Statement on Executive Compensation

A. John Bramley, Interim President

Executive Summary

Accepted by the University of Vermont Board of Trustees, May 19, 2012

On October 10, 2011, the Chair of the Board of Trustees charged the President with preparing an assessment of issues associated with executive compensation exclusive of specifics associated with presidential compensation, which the Board would be addressing separately. The charge specifically requested the President to address the following:

1. Are UVM compensation policies and the policy infrastructure sound and adequate in terms of legal compliance considerations and best/common practices? Are there internal policy conflicts or policy "gaps"?

2. What is the extent of actual compliance with existing policies? What procedures and criteria exist for authorized exceptions to policies, and are they adequate?

3. Are the policies optimally streamlined and organized? Is there a set of overarching compensation principles shared by all categories of employees?

4. What data do we collect relative to which we set, monitor and assess salaries? To whom are the data made available?

Based on a review of policies and procedures as well as employment documents and reports along with a review of actual practices, the following summarizes the findings on each issue:

1. Are UVM compensation policies and the policy infrastructure sound and adequate in terms of legal compliance considerations and best/common practices? Are there internal policy conflicts or policy "gaps"?

**Conclusion:** UVM compensation policies and the related infrastructures are sound and adequate and are legally compliant and in-line with best and common practices both in higher education and in the general labor industry. There are recommendations below that would provide increased clarity and a definition of current policies.

2. What is the extent of actual compliance with existing policies? What procedures and criteria exist for authorized exceptions to policies, and are they adequate?
Conclusions: There is widespread compliance with existing policies and procedures with appropriate review mechanisms that include a higher level of approval for certain actions and for all exceptions.

3. Are the policies optimally streamlined and organized? Is there a set of overarching compensation principles shared by all categories of employees?

Conclusion: The policies are streamlined and organized and made available through posting on various University websites. The University has several overarching compensation principles and philosophies that are consistently reflected in University policies and procedures. It is recommended that particular practices detailed below be formalized in a university operating procedure. These principles and philosophies apply to all categories of employees, however, better expression in the documents is needed.

4. What data do we collect relative to which we set, monitor and assess salaries? To whom are the data made available?

Conclusion: Data are collected on levels of staff employees based on appropriate job markets (i.e. regional vs. national). This is used to set salary ranges for classified positions as well as determine salaries for positions where ranges are not predetermined. It is recommended that an annual summary report be prepared and made available broadly to the University community.

The following provides background as well as supporting policies and procedures along with recommended changes to address findings and the conclusions cited above. (Note: This Statement focuses primarily on issues applicable to executives other than the president, but in some instances the president is included.)

Background

In February 2000, the University of Vermont Board of Trustees adopted the Report of the Ad Hoc Committee on Compensation (Attachment 1), which contains the following statement on Philosophy of Compensation:

“UVM’s philosophy of compensation supports the institution’s mission, goals, and values and the University’s commitment to provide an exceptional educational experience to our students at a reasonable cost, as well as continuing to fulfill our important research and outreach mission. All that we do, including compensating our employees, must serve these purposes.

Recruiting and retaining high quality faculty and staff, and assessing and rewarding their performance, are essential elements of our ability to succeed as a quality University. UVM is committed to compensating employees competitively, equitably, and based on performance.”
Further, the Report defined three principles upon which UVM’s compensation philosophy is based:

1. “Compensation must directly relate to the larger goals of fulfilling our mission as a university and improving the educational quality and competitiveness of UVM

2. Compensation should be determined based on the following factors:
   a. Performance
   b. Contribution to University Goals
   c. Market competitiveness
   d. Equity

3. Compensation should be viewed as salary plus benefits.”

In January 2007, Former President Daniel Fogel issued the statement entitled *Parameters for Compensation at UVM* (Attachment 2). This statement reflected advances from earlier documents in that for the first time it specifically identified “attention to the basic needs of lower-paid employees as an element of equity” and addressed the role of the collective bargaining process. It further affirmed that compensation should be guided by these parameters:

- Performance, including advancement of University and unit vision, mission and goals
- Market competitiveness
- Equity, including attention to basic needs
- Recognition of the role of collective bargaining for unionized employees

These statements and others have formed and inform the basis of the University’s compensation philosophy and to further advance the University’s compensation program various policies and procedures are in place, including:

- Compensation Policy/Practices (Attachment 3)
- Policy on Off-Cycle Base Salary Adjustments for Non-Represented Staff (Attachment 4)
- Bonus Program for Non-Represented Classified Staff (Attachment 5)
- Statement on Compensation contained in the *UVM Staff Handbook* (Attachment 6)
- Statement regarding Total Compensation: The Surprising Value of UVM Benefits (Attachment 7)
- University Policy on Relocation (Attachment 8)
• Annual guidelines regarding wage and salary increases for non-represented staff (Attachment 9)

Officers of Administration

The staff at the University are grouped based primarily on exempt and non-exempt (excluding groupings by represented and non-represented) in compliance with the United States Department of Labor Fair Standards Act (FSLA). Within each group there is further delineation based on a job classification system of specific duties and responsibilities. A group of senior leaders not covered by the classification system and designated officers of administration (officers). This group largely consists of vice presidents, deans, associate vice presidents, associate deans (not all) and other senior level officials (total count: 45 positions). For the purpose of this Statement, officers are considered executives. Policies related to officers are contained in the University Manual which is approved by the Board of Trustees, specifically “Part 400: University Officers; Vice Presidents and Other Officers of the University” (Attachment 10, Part 400, page 42 as well as a list of officers of administration). This section addresses many issues related to officers including recruitment, performance review, resignation, severance, grievance process, and by reference a link to benefits specific to Officers.

While many of the statements, policies, and procedures described above are addressed and applicable to all employees, in particular all exempt and non-exempt as well as represented and non-represented employees, there appears to be an absence of specific references to inclusion or exclusion of executive level employees—officers. It is reasonable to assume that these policies do apply to officers, but that is not expressly stated. The recruitment process is controlled by University policies and procedures, in particular those maintained by the offices of Financial Analysis and Budgeting, Human Resource Services, and Affirmative Action.

This document does not specifically address issues related to presidential compensation. On January 27, 2012, the Chair of the Board of Trustees issued on behalf of the Board of Trustees a summary of information gathered by the Annual Review Subcommittee on Presidential Compensation (Attachment 11).

