

Compensation / Salary of OIST SC's Officers and Employees

Attachment #12-2

I Compensation of Officers

1. Items Concerning the Basic Policy of Compensation of Officers

(1) How performance was reflected into compensation of Officers in FY2012

A Special Adjustment Allowance may be paid to full-time Officers when it is deemed necessary in consideration of their experience regarding internationally excellent scientific research and education, difficulty of duties, past achievements, and anticipated contributions.

(2) Revision of Officer Compensation Standard

Head of Corporation	Reduce total compensation salary of full-time officers by approx. 10% for two years from April 2012.
Governor	
Governor (Part time)	No revision.
Auditor	Reduce total compensation salary of full-time officers by approx. 10% for two years from April 2012.
Auditor (Part time)	

2. Payment Condition of Officer Compensation

Position	Total of Annual Compensation in FY2012				Accession/Retirement Status		Former job
	Compensation (Salary)	Bonus	Others (details)	Accession	Retirement		
Head of Corporation	K Yen 51,912	K Yen 21,912	K Yen 30,000 (Special Adjustment Allowance)				
"A" Governor	K Yen 21,400	K Yen 19,400	K Yen 2,000 (Special Adjustment Allowance)				
"B" Governor (part-time)	K Yen 980	K Yen 980	K Yen				
"C" Governor (part-time)	K Yen 580	K Yen 580	K Yen				
"D" Governor (part-time)	K Yen 1,380	K Yen 1,380	K Yen				
"E" Governor (part-time)	K Yen 980	K Yen 980	K Yen				
"F" Governor (part-time)	K Yen 500	K Yen 500	K Yen				

"C" Governor (part-time)	K Yen 980	K Yen 980	K Yen	K Yen		
"H" Governor (part-time)	K Yen 980	K Yen 980	K Yen	K Yen		
"I" Governor (part-time)	K Yen 980	K Yen 980	K Yen	K Yen		
"J" Governor (part-time)	K Yen 1,380	K Yen 1,380	K Yen	K Yen		
"K" Governor (part-time)	K Yen 980	K Yen 980	K Yen	K Yen		
"L" Governor (part-time)	K Yen 580	K Yen 580	K Yen	K Yen		
"M" Governor (part-time)	K Yen 1,380	K Yen 1,380	K Yen	K Yen		
"N" Governor (part-time)	K Yen 900	K Yen 900	K Yen	K Yen		
"O" Governor (part-time)	K Yen 1,380	K Yen 1,380	K Yen	K Yen		
"P" Governor (part-time)	K Yen 580	K Yen 580	K Yen	K Yen		
"A" Auditor	K Yen 14,218	K Yen 14,111	K Yen	K Yen 107 (Commuting Allowance)		◇
"B" Auditor (Part time)	K Yen 1,704	K Yen 1,704	K Yen	K Yen		

Note 1: Select either of the following marks according to the type of the Officer's former job. Retired public employee: "◇", Seconded officer: "◇", Retiree of IAI, etc.: "◇". Retired public employee, and then worked & retired from IAI, etc.: "◇". Leave the column empty if none of the categories apply. Note 2: "Special Adjustment Allowance" may be paid when it is deemed necessary in consideration of the officer's regarding internationally excellent scientific research and education, difficulty of duties, past achievements, and anticipated contributions.

3. Payment Condition of Retirement Allowance for Officers  
(Condition of retiree subject to retirement allowance in FY2012)

Classification	Payment Amount (Total)	Period of Service		Retired Date	Performance Evaluation Rate	Summary	Former job
		Year	Month				
Head of Cooperation	K Yen 13,567	6	2	31-Oct-11	1.0	The rates in the left column were determined by the IAI Evaluation Committee of the Cabinet Office with consideration to each of the Officer's performance during his/her period of service (see Note #2 below).	
Governor *A*	K Yen 5,175	4	2	31-Oct-11	1.0		
Auditor *A*	K Yen 2,130	2		31-Aug-11	1.0		*

Note 1: In "Summary," state the grounds how the amounts of retirement allowance have been determined, such as the evaluation results by IAIs Evaluation Committee.

Note 2: The IAI Evaluation Committee of the Cabinet Office considered the performance of each of the three officers during their period of service as below.

- President and Governor (Executive Director). Aspects that would be considered as factors for increase (contribution to realizing a project that is unprecedented in Japan that is to establish a world-class Graduate University the requires recruiting of outstanding researchers) and aspect that would be considered as factors for decrease (inappropriate incident in the operation that occurred during the course of establishing a new institute from scratch while building up the organization) were considered comprehensively.

- Auditor: Consideration was given to the fact that no particular aspect that would be considered as factors for increase or decrease with respect to the auditor's responsibility was acknowledged.

