



USM Board of Regents
Committee on Organization and Compensation
October 11, 2018
University of Maryland University College

AGENDA FOR OPEN SESSION

8:30 a.m.

Call to Order

Regent Gooden

1. [Status of Work Plan on Executive Compensation and Governance \(information\)](#)
2. [Review of BOR Policies by the Committee on Organization and Compensation \(information\)](#)
3. [Review of Board of Regents Policy on the Review of Certain Contracts and Employment Agreements-VII-10.0 \(discussion\)](#)
4. [Certification of Compliance with Board of Regents Policy on the Review of Certain Contracts and Employment Agreements VII-10.0 \(information\)](#)
5. [Convene to Close Session \(action\)](#)



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Status of Work Plan on Executive Compensation and Governance

COMMITTEE: Organization and Compensation

DATE OF MEETING: October 11, 2018

SUMMARY: The attached spreadsheet provides a status report of the work plan developed to address the recommendations of the Report on Executive Compensation and Governance from Sibson.

The committee will discuss outstanding items and reprioritize the remaining actions, if needed.

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 the status report and suggest any necessary edits.

COMMITTEE ACTION: DATE: October 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734

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	Completed	Completed 12.15.17	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	Completed	Completed 12.15.17	Chancellor's Office	
Conduct education sessions for the Organization and Compensation Committee and/or the BOR on current topics in executive compensation and governance	Completed	Sibson presented first sessions at September 11, 2018 meeting	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.	Completed	Draft approved at 4.20.18 BOR meeting	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.	In progress - agreed to change to three-year review instead of five	Fall 2018	Chancellor's Office	Planning a beta test with recently appointed president; Will develop policies and the test before voting on proposed changes Working with Sibson to develop benchmarks for other presidential assessment processes at other systems
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.	Ongoing	Ongoing	Chancellor's Office	Administration and Finance aging data
Explore the use of incentives and/or deferred compensation vehicles				

October 11, 2018 Committee on Organization and Compensation Meeting - Public Session Agenda

<p>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.</p>	<p>In progress</p>	<p>Sibson providing session on incentive pay at September 11, 2018 meeting</p>	<p>Outside Assistance</p>	
<p>Review process and guidelines for chancellor and presidential searches and create a succession planning process across the system</p>				
<p>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.</p>	<p>In progress</p>	<p>Summer 2019</p>	<p>Chancellor's Office</p>	<p>Discussed at Org and Comp meeting on 3.29.18 - will continue discussions</p>
<p>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.</p>	<p>In progress</p>	<p>Sibson providing session on succession planning at September 11, 2018 meeting</p>	<p>Outside Assistance</p>	



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Policy Review Timeline

COMMITTEE: Organization and Compensation

DATE OF MEETING: October 11, 2018

SUMMARY: The USM BOR has bylaws and policies that provide guidance for BOR, USMO, and USM institutional operations. The bylaws address overall operations of the BOR including the charges for each standing committee. The policies provide broad policy guidance to the BOR, USMO, and the USM institutions and also cover technical and operational requirements.

To ensure that bylaws and policies are kept up-to-date, are appropriately implemented, and reflect current operational requirements, the guidance for the review of BOR bylaws and policies, as approved by the BOR in 2016, should be followed. The Committee on Organization and Compensation is charged with reviewing policies relevant to the committee's mission and those of the full BOR on a 4-year cycle.

The proposed schedule covers all such policies over a 4-year span and divides them between each year of the cycle, taking care to space out those policies that will likely require significant review. Care was also taken to group like policies together. Policies that are still under review from a prior year are included in this year's review and highlighted. They will be redistributed within the 4-year cycle as their reviews are completed.

ALTERNATIVE(S): A different schedule can be proposed.

FISCAL IMPACT: Minimal fiscal impact.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends approval of the proposed schedule.