Most of the UVM Officer positions are included in the 2010 CUPA-HR Administrative Compensation Survey (with the exception of five: assistant vice president for athletics marketing and business development, director of capital planning and management, director of compliance and associate vice president for development, and university veterinarian) and therefore the survey can provide a benchmark salary for setting purposes, specifically national market medians. The salary data are as of December 1, 2011. In benchmarking against CUPA-HR data, the category of public research extensive universities was used as the comparative group. The most recent data highlights include the following:

• Officers’ salaries average 101% (i.e. 1% above median) of the market median.

• In the group of officers that report directly to the Board of Trustees, president or provost and are not deans the range 82% to 138% of market median with an average of 1% above median.
• For vice presidents reporting to either the president or provost the range is 92% to 117% of market median with an average of 4% above median.

• In the group of officers that report to the provost and are deans the range is 74% to 124% of market median with an average of 4% below median.

• The remainder of the officers range from 66% to 155% of market median with an average of 5% above median.

• The officers’ salaries range from $105,000 to $468,924.

Further, the president is required as part of the annual review process (Attachment 12) to provide a report on the “status of his or her direct reports, including their proposed compensation for the upcoming year (emphasis added).

Previously there was a practice of awarding officers non-base compensation including signing bonuses, performance bonuses, and deferred compensation agreements, however that practice ceased in 2009. Currently, there are a limited number of non-base compensation or benefits provided to officers:

• Vehicle allowance (1) – President.

• Burlington Country Club Membership (3) – Dean of the School of Business, Dean of the College of Education and Social Services, Vice President for Student and Campus Life (note that there is no cost associated with the membership as it is part of our agreement with Burlington Country Club and individuals are subject to income tax for personal use).

The non-base compensation/benefits for the president are covered under Board of Trustee policies and procedures (Attachment 13). There are no policies or procedures that expressly define an approval process for setting officers’ salaries or any non-base compensation/benefits beyond those above.

**Recommendation:** The following practices be included in the recommended university operating procedure to address officers’ benefits and non-base compensation/benefits:

• Hiring officials (defined as the position that the recruited position reports to) can offer base salary at 110% of the CUPA HR median for public research extensive universities. Requests to exceed 110% must be approved by the hiring officials’ immediate supervisor and when the president is the hiring official the request is submitted to the Executive Committee of the Board of Trustees.

• Any off-cycle increase falls under the existing policy for off-cycle base salary adjustments (Attachment 4). Adjustments up to 110% can be made by the officer’s supervisor. Requests to exceed 110% must be approved by the supervisors’ immediate supervisor and when the president is the supervising official the request is submitted to the Execu-
tive Committee of the Board of Trustees. Off-cycle increases are limited to addressing “market and equity issues relative to recruitment, retention and organizational change during a fiscal year.” (Attachment 4)

- All non-base compensation or benefits for officers must be approved by the Executive Committee of the Board of Trustees.

**Faculty Appointment for Officers**

A related issue for officers (such as deans or provost) is the need to create an underlying secondary, non-tenured or tenured faculty appointment with a base salary for people recruited from outside the University. Faculty appointed to officer positions who are currently faculty members at the University have an existing base faculty salary. The Office of Institutional Research has utilized a protocol to recommend a faculty base salary which considers benchmark data both within the department/unit, external benchmarks, and years of service (Attachment 14.)

**Recommendation:** That the protocol currently used by the Office of Institutional Research be included in the recommended university operating procedure related to determining an appropriate faculty base salary (Attachment 14) and that the faculty salary be set at the time of appointment to the secondary position.

The *University Manual* addresses the issue of adjustments by the supervising senior officer to the faculty salary for officers assuming or resuming their faculty appointment as follows: “the faculty salary may include appropriate consideration of administrative experience gained as well as factors including salary range of faculty of the same rank in the academic unit, academic experience and expertise, standing in the academic discipline and duties to be performed.” This adjustment is done by the supervising senior official in consultation with the Dean of the College or School in consultation with the department chair or equivalent. Further, the faculty base salary for positions covered by collective bargaining agreements is adjusted according to the appropriate collective bargaining agreement. It is the discretion of the supervising senior officer to determine any merit increases added to the faculty base salary. For faculty appointments in the college of medicine the salary is incremented using the average of increases in the person’s academic department.

**Recommendation:** The *University Manual* be amended to include both practices related to adjustments to faculty base salaries.

**Administrative Leave of Absence for Deans and other Officers**

The *University Manual* addresses the issue of one semester leave of absence for deans who are non-reappointed and have an existing tenure or contract right to resume a faculty appointment (Section 301.5.4). Similarly, the *University Manual* addresses the issue of one semester leave of absence for officers of administration who are non-reappointed who have an existing tenure or contract right to resume a faculty appointment (section 404.2.2). The *University Manual* does not address the issue of administrative leaves of absence for deans or officers of administration who voluntarily resign their administrative appointment and have an existing tenure or contract
right to resume a faculty appointment. In many cases appointment letters address this issue with some inconsistencies, specifically the length of service required to be afforded an administrative leave as well as the length of the administrative leave (i.e. six months versus one year). Further, there are inconsistencies about the rate of compensation during the administrative leave (faculty bases salary versus administrative salary.) There is also no provision for leaves of absence for officers of administration who do not have an existing tenure or contract right to resume a faculty appointment. Further, there are inconsistencies about the amount of professional development funds provided to officers during the administrative leave.

**Recommendation:** The *University Manual* be amended to address the following issues related to administrative leaves for officers (also in section 301 related to deans) and/or included in the recommended university operating procedure:

- Specify appropriate terms for leaves of absence (not to exceed six months) for administrators who voluntarily resign their administrative appointment prior to assuming an existing tenure or contract right to resume a faculty appointment.
- Specify the length of service (three years) as an officer prior to eligibility for administrative leave.
- Clarify that administrative leaves are at faculty salary, not officer salary.
- Change wording to “sabbatical leave” from administrative leave.
- Specify that there are no provisions for leaves of absence for officers of administration who do not have an existing tenure or contract right to resume a faculty appointment.
- Specify that the amount of professional funds provided to officers during an administrative leave period is determined by the number of years of service as an officer times the amount of professional development funds provided for the in the faculty collective bargaining agreement, up to a maximum of three years. These funds are only available during the administrative leave period and do not carry forward.

