for hiring tenure-track faculty had previously been on the Board of Trustees scorecard, but that goal has been removed in the past two years.

FCBC acknowledges the current extraordinary circumstances in which its annual report is being finalized. The COVID-19 pandemic abruptly changed the way Ohio State operates, and has thrown tremendous uncertainty into the future financial picture. In addition to a hiring freeze through June 30, 2020, President Drake announced on June 2, 2020, that there will be no annual merit increases except for faculty being promoted and tenured. Salary increases are also paused for other important reasons such as equity, market competitiveness, or change in job responsibilities, and these pauses are in effect until further notice. Additionally, the possibility of faculty and staff furloughs became a potential reality through the passage of a board rule that would allow furloughs to be used as a mechanism to address budgetary shortfalls. The financial uncertainty that Ohio State is facing does not nullify the recommendations made within this report, and more importantly, draws attention to the need to monitor progress on addressing these issues even more carefully.

FCBC wishes to thank the following individuals for their assistance with data and analysis throughout the year: Brian Newcomb and his team in the Office of Human Resources for the AAU report; Crichton Ogle, for continued updating of work with IPEDS data initially created in 2018-2019; Pam Doseck for coordinating Health Plan Oversight Committee and providing data and context for any benefits questions; and Kelly Hamilton for providing requested data and metrics from the OSU Health Plan.

2019-2020 FCBC Activities

During the 2019-2020 academic year, FCBC met eight times for formal business, plus one time with the President and Provost (March 5, 2020). We addressed the following items.

- Discussed options for obtaining accountability and gathering information from plan members about changes to health plan changes that went into effect in January 2020. Received update from Kelly Hamilton, OSU Health Plan, at March meeting.
- Provided representation to Health Plan Oversight Committee.
- Discussed 2018-2019 Faculty Salary Comparison Report, received in late May 2019.
- Discussed overall university finances with Kris Devine.
- Reviewed two policies under revision, Faculty Conflict of Commitment and Faculty Paid External Consulting, with attention to equity issues. Provided extensive comments to Jan Neiger about these policies following lengthy discussion with Jessica Tobias (Compliance) and Jan.
- Reviewed changes to benefits seen in open enrollment, especially those not specific to health insurance
- Reviewed initial information about the Mercer faculty salary analysis provided to a faculty group. Gathered comments and questions for our representative Mike Hogan to take to group.
- Discussed but did not formalize a philosophy of compensation: a potential statement by the committee about the approach to faculty salary that represents the faculty's perspective. Done in reference to Mercer work, but not completed nor utilized because of lack of communication between Mercer and the faculty group working with them.
- Met with the President and Provost to discuss ongoing issues with salary and health benefits.
- Received presentation from Dr. Hal Paz and discussed his approach to oversight of the health plan.
- Received presentation from Melissa Walters and Pam Doseck related to Your Plan for Health and other wellness initiatives.
- Together with The Diversity Committee and The President and Provost's Council on Women, co-authored a request to Senate Steering to include on the May 28th senate meeting agenda a process for making upcoming budget determinations, in particular with regards to identified inequities in Ohio State's budget model, such as the gender pay gap and weaknesses in the recruitment, promotion, and retention of staff and faculty of color.

Salary Issues

Last year's FCBC Annual Report provided ample persistent evidence that a gender pay gap exists and needs to be addressed. The supporting data, consisting of OSU faculty salary analyses by Professor Joyce Chen (Agricultural, Environmental, and Development Economics, OSU) and graduate student Daniel

Crown, were recently published in the peer reviewed article entitled “The gender pay gap in academia: Evidence from the Ohio State University” (American Journal of Agricultural economics. 2019;101(5): 1337–1352). To some degree, this analysis in addition to other analyses on faculty salary inversion and compression presented in last year’s FCBC report influenced the university to hire the company Mercer to conduct a competitive analysis of OSU faculty salaries by rank and discipline and market salary references by rank and discipline. Unfortunately, materials received from Mercer during the initial meeting with the faculty committee put together by Senior Vice Provost Kay Wolf for the project did not mention anything about addressing gender inequities. However, the Provost and President verbally conveyed that a statement on addressing gender equities will be included. Communication about the progress of the analysis has been sparse. FCBC remains committed to following up the results as soon as they become available.