\*Please see the material 6 of the 47th meeting of Cabinet Office, IAIs Evaluation Committee (held on Aug 27, 2012) for the details of factors: <http://www8.cao.go.jp/hyouka/dokuritu/inkai/047/shiryu.html> (Japanese only)

Note 3: Select either of the following marks according to the type of the retired Officer's former job.

Retired public employee "", Seconed officer "△", Retiree of IAI, etc. "☆".

Retired public employee, and then worked & retired from IAI, etc. "" "☆", leave the column empty if none of the categories apply.

II Salary of Employees

With the introduction of the new personnel evaluation system based on the objectives management and employees' performance in 2012, we abolished the salary schedule system, which laid much weight on seniority hampered effective budget control. Instead, we adopted the annual salary system in addition to the retirement age system, which was integrated with the fixed-term employment system. We displaced the salary schedule, which sets out the base salary (the retirement age system, the seventh class of the salary system and four kinds of fixed-term system of the annual salary system) with a new salary range that covers both systems. Annual salary reviews will be conducted based on the personnel evaluation results, as well as on the current position in the salary range. This resulted in a drop in the Laspyres index from 118.2 to 111.7 as salaries of all the fixed-term employees were now subject to the measurement by the

1. Items Concerning the Basic Policy of Salary of Employees  
(1) Basic Policy for the Management of Personnel expenses

As incorporation operated largely with the subsidy from the Japanese Government, OIST Graduate University will make further efforts to contain overall personnel costs, and we will continue efforts to keep the employee's salary at a reasonable level consistent with expectations of tax-payers as well as ensuring accountability.

- (2) Basic Policy of Determining Employee Salary

a. Items to be taken into consideration and its basis for determining the salary level

Referring to factors such as salary levels of national government employees and those of academic institutions in and outside of Japan, the amount of salary will be determined based on individual job performance and potentials etc. within the respective range.

b. How the efficiency presented by the employee or work performance of the employee is reflected in the salary.

Continue to manage a performance evaluation system, including values/competencies evaluation and performance evaluation based on goals proposed in the beginning of the term, appropriate to the characters of each job category while ensuring fairness and transparency via self - assessment and reviewers' evaluations.

[ Contents of the salary in which efficiency / work performance is reflected ]

Type of Salary	Contents of the System
Regular Salary	Employee evaluation is conducted annually to evaluate each employee's work performance and competence of the previous year in 5 grades. In addition, comprehensive evaluation is provided before determining the salary raise within a certain salary range.

c. Major revisions made in the salary system in FY2012

Reviewed salary & benefits and restructured the salary system to set the salary of fixed-term and permanent employees within a certain range that is provided in accordance with the employee's position and capabilities.

We have decided to take the following measures based on the results of the salary review implemented in Fall 2012.

- (1) Optimize the salary level

We will conduct thorough performance reviews and tighten a pay raise. When we adopt a retirement age system, we will actively employ young people over their older counterparts if candidates are equal in ability. Additionally, commuting and housing allowances remain at the level of those of national public officers.

- (2) Control the salary level of the entire institution

In addition to the above efforts, we will also control the salary level as the entire institution for fixed-term employees by promoting employment of new graduates and

In relation with the salary revision of national public officers based on the Act on the Revision of the Compensation and Temporary Special Provisions of National Public Officers, the following measures will be taken.  
 [For employees]  
 1) Suspend salary raise for two year from April 2012.  
 [For officers]  
 2) Reduce total compensation salary by approx. 10% for two years from April 2012.

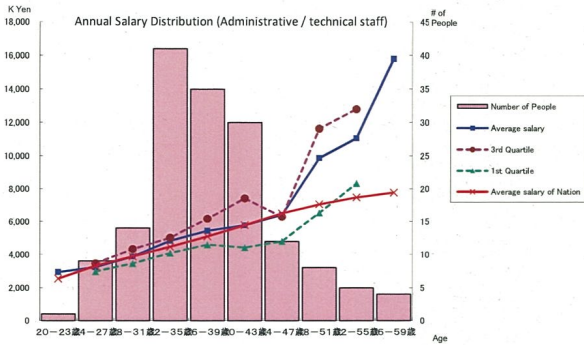
2. Payment Condition of Employee Salary

(1) Payment Condition by Type of Work

Classification	Number	Average Age	FY2012 Annual Salary (Average)			
			Total Amount	Prescribed amount within the total	Communing allowance	Bonus within the total
<b>Permanent Employee</b>	people 23	Age 41.1	K Yen 7,435	K Yen 7,435	K Yen 114	K Yen 0
Administrative & Technical Staff	people 23	Age 41.1	K Yen 7,435	K Yen 7,435	K Yen 114	K Yen 0
<b>Fixed Term Employee</b>	people 264	Age 39.8	K Yen 6,989	K Yen 6,989	K Yen 97	K Yen 0
Faculty	people 33	Age 50.6	K Yen 13,021	K Yen 13,021	K Yen 70	K Yen 0
Research staff	people 93	Age 38.2	K Yen 6,722	K Yen 6,722	K Yen 76	K Yen 0
Administrative & Research Administrator	people 138	Age 38.3	K Yen 6,232	K Yen 5,726	K Yen 118	K Yen 0