**Comprehensive Review**

Senior Leaders undergo a comprehensive review no more often than at three, and at no less than five year intervals (*Attachment 15 – Review and Evaluation of Senior Leaders*). Deans are required to undergo a third year review and a periodic comprehensive review at intervals of no longer than five years (*Attachment 10 - University Manual Section, 301.4, page 30*). This process is coordinated by the Vice President for Executive Operations. At the conclusion of the review process, in particular the five-year comprehensive review, there is no provision allowing the supervisor (president or provost) the ability to adjust base compensation based on a successful review. While not specifically analogous, the process is similar to the faculty promotion. The collective bargaining agreement addresses promotion increases.

**Recommendation:** The appropriate amendments to *University Manual* or inclusion in the university operating procedure to allow the supervisor to award a base increase of up to 10% of base for a successful comprehensive review. Supervisors can increase base salary to 110% of the CUPA HR Administrative Compensation Survey for public research extensive universities. Requests to exceed 110% must be approved by the president for deans and vice presidents reporting
to the provost by the Executive Committee of the Board of Trustees for senior officials reporting to the president.

**Recommendation:** The Policy on the Review and Evaluation of Senior Leaders be modified to more clearly define “senior leader”. It is recommended that the policy be revised to limited applicability to vice presidents.

**Summary of Staff Labor Market Data**

The University of Vermont’s salary and compensation program is managed by the Office of Human Resource Services under the direction of the Associate Vice President for Human Resource Services reporting to the Vice President for Finance and Administration. A major area of responsibility includes compliance with all federal and state regulations related to the classification and compensation of employees, in particular the United States Department of Labor Fair Labor Standards Act (FLSA). In 2003, the University completed a comprehensive review and analysis of the classification and compensation system for all non-faculty employees both represented and non-represented. This resulted in standardized position descriptions for all classified positions and includes salary ranges based on market analysis (note: these ranges are regularly reviewed and adjusted based on a similar analysis and inflation). This group of non-faculty employees (staff) are separated into three distinct groups for wage and salary analysis based on the differences in the local, regional, and national market used for recruitment and retention purposes, specifically:

- Eighteen non-exempt positions for which the University recruits locally and benchmarks using data in Gallagher & Flynn’s New England Salary Survey.

- Ninety-three mid-level professional positions for which the University recruits both regionally and nationally and benchmarks using the College and University Professional Association for Human Resources (CUPA-HR) Mid-level Administrative and Professional Salary Survey.

- Forty-eight high-level professional positions where the University recruits nationally and benchmarks using the CUPA-HR Administrative Compensation Survey.

In benchmarking against survey data, the University matches only those positions that are similar enough to UVM positions to ensure data integrity. Based on those matches, the University compares individual and averages salaries against survey average and or median survey data. For the CUPA-HR Administrative Compensation Survey, the University benchmarks against doctoral granting institutions and uses average data from two budget quartiles ($310.2M - $571M and $571M - $1,096.1M). For the CUPA-HR Mid-level Administrative and Professional Salary Survey, the University benchmarks against doctoral granting institutions and uses average data from two budget quartiles ($308.5M - $562.6M and $562.6M - $1,096.1M).

The April 2011 analysis of compensation which examined calendar year 2010 found the following results:
• Our highest level professional salaries average 4% above the national market median

• Mid-level professional salaries average 4% above the national market median

• Non-exempt wages/salaries average the local market median, of those:
  o 3% below market for represented positions (note: one percent of salary is for union dues.
  o 3% above market for non-represented positions

In addition, when considering these average wages relative to benchmarks, it is important to observe that UVM compensation rates vary considerably relative to market averages:

• Top level professional classifications range from 63% to 156% of market median with an average of 104% (i.e. 4% above median)

• Mid-level professional classifications range from 59% to 139% of market median with an average of 105%

• Non-exempt classifications range from 91% to 114% of market with a median of 102%

• (Note: Athletic Department coaches follow practices for university/college coaches and their non-base compensation and bonuses are not addressed in this Statement.)

**Conclusion**

In summary, compensation practices for officers of administration have reflected and been consistent with University policies and statements related to compensation. However, certain elements have not been as clearly expressed or detailed in existing policies and procedures to create a clear appearance of transparency. The result of this has been frustration and anger amongst some members of the community. The recommendations contained here are meant to address this concern and provide a greater degree of transparency and prescribed lines of approval. It is reasonable, that policies and practices related to benchmarking, in particular in relation to national data, apply to officers as well. These are positions where the university often recruits nationally and data exists that can be used to set salary and other benefits. Further, people in these positions, whether recruited from within the University or outside, can reasonably be expected to be compensated based on national averages for their position.
Final Report of the Ad Hoc Committee on Compensation

Accepted by the University of Vermont and State Agricultural College Board of Trustees
February 26, 2000

I. Philosophy of Compensation at UVM

UVM’s philosophy of compensation supports and advances the institution’s mission, goals, and values and the University’s commitment to provide an exceptional educational experience to our students at a reasonable cost, as well as continuing to fulfill our important research and outreach missions. All that we do, including compensating employees, must serve these purposes.

Recruiting and retaining high quality faculty and staff, and assessing and rewarding their performance, are essential elements of our ability to succeed as a quality university. UVM is committed to compensating employees competitively, equitably, and based on performance.

UVM’s compensation philosophy is built on these principles:

1. Compensation must directly relate to the larger goals of fulfilling our mission as a university and improving the educational quality and competitiveness of UVM.
2. Compensation should be determined based on the following factors:
   - Performance
   - Contribution to University goals
   - Market competitiveness
   - Equity
3. Compensation should be viewed as salary plus benefits.

From the perspectives of both the institution and its employees, the philosophy provides a predictable framework for evaluating performance, providing compensation, and creating the educational and working environment we desire. All that we do should be based on the principles of Our Common Ground: Respect, Integrity, Innovation, Openness, Justice, and Responsibility.

II. Implementation Goals

Successfully implementing our philosophy will require developing and instituting an implementation strategy that:

1. Articulates a cogent, finite, measurable set of strategic goals for the University.
2. Develops an effective, mandatory system for assessing performance with sound, capable supervision of every employee.
3. Generates and communicates clear expectations at both institutional (describing mutual expectations between the University and the employee) and local levels (describing specific expectations between supervisor and employee).
4. Creates a purposeful, affordable, competitive benefits philosophy and a plan to implement that philosophy.
5. Regularly assesses UVM’s employment competitiveness, based not only on compensation, but other measures as well (e.g. recruitment and retention). This should be a data-driven initiative, with appropriate goals, metrics, and progress measures developed to answer the question, “Are we doing better than we had done before?”


