

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Committee on Organization and Compensation Charter

COMMITTEE: Organization and Compensation

DATE OF MEETING: November 9, 2017

SUMMARY: The Report on Executive Compensation and Governance recommends developing a charter for the Committee on Organization and Compensation that provides more detail than the charge that is included in the BOR bylaws. The charter should more thoroughly outline the committee's duties, responsibilities, and authority.

A draft charter is attached for review and discussion.

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

FISCAL IMPACT: Components of the charter may carry fiscal impacts, but the impact of the charter itself is minimal.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the Committee discuss and approve the charter for the Committee on Organization and Compensation.

COMMITTEE ACTION: Recommend approval DATE: November 9, 2017

BOARD ACTION: DATE:

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

O & C Charter

PURPOSE

To assist the Board of Regents in fulfilling its responsibilities for the oversight of the leadership of the USM system, including its organizational and leadership structure, personnel matters and issues pertaining to the optimal performance of the BOR.

AUTHORITY

The Organization and Compensation Committee, with the approval of the BOR, is granted the authority to establish standards for compensation for Chancellor and presidents of each USM institution, oversee their performance and hold them accountable for the operation of the system or their institution in accordance with BOR policies, appropriate laws and regulations and high operational standards. In addition, the committee is charged with reviewing matters pertaining to the organization and leadership structure of the University System of Maryland, its constituent institutions and centers and the System Office, other personnel matters such as collective bargaining agreements, compensation for individuals under BOR Policy VII-10.0 and matters pertaining to the optimal operation of the BOR.

COMPOSITION

The Organization and Compensation Committee shall be comprised of not less than seven nor more than nine members of the BOR. The Chair of the BOR shall appoint the members of the O & C Committee and the Chair of the committee. A majority of the membership shall constitute a quorum of the committee.

MEETINGS

The Organization and Compensation Committee is to meet at least 4 times a year, including meetings to conduct mid-year and end-of-year performance evaluations, and as many more times as it deems necessary. All Committee members are expected to participate in each meeting. As necessary or desirable, the chair of the committee may request that members of management be present at meetings of the Committee.

RESPONSIBILITIES

The O & C committee has oversight of the following components of executive compensation and governance for the Chancellor, USM presidents and Vice Chancellors, other personnel matters including collective bargaining agreements, compensation for individuals under BOR Policy VII-10.0 and matters pertaining to the optimal operation of the BOR.

1. USM compensation philosophy
2. Annual executive pay, goal setting and performance evaluation
 - a. Executive compensation:
 - Conduct periodic update of peer compensation data to include aging of data, update of data from peers and reassessment of peers. Updates that are more comprehensive than the aging of data should be done every 3 – 5 years.
 - Utilize the compensation data for established peers to determine annual compensation as well as compensation for new hires for the positions of Chancellor, USM presidents and Vice Chancellors.
 - Approve options for compensation tools, which may include incentive and deferred compensation and other options.
 - Use tally sheets to display trends in compensation
 - Approve out-of-cycle requests from current USM chancellor, USM presidents and Vice Chancellors, such as retention incentives, changes in housing status, etc.
 - Compensation decisions for USM presidents and Vice Chancellors shall consider the recommendations of the Chancellor.
 - b. Goal setting and performance evaluation:
 - Annual reviews-
 - Establish/review frameworks for annual goal setting for Chancellor and USM presidents.
 - Approve annual goals for Chancellor and USM presidents
 - Review annual performance assessments of USM presidents and Vice Chancellors by the Chancellor
 - Conduct annual performance assessment of the Chancellor
 - Comprehensive reviews/special reviews-
 - Comprehensive reviews are conducted periodically (every 3-5 years) of presidents.
 - Establish/review guidelines for comprehensive performance reviews of presidents.
 - Review feedback from comprehensive reviews of presidents.
 - Under special circumstances, request additional performance reviews of the Chancellor and USM presidents, as appropriate.
3. Appointment of Acting or Interim Chancellor or USM president
 - a. In the event of a vacancy in the Chancellor's position, recommend to the BOR the appointment and compensation for an Acting or Interim Chancellor

- b. In the event of a vacancy a USM president, on the recommendation of the Chancellor, recommend to the BOR the appointment and compensation for an Acting or Interim President
- 4. Guidelines for Chancellor and presidential searches
- 5. Annual calendar for executive compensation and governance
- 6. USM succession planning program
- 7. Periodic review of compensation and governance policies.
- 8. Periodic review of the policy and contracts approved under BOR Policy VII-10.0, Board Policy on Review of Contracts for Highly Compensated Personnel.
- 9. Collective bargaining agreements
- 10. Conduct reviews of the organization and leadership structure of the USM
- 11. Review and make recommendations regarding the optimal operation of the BOR.