TOPIC: Proposed Board of Regents Policy on Incentive-based Compensation for Athletic Directors and Coaches

COMMITTEE: Organization and Compensation

DATE OF COMMITTEE MEETING: October 14, 2014

SUMMARY: The Board of Regents Workgroup on Intercollegiate Athletics has reviewed and considered financial and student-athlete academic progress information required under the Board's Policy on Intercollegiate Athletics, monitored national trends and innovations in intercollegiate athletics, and discussed and directed new initiatives, including the development of a Board of Regents Policy which formalizes an expectation that incentive-based compensation should only be paid if minimum student-athletes academic progress, as measured by the APR rate, are met.

The proposed policy will require any new contract negotiated to include a provision prohibiting the payout of incentive-based compensation where a sport or sports falls below the appropriate institutional APR standard, normally an APR rate of 930 for a particular year. The proposed policy also requires those institutions with Division 1 intercollegiate athletics programs to disclose the status of incentive-based compensation provisions, so that the staff to the Board may assess compliance with the requirement annually.

The proposed policy has been refined and clarified to address concerns and make explicit values expressed the Regents at the September meeting of the Organization and Compensation Committee. The expectation that institution make explicit that intercollegiate athletics are to support the education mission of the institution by ensuring that coaches and athletic directors support the educational objectives of student-athletes has been applied to all institutions with intercollegiate athletics programs, and an annual certification of compliance with the policy requirements will be expected of each institution. The standard for athletic directors has been adjusted to be the average APR score of all sports for the institution, rather than every sport being required to meet minimum APR standards.

ALTERNATIVE(S): The Regents may choose not to adopt the requirement.

FISCAL IMPACT: There is no expected fiscal impact associated with the proposed policy.

CHANCELLOR’S RECOMMENDATION: That the Committee on Organization and Compensation recommend the Board of Regents approval and adoption of the proposed Policy on Incentive-based Compensation for Athletic Directors and Coaches.
Introduction

Successful academic achievement is an expectation of every student at each University System of Maryland institution. Athletic departments serve the educational mission of each institution. Student-athletes are expected to progress and achieve academically at least at the levels established by the National Collegiate Athletics Association in terms of the Academic Progress Rate (APR), and while there should be higher expectations of student-athlete academic performance and achievement, for the purposes of this policy, the minimum standards established by the NCAA are to be considered threshold levels of minimally acceptable academic achievement and performance standards.

Athletic directors and coaches balance a wide range of goals and objectives. Some institutions incentivize performance for athletic directors and coaches through the possibility of additional (or incentive-based) compensation that is awarded when certain goals or objectives are met.

This policy is intended to ensure that each institution’s documents reflect the importance of the educational aspects of athletic programs. Further, this policy requires that incentive-based compensation arrangements with athletic directors and coaches are conditioned on minimum academic progress and achievement for student-athletes.

Scope and Requirements

I. Each institution in the University System of Maryland with an intercollegiate athletics program will reflect in appropriate documents the responsibility of the athletics department to support the educational mission of the institution. Job descriptions, employment contracts, and performance evaluations of coaches and athletic directors shall include the institution’s expectation that the coach or athletic director must support the academic performance of student-athletes. Additional appropriate documents might include mission statements, marketing brochures, and employment documents for other personnel.

II. For each institution participating in Division 1 intercollegiate athletics programs, all employment contracts with athletic directors or coaches of Division 1 sports that include incentive-based compensation, must also include a provision that precludes payout of incentive-based compensation if the sport does not satisfy minimum annual APR* levels for the year in which the incentive-based compensation would have otherwise been earned. For athletic directors, academic progress and success standards for APR must be met as an average for all sports. Institutions are to ensure that employment contracts and compensation arrangements are
explicit that incentive-based compensation amounts are neither earned or payable unless satisfactory academic progress has been achieved, as indicated by applicable APR level(s).

Reporting

As part of the annual reporting items detailed in Board of Regents Policy V-2.10, Policy on Reports on Intercollegiate Athletics, the president of each institution will certify compliance with this policy. Further, in addition to such annual reporting, each institution participating in Division 1 intercollegiate athletics programs will provide a listing of those individuals with incentive-based compensation provisions in employment contracts (including both academic and athletic), the expiration date of the current contract, and whether the contract includes a provision precluding payout of incentive-based compensation in circumstances where the sport (or sports) fall below minimum APR standards.

* minimum APR standards refer to benchmark academic performance for the year as set by the NCAA appropriate for the institution