7. Focuses on “non-compensation” issues such as career paths and advancement opportunities, positive and safe workplace environment, employee recognition, respect from supervisors and co-workers, campus climate, and good communication.

8. Builds a strategic budget that allows for a competitive and equitable total compensation package, effective education and supervision, and a positive work environment.

Review of progress on these and other compensation-related issues will occur on at least an annual basis in association with the Board's ongoing assessment with respect to advancement on UVM’s strategic goals.

III. Compensation Planning Parameters

The following parameters were adopted by the UVM Board of Trustees at its August, 1999 meeting:

1. The compensation plan will be implemented within budgetary projections that recognize the importance of properly funding compensation.

2. Compensation is but one aspect of our efforts to increase quality. Other initiatives that also impact quality should not be shortchanged. (e.g. facilities, technology, equipment, Compensation must directly relate to the larger goals of improving the educational quality and competitiveness of UVM and fulfilling our mission as a university, employee recognition, education and training, student programs, etc.)

3. Our compensation plan must allow for strategic investments in targeted areas of importance and opportunity.

4. Compensation should have a strong performance component in addition to factors such as market competitiveness, equity, and cost of living. Compensation should be viewed in terms of total compensation (salary plus benefits).

5. Accomplishing the plan will require maximum flexibility, creativity, and commitment in terms of redesigning, streamlining, and improving activities and processes, and reallocating resources to reach our goals.

Respectfully submitted,

Ben R. Forsyth, Chair
February 25, 2000
Parameters for Compensation at The University of Vermont

UVM’s approach to compensation supports and advances our vision of being the nation’s premier small public research university, committed to providing an exceptional educational experience to our students and to fulfilling our research and service missions. All that we do, including compensating employees, must serve these purposes.

Recruiting and retaining outstanding faculty and staff and assessing and rewarding their performance are essential elements of our ability to succeed. UVM is committed to compensating employees competitively and equitably, always with attention to student affordability and within the scope of available resources.

UVM compensation is guided by these parameters:

1. Compensation should be determined based on the following factors:
   - Performance, including advancement of University and unit vision, mission, and goals
   - Market competitiveness
   - Equity, including attention to basic needs
   - Recognition of the role of collective bargaining for unionized employees

2. Compensation equity encompasses several important factors, including awarding salary and benefits in a lawful, non-discriminatory manner. It also includes acknowledgment of the costs of living in this geographic area and the institutional interest in assisting employees, especially lower-paid employees, in meeting their basic needs. In doing so, we also recognize, and address where feasible, the differing impacts that required employee contributions to benefits have on employees at various compensation levels.

3. Compensation will be viewed as salary/wages plus benefits (total compensation).

In determining total compensation, the University recognizes that compensation rates for employees who are unionized are set through a collective bargaining process. As part of that process, the union has the right and obligation to bargain for compensation levels that reflect the needs and priorities of the employees it represents. Although the University can, during bargaining, express its own goals and priorities regarding compensation, the bargaining process resolves differences in perspective through negotiations and the resulting bargaining agreement.

*Reported to the Executive Committee of the Board of Trustees on January 8, 2007 and issued by President Daniel Mark Fogel, January 25, 2007.*
Compensation Policy/Practices

UVM's generous and comprehensive benefits package substantially enhances employees' total compensation.

Overview

The University of Vermont annually reviews individual staff wages and salaries as well as its pay bands, and develops staff wage and salary guidelines. These guidelines set parameters for pay band adjustments and individual fiscal year wage and salary adjustments based on merit. For general information, please review UVM's fiscal year Staff Wage and Salary Guidelines and Philosophy of Compensation. Specific questions about pay levels and annual increases may be addressed to: HRSInfo@uvm.edu

Compensation Policies

Human Resource Services monitors UVM's adherence to current wage and salary policies for classified staff, including:

1. Hiring rates for internal or external candidates and returning employees

To offer a staff position with a salary anywhere within the payband, contact your supervisor or your departmental Human Resource representative for budgetary approval. In addition, approval from Human Resource Services staff is required for staff positions with a salary above the first quartile. Whenever necessary, HRS may request a salary justification for staff positions with a proposed salary under the first quartile. To obtain approval, complete the Staff Proposed Salary tab in your posting requisition on UVM's electronic recruitment system. See examples of hiring salary justifications. Email HRSInfo@uvm.edu for information about external market conditions and/or internal equity.

2. Annual salary increases

Salary increases for classified staff are granted at the beginning of each staff member's work year. For employees who work the full calendar year, annual increases take effect July 1. For employees who work a 9-month, 10-month, or 11-month academic year, annual increases take effect at the beginning of that employee's work year. Fiscal year increases include an across-the-board increase if performance has been satisfactory, and also address market, equity, and extraordinary merit. Employees may appeal their fiscal year salary increase.

3. Off-cycle salary increases

Non-represented staff are also eligible to receive an Off-Cycle Salary Increase, which provides additional flexibility for staff pay increases beyond the fiscal year salary increase. Off-Cycle Increases are intended to address market and equity issues relative to recruitment, retention, and organizational change during the fiscal year. Off-Cycle Increases are not meant to address merit or movement between job standards, or to take the place of the regular fiscal year salary increase.
A request for an Off-Cycle Increase for an employee is submitted through the UVM PeopleAdmin system. Contact HRS or your Dean's Office, or consult the Staff Actions in PeopleAdmin decision tree to proceed.

4. Reclassification increases

When positions change from one job standard/title to another, an analyst reviews the incumbent's salary in collaboration with the Human Resources representative, taking market data and internal equity into account. Normally, upon movement of a position to a job standard/title with a higher pay band, an employee will receive a salary increase of no less than 5%. Movement to a job standard/title with the same or lower pay band may result in a change in salary, although any increase will not be subject to the 5% minimum. In all cases, the new salary cannot be below the minimum of the new pay band. Any salary adjustment will be retroactive to the date that the Position Description was received by HRS after dean/director approval via PeopleAdmin.

5. Bonus payments for non-represented staff

UVM’s bonus program allows non-represented staff to be recognized for exemplary work-related achievements that exceed standard job requirements and that significantly contribute to the advancement of the University mission.

Please refer to the Reward System Framework for information about why UVM established a bonus program, the Program Background for the history of how UVM's bonus program evolved, and to Payment Examples to see examples that illustrate the difference among bonus, off-cycle, and additional payments.