COMMITTEE ACTION: DATE: October 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734

Policy Review Proposed Schedule - Organization and Compensation Committee

2018-2019		
<i>Policy Name/Number</i>	<i>Last Updated</i>	<i>Notes</i>
I-6.00: Policy on Shared Governance in the University System of Maryland	08.25.2000	
VI-5.10: Policy on Preservation of Items of Historical Interest	10.24.2014	
VI-8.10: Policy on Smoking at USM Institutions	06.22.2012	
VI-10.00: Policy on the Filing of Institutional Policy Manuals	10.24.2014	
VI-12.00: Policy on Emergency Conditions: Cancellation of Classes and Release of Employees	05.01.1992	
X-2.00: Policy on Compliance with USM Policies through Technology	10.17.2008	
VI-1.00: Policy on Affirmative Action and Equal Opportunity	10.19.1989	In review by OAG/Provosts/VPs for Student Affairs
VI-1.05: Policy of Non-Discrimination on the Basis of Sexual Orientation	06.22.2012	In review by OAG/Provosts/VPs for Student Affairs
VI-1.10: Policy on Acts of Violence and Extremism	01.11.1990	In review by OAG/Provosts/VPs for Student Affairs
VI-7.00: Policy on Chaplains	01.11.1990	In review by OAG/Provosts/VPs for Student Affairs to be rolled in to Policy on Student Affairs
I-4.00: Policy Concerning the Establishment of Institutional Boards	06.17.2011	Received feedback from VCAF; Plan to send to SVCASA
IX-1.00: Policy of the Board of Regents on Governmental Relations	12.09.2005	VC Gov't Relations has no major changes
VII-5.00: Policy on Performance Evaluation of the Chancellor and the Institutional Presidents/Center Directors of the University of Maryland System	10.09.2015	Under review
VII-5.01: Policy on the Five-Year Review of USM Presidents	10.09.2015	Under review
2019-2020		
<i>Policy Name/Number</i>	<i>Last Updated</i>	<i>Notes</i>
I-3.50: Policy on Constitution for the Council of University System Staff	02.08.2005	
VI-1.50: Policy on the Reporting of Suspected Child Abuse and Neglect	12.09.2011	
VI-4.10: Policy on the Use of the Physical Facilities of the University System for Public Meetings	01.11.1990	
VI-5.00: Policy on Inspection of Public Records	06.19.2015	
VII-5.10: Policy on Associate of the Chancellor/President	02.12.2016	
VII-10.0: Policy on Board of Regents Review of Certain Contracts and Employment Agreements	06.10.2016	
2020-2021		
<i>Policy Name/Number</i>	<i>Last Updated</i>	<i>Notes</i>
VI-3.00: Policy on Advertising	04.13.2007	Reviewed 2016-2017
VI-6.10: Policy on Records Management	12.09.2016	
VI-13.00: Policy on Campus Emergency Planning, Preparedness and Response	04.21.2017	
2021-2022		
<i>Policy Name/Number</i>	<i>Last Updated</i>	<i>Notes</i>
I-1.00: Policy on Council of University System Presidents	12.15.2017	
VI-6.00: Policy on Requests for Advice of Counsel and Official Opinions from the Attorney General	12.24.2014	
VI-9.00: Policy on Establishment of Institutional Traffic Regulations	01.11.1990	Reviewed 2017-2018



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Review of Policy on BOR Review of Certain Contracts and Employment Agreements (VII-10.0)

COMMITTEE: Organization and Compensation

DATE OF MEETING: October 11, 2018

SUMMARY: The USM BOR bylaws and policies provide guidance for BOR, USMO staff, and institutional operations. Updates are made to BOR policies to address needed changes or new areas as part of normal, ongoing operations. The Committee on Organization and Compensation is charged to review BOR Policy VII-10.00 – *Policy on Board of Regents Review of Certain Contracts and Employment Agreements*, among other policies.

ALTERNATIVE(S): The committee can choose not to discuss the amended policy.

FISCAL IMPACT: Amending the policy does not have fiscal impact.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends discussion of the proposed amendments to the policy.

COMMITTEE ACTION: DATE: October 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734

USM Bylaws, Policies and Procedures of the Board of Regents

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 June 10, 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, **and approval if required by this policy**, 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 of 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:

USM Bylaws, Policies and Procedures of the Board of Regents

1. salary;
 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. Approval by the Board of Institution contracts exceeding \$300,000 in annual total compensation**

Within four business days of the Chancellor's review, contracts with annual total compensation in excess of \$300,000 or with provisions obligating the Institution to pay severance compensation in excess of \$300,000 must be reviewed by the Committee on Organization and Compensation and approved by the full Board within four business days of the committee's review.

- C. 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 **all contracts that do not require Board approval**. The

USM Bylaws, Policies and Procedures of the Board of Regents

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.

D. 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 **and approval**.

E. 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.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Certification of Compliance with VII-10.0 Policy on BOR Review of Certain Contracts and Employment Agreements

COMMITTEE: Organization and Compensation

DATE OF MEETING: October 11, 2018

SUMMARY: VII-10.0 – Policy on Board of Regents Review of Certain Contracts and Employment Agreements ensures the systematic review of all contracts for highly-compensated personnel entered into by the USM and its institutions.