This year, the annual faculty salary comparison report, comparing OSU average salaries across ranks to American Association of Universities members, Big 10 schools, and benchmark institutions was received June 4, 2020, after the conclusion of regular FCBC business. As such, only factual highlights are discussed in this report in addition to the full text of the report in Appendix A. Overall, Ohio State’s rankings in the 2019-2020 report were nearly steady compared to the previous year. Average salaries increased 2.7% across all ranks to \$124,800, with assistant professors seeing the strongest growth in salary (4.2% increase compared to previous year). FCBC may want to investigate the greater increase in assistant professor salaries to examine whether it could create and/or worsen compression issues.

Health Benefits Issues

Last year, FCBC recommended the University not move forward with a tiered network with the OSU Health Plan (OSUHP) after a third party analysis; however, the University did move forward with this change. Because of this, FCBC should remain vigilant in holding OSUHP accountable for the changes, gathering data and information about the effects of the changes on plan members. To their credit, OSUHP has created a new scorecard with several new metrics related to the plan and made plans for conducting focus groups to gather more information from plan members once the pandemic situation has calmed down. This was shared with Health Plan Oversight Committee and FCBC this spring. One challenge in accounting for the effects of changes to the health plan is the lag in data. Claims data is generally behind by at least 90 days. With changes going into effect in January, plus the disruption in access to care because of the pandemic, it may be several months before clear effects will be seen within claims data or felt personally by plan members. Still, it will remain important to have FCBC members invested in learning about and providing feedback to OSUHP via Health Plan Oversight Committee representation, seeking to strengthen the role of HPOC as appropriate. It will be especially important to monitor the growth in primary care providers needed to sustain a tiered network, as well as providers in specialties that were especially hard-hit by the network changes, including OB/GYN and dermatology.

Last year, FCBC also requested an analysis of business conflicts of interest between the University, the Wexner Medical Center, and OSUHP. While FCBC has not received a formal analysis, the committee has been assured that a new MOU has been in progress for several months, which includes outlining ways to reduce conflicts of interest. During the committee's May 6, 2020, meeting with Hal Paz, Executive Vice President and Chancellor of Health Affairs, the idea of adding an additional member representing the views of plan members to the governing board of OSUHP was presented to Dr. Paz, and he expressed openness to exploring this possibility.

Lastly, FCBC appreciates and values the ideas of employee wellness. Over the last few years, we have raised concerns about the needs of participants to have their data be protected and to also have a very clear idea of what they are consenting to when they agree to use whatever third party application is used for wellness purposes. Additionally, more recent concerns surround return on investment. This year's review of wellness made clear that no fewer than four entities are involved in wellness activities across campus. The OSU Office of Human Resources has begun to examine data related to health outcome improvements and engagement with the Your Plan for Health online application (currently provided by Virgin Pulse). FCBC will want to continue paying attention to the cost benefit analysis of the programs.

Ongoing Concerns and Recommendations

In many ways, the challenges that the COVID-19 pandemic brings to University finances is an opportunity to think creatively and value the contributions of faculty at all levels. Below are the recommendations we make for the coming year.

1. Address the Gender Pay Gap Using Formal, Transparent, and Accountable Approaches

Last year's FCBC annual report provided guidance on the cost of "fixing" the gender pay gap, noting that a total of \$3.5 million would need to be allocated to exclusively eliminate the gender pay gap within three years in addition to the annual merit compensation process (AMCP). Despite raising these issues directly with the President and Provost over the two previous years, there has been no formal program with transparent accountability put into place, and though this issue cannot be addressed with AMCP alone, it was disappointing to see the AMCP guidance letter did not provide anything more than standard language (i.e. no mention of addressing gender inequities specifically). With the financial issues stemming from the COVID-19 pandemic, attentiveness to gender pay equity will be even more important to formally address since budget cuts have the potential to worsen already existing inequities. **Therefore, we recommend the Office of Academic Affairs, in conjunction with FCBC, develop a formal process to address the gender pay gap using an approach that can be implemented even during times of financial strain. This process should include transparent accountability such that faculty from across the university can be assured that their college is addressing gender pay gaps as robustly as other colleges on campus.**

2. Continued Need for Formal Salary Comparison Reports with Data Transparency and Salary Goals Endorsed by the University

This year, the 2020 AAU salary comparisons came too late in the academic year to discuss in order to form thoughtful recommendations. One aspect of the report that should be explored in depth during the next academic year is the higher increase in average salaries of assistant professors (more than double that of professors and 1.5% greater than the overall average increase). The committee may want to examine whether this increase could create or worsen compression issues and also whether it is primarily responsible for keeping OSU at a steady overall ranking compared to AAU members, Big 10 institutions, and benchmark peers.