Bonuses associated with this program are:

- Granted at the sole discretion of the supervisory/management team
- Not intended to compensate FLSA-exempt employees for extra hours
- Not intended to reward employees for merit

Bonus payments:

1. Will be approved on a case-by-case basis by Human Resource Services
2. Will be funded from the target budget and charged full fringe

Bonus Form

To request Bonus Payment for an employee, download the Bonus Form, complete it electronically, print, obtain required signatures, and submit to Human Resource Services, 228 Waterman Building.

Federal Overtime Regulations as of August 23, 2004
As of August 23, 2004, the U.S. Department of Labor adopted regulations that changed the criteria for exemption from the overtime provisions of the Fair Labor Standards Act.

The State of Vermont, however, has chosen to continue to use the old regulations in cases where they benefit the employee. Until the State decides to use only the revised regulations, Human Resource Services will determine exempt status using both sets of regulations and make a final decision based on which has the greatest benefit for the employee.

For more information, see the United States Department of Labor's FairPay web resources:

- DOL [FairPay Fact Sheet](#) summary of the new regulations
- DOL [FairPay Presentation](#) on the new regulations (1.363 Mb PowerPoint file)
- DOL [side-by-side comparison](#) of the current long and short tests and the proposed regulations

**Incentive Compensation**

Section 487 (a)(20) of the Higher Education Act (HEA) prohibits the University from providing incentive compensation to employees or third party entities for their success in securing student enrollments or the awarding of Title IV HEA program funds.

For more information refer to the [Incentive Compensation](#) guidelines.
Off-Cycle Base Salary Adjustments for Non-Represented Staff

Off-cycle base salary adjustments provide additional flexibility for non-represented staff pay increases beyond the fiscal year salary increase. Off-cycle increases are used to address market and equity issues relative to recruitment, retention, and organizational change during the fiscal year.

Off-cycle increases are not meant to address merit or movement between job standards, or to take the place of the regular fiscal year salary increase. (Fiscal year salary increases include an across-the-board increase if performance has been satisfactory, and also address market, equity, and extraordinary merit.)

Off-cycle base salary adjustments:

1. will be approved on a case-by-case basis taking equity and market into consideration
2. must be established in consultation with Human Resource Services and will be processed with a Personnel Action form
3. typically become effective when they are received and are not retroactive
4. will be funded from the target budget

Submitting an Off-Cycle Increase Request

An Off-Cycle Increase for an employee is requested through submission of an action in the UVM PeopleAdmin system. Contact HRS or your Dean's Office, or consult the Staff Actions in PeopleAdmin decision tree to proceed.
BONUS PROGRAM for NON-REPRESENTED CLASSIFIED STAFF

This bonus program allows for UVM non-represented staff to be recognized for exemplary work-related achievements that exceed standard job requirements and that significantly contribute to the advancement of the University mission.

A major goal of the University’s Career/Pay System is to incorporate flexible compensation practices. Therefore the University of Vermont began a ‘pilot’ implementation of the following bonus program for non-represented staff, effective July 1, 2004.

This program supports UVM’s compensation philosophy by rewarding successful outcomes and achievement of divisional and institutional goals and objectives well beyond standard job requirements. Bonuses associated with this program are granted at the sole discretion of the supervisory/management team. The Provost or his designee will appoint a committee to review the success and need for adjustment of this bonus program one year after its implementation.

CRITERIA FOR WHICH BONUSES MAY BE GIVEN

Criteria for which bonuses may be given will generally reflect one-time work related efforts well beyond standard job requirements. They may include, but not be limited to, the following:

• Accomplishments, contributions, or positive behaviors that significantly transform or advance the objectives of the University, division or department in areas such as customer service, public service, productivity, teamwork and project completion
• Innovative work or suggestions, well beyond standard job requirements, that significantly improve operational efficiencies, introduce a new or modified business practice or improve work process, workflow or customer service
• Significant professional honors, achievements or contributions that are relevant to the job and advance unit objectives
• Extraordinary achievement or contribution, such as successful completion of a special and difficult project, task or activity
• Unique and meaningful contributions to the employees professional field

CRITERIA FOR WHICH BONUSES WILL NOT BE GIVEN

They MAY include, but not be limited to, the following:

• Holiday bonuses (bonuses must be work-related)
• Achieving the required full performance standards (knowledge, skills and abilities) or achieving milestones in training or work level while progressing toward full performance standards
• Situations to which the provisions of other rules, collective bargaining contracts or delegated authority are applicable for salary increases
• When there are insufficient funds to give regular salary increases
• Increases in productivity resulting from simply transferring or reassigning responsibilities to another person or unit
• Increases in productivity at the expense of quality or service
• Every time efforts extend beyond the scope of a job description

IMPLEMENTATION

• This bonus program applies only to staff members who are not represented by a collective bargaining unit.
• Bonuses are discretionary and should not be viewed as an entitlement.
• A bonus will be a one-time payment to the employee and not considered as part of or an increase to their base salary or wage.
• Bonuses may be given to individuals, work groups, teams, or departments.
• Funding of bonuses will be the responsibility of the employing unit.
• Full fringe benefit rate will be charged on bonuses
• Bonuses will be processed on a Bonus Form, through the University’s payroll system.
  - Appropriate deductions and Federal and State tax contributions will be taken.
• Bonuses must be approved by the appropriate dean or director, Human Resources/Classification & Compensation and the VP/Provost.
• The amount given to an individual will be at least $250 and all bonuses within the fiscal year will generally not exceed 5% of the employee’s annualized salary without the advance approval of the appropriate Dean/VP/Provost.
• Bonuses for any target area will not exceed 5% of the staff base budget wage/salary funds available in any fiscal year without the advance approval of the Provost.
• Bonuses will not be treated as regular compensation for the purposes of calculating University retirement contributions or for other employee benefits and deductions.
• Employees paid from grant funds or budgets that service and bill grants will be eligible to receive bonuses provided such awards are permitted and funded by the funding entity.
• Bonuses involving externally sponsored agreements must be approved by Grant and Contract Accounting. Units have the option of using non-restricted dollars to fund bonus payments.
• Bonuses are limited to monetary recognition of work-related efforts well beyond standard job requirements. (For monetary and non-monetary awards and prizes, refer to http://www.uvm.edu/controller/taxadmin/Prizes_and_Awards.htm.)

**TAX IMPLICATIONS**
Bonuses given to University employees are reportable as additional compensation and subject to federal, state and FICA/Medicare withholding.
Bonuses will be paid through payroll, reported as employee compensation on the employee's Form W-2, and subject to federal and state income tax withholding and FICA and Medicare taxes. The funding department or unit shall initiate the payment request by submitting to Human Resources a Bonus Form, specifying account chart field ‘57710’ and earnings code ‘520′ to allow proper tax withholding and reporting.