As part of the reporting requirements, each president is required to certify compliance with this policy by September 1st of each year. The Chancellor should then certify to the Board of Regents that the certifications have been received.

Certifications for such contracts have been received by the Chancellor for the year prior to September 1, 2018.

ALTERNATIVE(S): This is an information item.

FISCAL IMPACT: This is an information item.

CHANCELLOR'S RECOMMENDATION: This is an information item.

COMMITTEE ACTION: DATE: October 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwilkerson@usmd.edu, 301-445-1906 or 410-576-5734



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Organization and Compensation

DATE OF MEETING: October 11, 2018

SUMMARY: The Open Meetings Act permits public bodies to close their meetings to the public in special circumstances outlined in §3-305 of the Act and to carry out administrative functions exempted by §3-103 of the Act. The Board of Regents will now vote to reconvene in closed session. As required by law, the vote on the closing of the session will be recorded. A written statement of the reason(s) for closing the meeting, including a citation of the authority under §3-305 and a listing of the topics to be discussed, is available for public review.

It is possible that an issue could arise during a closed session that the Committee determines should be discussed in open session or added to the closed session agenda for discussion. In that event, the Committee would reconvene in open session to discuss the open session topic or to vote to reconvene in closed session to discuss the additional closed session topic.

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the BOR Committee on Organization and Compensation vote to reconvene in closed session.

COMMITTEE ACTION: DATE: October 11, 2018

BOARD ACTION: DATE:

SUBMITTED BY: Denise Wilkerson, dwickerson@usmd.edu, 301-445-1906 or 410-576-5734



STATEMENT REGARDING CLOSING A MEETING
OF THE USM BOARD OF REGENTS
ORGANIZATION AND COMPENSATION COMMITTEE

Date: October 11, 2018
Time: 8:30 a.m.
Location: Chesapeake Ballroom Salon A
Conference Center, UMUC

STATUTORY AUTHORITY TO CLOSE A SESSION

Md. Code, General Provisions Article §3-305(b):

- (1) To discuss:
 - [X] (i) The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation, or performance evaluation of appointees, employees, or officials over whom it has jurisdiction; or
 - [X] (ii) Any other personnel matter that affects one or more specific individuals.
- (2) [] To protect the privacy or reputation of individuals with respect to a matter that is not related to public business.
- (3) [] To consider the acquisition of real property for a public purpose and matters directly related thereto.
- (4) [] To consider a preliminary matter that concerns the proposal for a business or industrial organization to locate, expand, or remain in the State.
- (5) [] To consider the investment of public funds.
- (6) [] To consider the marketing of public securities.
- (7) [] To consult with counsel to obtain legal advice on a legal matter.
- (8) [] To consult with staff, consultants, or other individuals about pending or potential litigation.
- (9) [X] To conduct collective bargaining negotiations or consider matters that relate to the negotiations.

FORM OF STATEMENT FOR CLOSING A MEETING

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- (10) To discuss public security, if the public body determines that public discussions would constitute a risk to the public or public security, including:
 - (i) the deployment of fire and police services and staff; and
 - (ii) the development and implementation of emergency plans.
- (11) To prepare, administer or grade a scholastic, licensing, or qualifying examination.
- (12) To conduct or discuss an investigative proceeding on actual or possible criminal conduct.
- (13) To comply with a specific constitutional, statutory, or judicially imposed requirement that prevents public disclosures about a particular proceeding or matter.
- (14) Before a contract is awarded or bids are opened, to discuss a matter directly related to a negotiation strategy or the contents of a bid or proposal, if public discussion or disclosure would adversely impact the ability of the public body to participate in the competitive bidding or proposal process.

Md. Code, General Provisions Article §3-103(a)(1)(i):

- Administrative Matters

TOPICS TO BE DISCUSSED:

1. Ratification of collective bargaining MOU at UMB.
2. Update on status of collective bargaining at USM institutions.
3. Amend an athletics contract at UMCP subject to review under BOR VII-10.0 Policy on Board of Regents Review of Certain Contracts and Employment Agreements.

REASON FOR CLOSING:

1. To maintain confidentiality regarding collective bargaining negotiations (§3-305(b)(9)).
2. To maintain confidentiality of discussion regarding individual employment agreements (§3-305(b)(1)).