Note 1: "Permanent employee" should not include staff working abroad, fixed-term or reappointed staff.  
 Note 2: In the tables, job categories which there is no member to be listed, are omitted from the table.  
 Note 3: As for staff working abroad, reappointed staff, and part time staff, we do not have any staff members that falls into this category.  
 Note 4: Permanent and Fixed term employees are all who are applicable to annual salary system.

(2) Annual Salary Distribution (administrative / technical staff) [excluding staff working abroad or reappointed staff. This applies down to (5).]



Note 1: Commuting allowance is deducted from the annual salary shown in (1). This condition applies down to (5).  
 Note 2: The average salary point is not shown for age group "20-23," as it may reveal personal information.  
 Note 3: The 1st Quartile & 3rd Quartile are not shown for the age group "56-59," as the number of people that fall in this group is 4 or less.

(Administrative / Technical Staff)

Grouping in Presenting Distribution Condition	Number of staff members	Average Age	Quartile		Average
			1st quartile	3rd quartile	
Equivalent to director	10	51.1	10,665	14,102	18,500
Equivalent to manager	11	48.3	8,712	9,996	11,633
Equivalent to assistant manager	9	41.3	6,068	7,284	7,905
Equivalent to section chief	54	40.1	4,787	5,650	6,279
Staff	77	34.5	3,435	4,165	4,763

(3) Status of Each Job Classification (As of April 1, 2013) (Administrative/Technical Staff)

Annual Salary System

Classification	Total	7	6	5	4	3	2	1
Standard Positions		Vice President	Senior Manager	Manager	Assistant Manager	Specialist (technical staff)	Staff (technical staff)	Staff (technical staff)
Number of People (Ratio)	23		1 (4.30%)	8 (34.80%)	3 (13.00%)	7 (30.40%)	2 (8.70%)	2 (8.70%)
Age (highest-lowest)		Age	Age	Age	Age	Age	Age	Age
Annual Salary excluding bonus (Max-Min)		K Yen	K Yen	12,787 ~ 8,318	6,521 ~ 5,600	8,862 ~ 4,520	K Yen ~	K Yen ~
Total Annual Salary (Max-Min)		K Yen	K Yen	12,787 ~ 8,318	6,521 ~ 5,600	8,862 ~ 4,520	K Yen ~	K Yen ~

Note: Information except number of people and ratio is not provided in case they are 2 or less people that fall into above categories since it may reveal personal information.

Annual Salary System as well as Fixed term employee

Classification	Total	7	6	5	4	3	2	1
Standard Positions		Vice President	Senior Manager	Manager	Assistant Manager	Specialist (technical staff)	Staff (technical staff)	Staff (technical staff)
Number of People (Ratio)	138	5 (3.60%)	4 (2.90%)	3 (2.10%)	6 (4.30%)	47 (34.10%)	46 (33.30%)	27 (19.60%)
Age (highest-lowest)		Age	Age	Age	Age	Age	Age	Age
Annual Salary excluding bonus (Max-Min)		K Yen	K Yen	K Yen	K Yen	K Yen	K Yen	K Yen
Total Annual Salary (Max-Min)		18,778 ~ 13,260	12,605 ~ 9,259	12,372 ~ 9,649	11,078 ~ 9,888	8,868 ~ 4,074	6,370 ~ 3,182	4,800 ~ 2,514

Note: OIST has adopted an annual salary system based on the salary ranges, which are classified into seven categories according to job categories and responsibility levels.

(4) Ratio of the Portion in Bonus Subject to Assessment (FY2012) (Administrative/Technical Staff)

Classification	Assessment Basis	Ratio (%)			
		Uniform Payment (year-end basis)	Assessed Payment (performance basis) (Average)	Max-Min	Assessed Payment (performance basis) (Average)
Managerial level	Uniform Payment (year-end basis)	%	%	%	%
	Assessed Payment (performance basis) (Average)	%	%	%	%
	Max-Min	~	~	~	~
General staff	Uniform Payment (year-end basis)	%	%	%	%
	Assessed Payment (performance basis) (Average)	%	%	%	%
	Max-Min	~	~	~	~

Note: No bonus has been paid since an annual salary system based on the salary ranges was adopted.

(5) Comparison Index of the Salary Level (Annual Salary) with Government Officials (Administrative/Technical Staff)

Comparison with Government Officials (Administrative post (#))

111.7

Note 1: This is an index calculated from the actual salary payment (calculated by the National Personnel Authority) based on the personnel organization by age. The equivalent salary standard of the Nation is considered to be "100".