**FAIR LABOR STANDARDS ACT IMPLICATIONS**
Bonuses as monetary rewards paid to non-exempt employees may potentially increase the University's overtime liability. The Federal Fair Labor Standards Act (FLSA) divides bonuses into two categories: discretionary and non-discretionary.
**Bonuses paid to nonexempt employees under UVM's bonus policy are discretionary.** Such bonuses will not increase the employee's regular rate of pay and therefore not affect the overtime rate of any overtime earned within the effective period of the bonus program. In cases when a bonus is promised or part of a contract it becomes non-discretionary for purposes of calculating overtime.
Discretionary bonuses are not included in the employee's regular rate of pay (including hourly rate, on-call pays, shift differentials, certain bonuses, contest prizes, and certain other items specified by FLSA). To qualify as a discretionary bonus, the timing and amount to be paid must
be at the sole discretion of the manager representing the employer. Further, the payment cannot be made pursuant to any prior contract, agreement or promise causing the employee to expect such payment.
Non-discretionary bonuses must be included in the employee's regular rate of pay. A bonus is considered non-discretionary if the employer contracts, agrees or promises to pay an employee. Examples would include potential payments announced to an employee to induce greater efficiency or productivity, to improve attendance, to remain with the employer and to improve the quality and accuracy of the work. If the non-discretionary bonus is paid to cover a particular length of time, the employer must examine every workweek within that period and calculate the additional overtime pay owed the employee.
Non-Discretionary Bonus Example: A planned recognition program awards a $1000 bonus to a nonexempt employee for improving attendance over an entire year. The employee's hourly pay is $10 per hour, $20,800 per year (assuming 40-hour workweek). Without the bonus, the employee's overtime rate would be $15.00 ($10 x 1.5). With the bonus, any overtime earned during the entire year would need to be recomputed and paid at $15.72 (20,800 + 1,000 = 21,800/2080 = 10.48 x 1.5 = 15.72).

**OTHER TYPES OF COMPENSATION AT UVM**

1. **FISCAL YEAR SALARY INCREASE**
   It is expected that staff members will receive an annual increase to their base salary that is not discretionary in that it compensates an employee for work assigned. Fiscal year increases include an across-the-board increase if performance has been satisfactory. An additional amount is available to the target director to address market, equity, and extraordinary merit.
2. **DELAYED FISCAL YEAR SALARY INCREASE**
   If funding for a fiscal year salary increase is not available on July 1, target directors may request during the ‘budget building’ process a post-July 1 base salary adjustment that is not discretionary in that it compensates an employee for work assigned. These adjustments are meant to address situations that can be anticipated during the budget process; they may be retroactive to July 1 and are processed using a Personnel Action form.
3. **SUPPLEMENTAL COMPENSATION/ADDITIONAL PAYMENT**
   Supplemental compensation in the form of ‘additional payments’ is not discretionary in that it compensates a staff member for additional work assigned. The University’s policy on “Supplemental Compensation” allows staff members to be compensated for short-term assignments that are beyond their normal job responsibilities. Examples of assignments for which supplemental compensation may be paid include evening division instruction, instruction of in-house training sessions, participation in outreach activities, and short-term and specific consultation on a grant or to an administrative unit, when such activities are outside of normal job requirements. These payments must be approved in advance by the appropriate executive officer and are processed using a Bonus Form.
4. **OFF-CYCLE BASE SALARY ADJUSTMENTS**
   Off-Cycle base salary adjustments are not discretionary in that they compensate employees for work assigned. Off-cycle increases are not meant to address performance; they are designed to address unanticipated organizational changes relative to market and equity issues in addition to changes in organizations that may not be classification-related. They are determined on a case by case basis in consultation with Classification & Compensation, and become effective when they are approved, using a Personnel Action Form.
Compensation

The University annually reviews individual staff wages and salaries as well as its entire salary structure, and develops fiscal year staff wage and salary increase guidelines for non-represented staff. These guidelines provide for individual wage and salary adjustments as well as structural adjustments. Pay increases take effect annually. Specific questions about pay levels and annual increases may be addressed to the HRS Employee Information Center (228 Waterman, or call 656-3150).

Fiscal year wage increase guidelines for represented staff are described in each union contract.

- Position Classification
- Hours of Work and Overtime
- Supplemental Compensation and Outside Employment for Non-Exempt Employees
- Supplemental Compensation and Outside Employment for Exempt Employees

Position Classification

Each UVM staff position has been classified by HRS and assigned a title and pay band. Job classification is based on an assessment of the duties and responsibilities of the position by HRS staff using UVM's career/pay job classification system. This classification system enables Human Resource Services to monitor the large number of jobs at UVM, compare the compensation of UVM employees with each other and with local and national job markets.

Review of an existing position can be requested by you, your supervisor, or another appropriate administrator. A request for a review is normally processed through your supervisor and the appropriate budget officer. A review is based on an analysis of duties and responsibilities of the position by HRS staff. The process usually takes four to six weeks. Normally, upon reclassification of a position to a higher pay band, you are eligible for a pay increase of no less than five percent or the minimum of the new pay band, whichever is greater.

Hours of Work and Overtime

All overtime work must be approved by your supervisor in advance, and the method of compensation (compensatory time or payment) will be determined in accordance with the following statements of policy. If unauthorized overtime occurs, it may be addressed as a performance issue resulting in corrective discipline.

Hours of Work for Hourly Non-Exempt Employees

The normal work week for hourly non-exempt employees is 40 hours. Normal work hours may be more than eight hours per day, but the normal work week is still 40 hours. The pay period (scheduled work week) starts with any scheduled shift beginning after 12:01 a.m. on Monday, and ends at midnight the following Sunday. Paychecks for hourly employees are distributed every other Friday, (or prior to Friday if Friday is a holiday). The paycheck reflects earnings of the previous two work weeks.

Changes in work schedules must be posted seven calendar days in advance to allow employees the opportunity to make necessary arrangements. Schedule changes may occur with less than seven calendar days' notice if there is agreement between you and your supervisor, or if there is an emergency.
Compensation for Working Overtime—Hourly, Non-Exempt Employees

Non-exempt staff members may be compensated for overtime worked in the form of compensatory time rather than dollars.