Our review of last year's report noted an improvement in the Big 10 salary rankings, but an overall slide of the Big 10 as a whole within the AAU. Additionally, in the AAU rankings, OSU dropped another spot for the second year in a row to 44th across all ranks in unadjusted dollars, but raised one position to 30th with cost of living adjustments to average salary across ranks. The aforementioned goal of a ranking of 30th in past FCBC reports existed prior to cost of living adjustments. Meeting a goal of 30th ranking in unadjusted dollars would require an increase in average salary across ranks of \$15,200 (from \$121,500 to \$136,700). This is a substantial increase in average salary and would require a significant commitment from University leadership and likely a shift in budget priorities.

That said, there are no formally stated salary goals for Ohio State faculty. Additionally, it was troubling to realize that a predetermined AMCP rate is used in budget planning, months before the AMCP takes effect. Though our analysis of revenue streams connected to faculty efforts shows a continued strong correlation (greater than 0.9) to the AMCP rate, the President and Provost have stated this is not how AMCP is calculated. Taken collectively, these data suggest the current approach to faculty salary is problematic. **Therefore, we recommend that FCBC work with OAA, using data from both the 2020 AAU comparison report and any data from the forthcoming Mercer analysis, to establish new salary goals for faculty and work to allocate adequate budget support to achieve these goals. This will be even more important over the next few years as the University works through the financial implications of the COVID-19 pandemic.**

3. Early Inclusion of FCBC in Policy Revisions Process for Policies Related to Faculty Compensation

Many University policies have been or will be revised in preparation for the migration to Workday over the next few years, while some policies undergo review and revision as the need arises. Because of this, FCBC should pay close attention to any changes to policies that affect faculty compensation. In December 2019 and January 2020, FCBC was able to discuss and provide substantive feedback to OAA and the Office of Compliance on a possible revision to the current External Paid Consulting policy. What became clear through this process is there is a need for more open and ongoing discussion among FCBC, OAA, the Office of Compliance, University Policy Review Committee (UPRC), and Governmental Affairs to provide needed context and warnings of where potential problems might arise. **Therefore, we recommend that OAA, the Office of Compliance,**

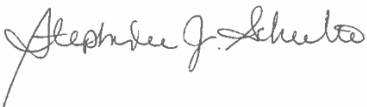
UPRC, and Governmental Affairs work collaboratively and openly with FCBC on policy revisions that affect overall faculty compensation.

4. Continued Need for Strong Oversight of Tiered Network Effects on Plan Members via Health Plan Oversight Committee and Accountability to FCBC

Health Plan Oversight Committee is a group tasked with an advisory role to the health plan. FCBC has a representative on the committee, and a few others on the committee provide feedback from a perspective external to the medical center and health plan, including a USAC representative and at least two other faculty members. Meetings include data-dense presentations that require quick analysis in order to provide feedback, which can be difficult for those not familiar with health plan/insurance claims data. At the same time, continued accountability for tiered network changes (current and future) is needed to ensure that the needs of plan members are reflected and considered. Access to primary care and other specialist providers will need continued vigilance on the part of FCBC on the whole, but especially for its representative to HPOC. Tiered networks have been shown to be successful when there is robust access to primary care. When asked about this, Dr. Paz agreed and mentioned working more closely with Central Ohio Primary Care as one approach in addition to building more ambulatory sites for care. We recognize this is a start but strive to ensure that high quality care with adequate provider choice and timely access is not lost in the goal of curtailing health care costs.

Considering this, we recommend continued sharing of the newly created scorecard by the OSU Health Plan and continued close accountability for monitoring effects of the tiered network on plan members' costs and access to care through both FCBC directly, and through representation on HPOC. FCBC should strive to find an engaged member to fill the HPOC representative role and work thoughtfully to determine appropriate metrics that will provide a suitable level of accountability. Additionally FCBC should follow-up on the request made to Dr. Paz about exploring the possibility of another member for the OSU Health Plan governing board that provides a plan member's perspective.

On behalf of the Committee Members,



Stephanie J. Schulte
2019-2020 Chair, Faculty Compensation and Benefits Committee