**TOPIC:** Board of Regents Policy VII-10.0 Policy on Board of Regents Review of Certain Contracts and Employment Agreements—technical amendments

**COMMITTEE:** Committee on Organization and Compensation

**DATE OF COMMITTEE MEETING:** May 31, 2016

**SUMMARY:** When USM staff presented technical amendments to this policy to the Board of Regents in 2015, the policy presented and adopted by the Board inadvertently excluded certain changes to the scope of the policy which had been recommended by this Committee and adopted by the Board in 2014. The technical changes in the revised policy would restore the language from the 2014 policy, making the policy applicable to contracts for all administrators and athletic personnel if such contracts contain certain types of provision or provide for compensation above a certain level.

**ALTERNATIVES(S):** No change

**FISCAL IMPACT:** None

**CHANCELLOR’S RECOMMENDATION:** Chancellor recommends suggested changes.

---

**COMMITTEE RECOMMENDATION:**

**DATE:** May 31, 2016

**BOARD ACTION:**

**DATE:**

**SUBMITTED BY:** Janice Doyle, 301-445-1906 or jdoyle@usmd.edu
VII-10.0 - POLICY ON BOARD OF REGENTS REVIEW OF CERTAIN CONTRACTS
AND EMPLOYMENT AGREEMENTS

(Approved by the Board of Regents 12/9/05, amended February 10, 2006; amended April 11, 2014; amended October 9, 2015; amended ________, 2016)

I. PURPOSE AND AUTHORITY

A. Statutory Authority

Under §12-109(e) of the Education Article, Annotated Code of Maryland, the
President of each institution has the authority and responsibility to "appoint,
promote, fix salaries, . . . assign duties and terminate personnel." This authority is
"subject to the authority and applicable regulations and policies of the Board of
Regents". §12-109(e). The Chancellor has similar authority to appoint staff of the
University System of Maryland (USM). §12-108(c).

B. Purpose

It is the expectation of the Board of Regents that the Chancellor and the Presidents
will establish compensation that is competitive to attract the best qualified
applicants to the USM and its institutions, but is not excessive in comparison to the
compensation for similar positions at peer institutions.

As part of its responsibility for the management of the USM, the Board of Regents
adopts the following policy to ensure the systematic review of all contracts for
highly-compensated personnel entered into by the USM and its institutions.

II. SCOPE

This policy shall apply to all contracts, including appointment letters and contract
amendments, for institution officers, academic administrators at or above the level or
dean or director, other administrators and athletic personnel that contain any of the
following provisions:

A. A term of more than one year, with a provision providing severance compensation
   or leave in excess of standard severance compensation or earned leave pursuant to
   USM policies;

B. An annual total compensation package that exceeds the annual total
   compensation package of the institution's President or the Chancellor (Total
   compensation shall include:

   1. salary;

VII-10.00 - 1
2. other allowances, performance and other contingent bonuses, revenues, or other benefits that must be declared as taxable income according to Internal Revenue Service rules and regulations; and

3. deferred compensation contributions in excess of the standard and optional retirement benefits offered routinely to USM and institution personnel); or

C. A deferred compensation benefit in excess of the standard and optional retirement benefits offered routinely to USM and institution personnel.

D. Revisions in the terms of employment due solely to cost of living adjustments (COLA) or merit increases within the range of other institution employees, or other changes in the terms and conditions of employment which apply to a broad category of institution employees shall not require an additional review under this Policy for matters which have previously been reviewed.

III. REVIEW OF CONTRACTS

A. Review by the Attorney General’s Office

Before a contract is executed, it must be submitted to the Office of the Attorney General for review and approval for legal form and sufficiency, with a copy provided to the Chancellor. The Office of the Attorney General shall communicate any significant legal concerns with the draft contract to the institution's President and the Chancellor. The Chancellor shall communicate any significant concerns, legal or otherwise, to the Chair of the Committee on Organization and Compensation. The President shall consult with the Chancellor about any legal or other concerns before the contract is executed.

B. Review of Institution contracts by the Chancellor and the Board

Within two business days after executing a contract subject to this policy, the President must submit it to the Chancellor for Board of Regents review for informational purposes. The review will be conducted by the Committee on Organization and Compensation. The President of the institution will be informed by the Chancellor of any questions or concerns arising from the committee’s review of the executed agreement.

C. Review of USM Office Contracts

The Chancellor must submit any contracts subject to this policy for USM Office personnel to the Office of the Attorney General (with a copy to the Chair of the Committee on Organization and Compensation) and to the Board of Regents for similar review.
D. Reporting Requirements

Not later than September 1 of each year, the President of each institution shall certify in writing to the Chancellor that the institution has complied with this Policy for every contract of the institution covered by the Policy which was executed in the previous fiscal year. The Chancellor shall report to the Board that such certifications have been received, as well as any non-compliance in either the certification or the contract review process. Not later than September 1 of each year, the Chancellor shall certify in writing to the Board of Regents that USM has complied with this policy for every contract for USM personnel covered by this Policy which was executed in the previous fiscal year.

IMPLEMENTATION PROCEDURES

Each President shall identify his/her designee(s) as appropriate for this policy, develop procedures as necessary to implement this policy, communicate this policy and applicable procedures to his/her institutional community, and post it on its institutional website.