Those employees whose normal work week is 40 hours will be paid overtime at the premium rate of time and one half for all hours in excess of 40. Those employees who work 37.5 hours will be paid overtime for all hours worked in excess of 37.5 per week.

Until a non-exempt staff member has accumulated 40 hours of compensatory time generated from working overtime, he or she will be free to choose between compensation in dollars or in compensatory time. All overtime worked will be compensated at the premium rate of time and one-half, whether payment is made in compensatory time or in dollars.

After 40 hours of compensatory time has been accumulated, the supervisor may choose either to pay for overtime in dollars or to offer compensatory time in lieu of dollars. In every instance, though the supervisor may offer payment in compensatory time, the employee may always choose to be paid in dollars.

A maximum of 80 hours of compensatory time may be accumulated. After reaching 80 hours of compensatory time, the employee will be paid for any additional overtime worked in the form of dollars. As compensatory time is used by the employee and his/her accumulation drops below 80 hours, s/he will again be able to accumulate compensatory time. If the total accumulation of compensatory time drops below 40 hours, s/he will again be free to choose compensatory time rather than dollars.

Once compensatory time is earned, the employee should notify his/her supervisor at least two weeks in advance if s/he is planning to use more than two days of compensatory time, and at least 72 hours ahead if s/he is planning to use two days or less of compensatory time. Normally the employee will be permitted to use accumulated time after making the request and giving the appropriate notice, provided that the compensatory time off does not unduly disrupt the operations of the department.

Upon separation of employment from the University, the employee with accumulated compensatory time must be paid for all unused compensatory time in dollars. Upon transfer to another college or department, the employee must be paid in dollars for accumulated compensatory time. The organization which the employee is leaving will be responsible for making the cash payment.

Each college and department will be responsible for maintaining a record of an employee’s consent to be paid in compensatory time rather than dollars and all hours worked must be recorded within the University’s time records.

Hours of Work for Salaried, Non-Exempt Employees

The normal work week for salaried non-exempt employees is 37.5 or 40 hours, as scheduled. The scheduled work week begins at 12:01 AM on Monday, and ends at midnight on Sunday. The pay periods for salaried non-exempt employees are from the first to the 15th of the month, and from the 16th to the last day of each month. Paychecks for salaried non-exempt employees are distributed on the 15th and 30th of each month, or the work day before if those dates fall on a weekend or holiday. All overtime, whether taken in compensatory time or dollars, is paid at a premium rate of time and one-half for hours worked in excess of a normal work week.
Compensation for Working Overtime—Salaried, Non-Exempt Employees

Non-exempt staff members may be compensated for overtime worked in the form of compensatory time or dollars.

Those employees whose normal work week is 40 hours per week will be paid overtime at the premium rate of time and one half for all hours in excess of 40. Those employees who work 37.5 hours will be paid overtime for all hours worked in excess of 37.5 per week.

Until a non-exempt staff member has accumulated 40 hours of compensatory time generated from working overtime, s/he will be free to choose between compensation in dollars or in compensatory time. All overtime worked will be compensated at the premium rate of time and one-half, whether payment is made in compensatory time or in dollars.

After 40 hours of compensatory time has been accumulated, the supervisor may either choose to pay for overtime in dollars or offer compensatory time in lieu of dollars. In every instance, though the supervisor may offer payment in compensatory time, the employee may always choose to be paid in dollars.

A maximum of 80 hours of compensatory time may be accumulated. After reaching 80 hours of compensatory time, the employee will be paid for any additional overtime worked in the form of dollars. As compensatory time is used by the employee and his/her accumulation drops below 80 hours, s/he will again be able to accumulate compensatory time. If the total accumulation of compensatory time drops below 40 hours, s/he will again be free to choose compensatory time rather than dollars.

Once compensatory time is earned, the employee should notify his/her supervisor at least two weeks in advance if s/he is planning to use more than two days of compensatory time, and at least 72 hours ahead if s/he is planning to use two days or less of compensatory time. Normally, the employee will be permitted to use accumulated time after making the request and giving such notice, provided that the compensatory time off does not unduly disrupt the operations of the department.

Upon separation of employment from the University, the employee with accumulated compensatory time must be paid for all unused compensatory time in dollars. Upon transfer to another college or department, the employee must be paid in dollars for accumulated compensatory time. The organization the employee is leaving will be responsible to make the cash payment.

Each college and department will be responsible for maintaining a record of an employee’s consent to be paid in compensatory time rather than dollars and all hours worked must be recorded within the University’s time records.

Compensation for Working Overtime—Exempt Employees

Typically, exempt employees are not entitled to compensation for overtime at either a premium rate or a straight-time rate. In instances where overtime becomes a frequent necessity, exempt employees may be granted compensatory time off on a one-for-one basis. To be compensated by payment in dollars rather than time off, prior approval of the Dean/Director and appropriate Vice-President/Provost must be obtained.
**Shift Premium (Non-Exempt Employees)**

Shift premium will be paid to all regular non-exempt salaried and hourly employees who are covered by the Fair Labor Standards Act, and who are assigned on a regular or rotating basis to second and third shifts. Non-exempt employees whose regular shift begins between 5:00 AM and 2:00 PM (first shift) are not eligible for a shift premium, even though they may work overtime hours during second or third shift.

For non-represented staff, shifts starting between 2:00 PM and 10:00 PM (second shifts) will be paid a differential of 6% of the minimum hourly rate of the employee’s pay band for all hours worked during the shift.

For non-represented staff, shifts starting between 10:00 PM and 5:00 AM (third shifts) will be paid a differential of 8% of the minimum hourly rate of the employee’s pay band for all hours worked during the shift. If you work a rotating shift, you will be paid a differential of 8% of the minimum hourly rate of your pay range for all hours worked while assigned to a rotating shift, regardless of the actual hours in which the work is performed. The shift premium must be added to the base rate by the supervisor, and the new rate is used to calculate pay, including overtime.

For shift premium information for represented staff, refer to the appropriate union contract.

**On-Call Assignment**

When you are on-call, you must respond to any call for emergency service or assistance by any unit or division of UVM, or by clients who have contracted for services provided by UVM. If you are called back to work and do not come in and do not provide a justifiable reason for refusal to work, you may be subject to disciplinary action.

If you are on-call, you must be reachable by a paging device, telephone, or you must leave word of your whereabouts so you can be contacted without difficulty. You must restrict travel in such a way as to be immediately available to return to your workplace. The individual department policy will determine the communication method and travel restrictions appropriate for the on-call obligation. UVM may, at its sole discretion, implement or abandon an on-call schedule. UVM is not obligated to maintain an on-call schedule beyond the point at which managerial judgment indicates that it is no longer needed.