Note 2: Fixed-term employees are included to the employees who are subject to the calculation of Laspeyres index (salary comparative index) in addition to permanent employees since the salary system applicable to permanent and fixed-term employees is unified in FY2012.

Items that serve as reference for the comparison index of the salary level

<Administrative and Technical Staff>

Item	Contents
Status of Index	Compared with Government Officials : 111.7
	Reference
	Region basis 122.5 Academic Career basis 109.9 Region / Academic Career basis 122.0
Quantitative reason why the salary level is higher than that of the Nation	OIST SC is a school corporation that aims to conduct internationally outstanding education and research in science and technology at the Okinawa Institute of Science and Technology Graduate University (hereinafter "Graduate University"). At the Graduate University, research and education is conducted in English, and more than half of the faculty and students are non-Japanese. Under such international environment, outstanding expertise is expected from administrative staff due to the necessity to support researchers who conduct internationally outstanding education and research in order 1) to contribute to the promotion and self-sustaining development of Okinawa and 2) to promote and sustain the advancement of science and technology in Japan and throughout the world. This means OIST staff are also required of having high expertise and English language skills that tend to boost the Laspeyres Index.
	[Verification by Competent Minister] OIST is conducting world-class research and education activities in an international environment where such activities are carried out in English, and more than half of the faculty and students are non-Japanese. Since administrative staffs also must to have high expertise to support the researchers, we understand the necessity of having excellent human resources at OIST. OIST is taking measures to ensure an appropriate salary level under such condition, and we will continue to provide proper instruction and supervision to ensure that such measures will be implemented steadily.
Verification of the Appropriateness of Salary Level	[Financial Expenditure from the Nation] Ratio of financial expenditure from the Nation in the total expenditure budget: 98.6% (Amount of financial expenditure from the Nation: 19,432 million yen, Total expenditure budget: 19,702 million yen (FY2012 Budget))
	[Verification Result] Thought the salary level is exceeding that of government officials, OIST is making efforts in lowering the salary level while the number of employees are increasing in accordance with the expansion of the operation.
	[Amount of Accumulated Deficit] Amount of accumulated deficit: 0 yen (FY2011 Account settlement)
	[Verification Result] N/A

As part of the efforts to reduce the salary level, we reviewed the salary schedules in fiscal 2010 and 2011 and reduced the level by 1.1%. We have also been suspending the salary raise since April 2012 and will continue for two year. At the same time, we have also hired mid-level and young employees as planned.  
As measures for the future reduction of salary level,  
1) Hire mid-level and younger generation employees in a planned manner, and  
2) Thoroughly carry out the (personnel) performance evaluation and rigorously reflect the results in salary increases will be implemented and the salary level is expected to be lower than in FY2013.

Measures to be Taken

- Status of employees who are subject to the comparison
  - ・ Administrative & Research Administrator
  - ① Total 161 employee: 23 Permanent Employees and 138 Fixed Term Employees in table "Payment Condition by Type of Work"
  - Average age of 161 employee: 38.7, average annual salary: 5,971 (K Yen)

III Comprehensive Personnel Expenses

Classification	Current FY (FY2012)	Previous FY (FY2011)	Comparison Increase or Decrease
Total Salary and Compensation Payment Amount	K Yen 2,965,884	K Yen 2,217,499	K Yen 748,385 (33.7%)
Retirement Allowance Payment Amount	K Yen 23,098	K Yen 746	K Yen 22,352 (2996.2%)
Salary of Part-time Officers	K Yen 50,268	K Yen 42,787	K Yen 7,481 (17.5%)
Benefit Package Expenses	K Yen 284,925	K Yen 273,858	K Yen 11,067 (4.0%)
Personnel Expense in the most broad sense (A+B+C+D)	K Yen 3,324,175	K Yen 2,534,890	K Yen 789,285 (31.1%)

Note: The figures in the columns of "Previous FY (FY2011)" are total of OIST PC (April 1, 2011, to Oct. 31, 2011) and OIST SC (November 1, 2011 - Mar. 31, 2012) for year-to-year comparison.

Matters that serve as reference for the Comprehensive Personnel Expenses

With the opening of the OIST Graduate University in September 2012, staff has recruited with a focus on research units and research support division (73 staff at research units and 13 staff at research support division have increased from previous fiscal year) in order to develop necessary infrastructure. Accordingly, comprehensive personnel expenses have increased.

IV Other Items Deemed Necessary by the Institute

- a. Based on the "Reduction of Retirement Allowance Levels of National Public Officials" (Cabinet Decision on August 7, 2012), retirement allowance level has been reduced according to the level of national public officers since April 1, 2013.