

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Work Plan for Report on Executive Compensation and Governance

COMMITTEE: Organization and Compensation

DATE OF MEETING: November 9, 2017

SUMMARY: At their meeting on September 15, 2017, the USM Board of Regents voted to accept the report from Sibson Consulting on Executive Compensation and Governance. The report provided peer data on compensation for the Chancellor and USM presidents and provided a number of recommendations to implement best practices in compensation governance.

The committee discussed a work plan to address the recommendations at their meetings on September 6 and October 3, 2017. The attached document reflects those discussions, along with a timeline, and will be reviewed and finalized by the committee.

ALTERNATIVE(S): The Committee could choose not to discuss the topic.

FISCAL IMPACT: Components of the work plan may require external expertise; however, it is anticipated that the fiscal impact will be minimal.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the Committee discuss and approve the work plan and timeline to address the recommendations in the report.

COMMITTEE ACTION: Information item only DATE: November 9, 2017

BOARD ACTION: DATE:

SUBMITTED BY: Janice Doyle, jdoyle@usmd.edu, 301-445-1906

Executive Compensation and Governance Study Work Plan				
Objectives	Status	Target Completion Date	Responsible Staff	Comments
Develop a compensation philosophy				
Outline the goals and desired objectives of the executive compensation program, compensation elements, peer group, desired pay positioning, etc.	Completed	Completed 9.15.17	Chancellor's Office	
Enhance governance tools and processes				
Expand and formalize the charter for the Organization and Compensation Committee		November 9th Org and Comp	Chancellor's Office	
Create tally sheets for the Chancellor and presidents to provide year-over-year detailed compensation to regents in a consistent format	Completed	Complete	Chancellor's Office	
Develop an annual calendar of key actions required in performance assessment and compensation administration		November 9th Org and Comp	Chancellor's Office	
Conduct education sessions for the Organization and Compensation Committee and/or the BOR on current topics in executive compensation and governance		As needed	Outside Assistance	
Streamline goal setting and evaluation approach				
Develop a standard template and process for annual goal development and performance evaluation to allow for a simpler, quicker assessment that also balances the Chancellor and presidents' needs for personalization with System's need for greater consistency. The template should be automated, if practicable, and may incorporate scorecard/longitudinal metrics currently used at the System and longer-term strategic planning measurement.		November 9th Org and Comp - Discussion January 25th Org and Comp - Finalize	Chancellor's Office	
Review the current guidelines for five-year presidential reviews and recent five-year review reports and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.		March 29th Org and Comp	Chancellor's Office	
Conduct periodic total remuneration reviews				
Supplement annual base salary reviews of recently developed peer groups with total remuneration assessments every 3 to 5 years to ensure continued market competitiveness of the full compensation package. Components include the aging of data, update of data from peers and reassessment of peers.		March 29th Org and Comp - Aging data	Chancellor's Office	

Explore the use of incentives and/or deferred compensation vehicles				
The use of incentive pay has been increasing across higher education and is expected to continue. Sibson Consulting estimates that currently about 20-30% of institutions provide incentives to executives, however, they are more prevalent in private institutions than public institutions.		Summer 2018	Outside Assistance	
Review process and guidelines for chancellor and presidential searches and create a succession planning process across the system				
Review current process, outcomes and guidelines for chancellor and presidential searches and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.		November 9th Org and Comp - Review January 25th Org and Comp - Finalize	Chancellor's Office	
Develop a succession planning process to help retain high performing incumbents who demonstrate top executive potential and help alleviate the future expected competition over scarce resources.		TBD	Outside Assistance	