Typically, on-call periods will be scheduled for durations of one week or less, and the on-call periods will be assigned on a rotating basis. You must be personally notified of the scheduled on-call period verbally or in writing and by posted notice.

Regardless of whether you receive any emergency calls, exempt and non-exempt employees will be compensated for time when they are on-call by an additional payment of 10% of the employee’s base rate for the period of the scheduled on-call assignment, not to exceed four hours of pay or four hours of compensatory time for each week of scheduled on-call service. The compensatory time will be taken at a date convenient to you and the department. Your supervisor will make the final determination as to whether the on-call premium will be paid in dollars or compensatory time.

**Note:** If a non-exempt employee works any overtime while on-call, the 10% premium will be included in calculating a new base rate for overtime purposes. For example, a normal hourly rate of $5.00 would be increased by 10% to $5.50 and time and one-half would be calculated for that rate.
**Call-Back with Less than 24-Hours’ Notice—Non-Exempt Employees**

Conditions for call-back occur when you are called back to the workplace for unscheduled work with fewer than 24 hours of notice. A non-exempt employee providing such service will receive a minimum of three hours of straight time pay or shall be paid at the overtime rate of one and one-half times the regular rate of pay for all hours worked, whichever is greater. The rate of pay will include the shift premium for those employees assigned on a regular or rotating basis to second or third shifts. If the employee is called back to work in an emergency and s/he does not come in and does not provide a justifiable reason for refusal to work, s/he may be subject to disciplinary action.

Call-back service should not be confused with policies referred to during a University closing for an emergency. (See University Closings.)

Following are two illustrations of the kind of payment that can be expected for working during a call-back with less than 24-hours’ notice.

**Example 1:**

A non-exempt employee earning $10.00 per hour is called back to the workplace for unscheduled work with less than 24 hours of notice, and works 5 hours. In this case, the employee will receive 5 hours of additional pay at the overtime rate (one and one-half times their straight time rate of $10.00, which equals $15.00 per hour at the overtime rate), and will be paid a total of $75.00 for these 5 hours. Or, the employee will be provided with compensatory time at 1½ times the overtime hours as defined under the overtime headings above. In this example, the employee would earn 7.5 hours of compensatory time (1½ times 5 hours worked).

**Example 2:**

A non-exempt employee earning $10.00 per hour is called back to the workplace for unscheduled work with less than 24 hours of notice, and works 1 hour. In this case, the employee will receive three hours of pay at the normal straight time rate as guaranteed in this policy. S/he would be paid $30.00 for the hour of work in this example.

**Call-Back with Less than 24-Hours’ Notice—Exempt Employees**

For exempt employees recalled to service during an emergency, no additional dollar compensation will be paid. In some instances, compensatory time at the rate of time and one-half the hours worked will be provided. For example, an exempt employee working eight hours during an emergency outside his or her regular work time may be compensated with 12 hours off at a time to be determined with his or her supervisor.

**Mileage**

In an emergency when an employee is at home and is called in for unscheduled work which requires making an extra trip, mileage to and from work will be reimbursed. If in rendering on-call or emergency service, the time overlaps the beginning of the regular workday in which you would have been reporting for work, mileage will not be paid.
Supplemental Compensation and Outside Employment for Non-Exempt Employees

Second University Positions

Non-exempt employees who hold more than one position at UVM will receive compensation for the second position commensurate with compensation normally paid for that position. For example, if an administrative assistant who works in the College of Arts and Sciences wishes to serve as a parking attendant for the Physical Education Department during hours outside the normally scheduled work week, the hourly rate paid will be within the usual rate paid to parking attendants. Compensation for hours worked in excess of the normal work week of 37.5 or 40 hours, however, will be paid at the premium rate of time and one-half.

For example, if an administrative assistant earns $12.00 an hour in a primary position for 40 hours a week, and also works as a parking attendant at $7.50 per hour for an additional 10 hours during the same week, the employee’s compensation for the week is computed as follows:

40 hours x $12.00/hour = $480
$7.50 hourly rate x 1½ (premium rate) x 10 hours worked = $112.50 extra compensation
Total compensation for the week would be $480 of administrative assistant's pay, plus $112.50 extra pay as a parking attendant = $592.50.

If you regularly work less than 37.5 or 40 hours per week, you will receive the premium rate of time and one-half only when your total hours worked exceed a normal 37.5 or 40 hour work week.

Pay rates for secondary classified positions must be approved in advance by Human Resource Services.

Employment Outside the University

You are free to perform work for other employers as long as the second employment does not negatively affect your ability to perform your regular UVM duties and does not create a conflict of interest. (See Conflict of Interest.)

Summer Positions

If your regular term of employment is less than 12 months, you may be employed by UVM during the time outside your normal term of employment. Compensation for such employment will be set at the level appropriate to the work performed. If the work is within your home department and entails the same duties as your regular classification, then compensation will be based on your regular pay rate in effect at the end of the last normal term of employment. Pay rates should be established in advance in consultation with Human Resource Services.

An exception will be made when, within your home department, the work is performed within two weeks of the resumption of your normal term of employment.

All payment for work performed outside your normal term of employment will be extra compensation, and will include overtime pay for non-exempt staff for any hours worked in excess of 37.5 or 40 hours per week, depending on the work schedule of the department in which the work is performed.
Supplemental Compensation and Outside Employment for Exempt Employees

Supplemental Compensation for Additional Work Performed within UVM

If you are an exempt employee in benefit group A or B, your salary is intended as compensation for all activities performed during the period of employment for, or in the name of, UVM. Sometimes, however, UVM provides opportunities and incentives to engage in activities beyond an employee’s normal assignments.

Assignments for supplemental compensation require written approval of the dean/director and appropriate Vice President/Provost in advance. Such activities must not interfere with your regular responsibilities, including professional development, or be detrimental to your primary job assignment. Examples of assignments for which supplemental compensation may be paid include:

- evening division instruction
- instruction of in-house training sessions when the instruction is outside of normal job requirements
- participation in outreach activities
- short-term and specific consultation on a grant or to an administrative unit, provided the work is outside of normal job requirements

The total amount of supplemental compensation for a defined period of time received by a staff member in benefits group A or B should normally not exceed 20% of the base compensation of the staff member’s regular position for the same period of time. The total supplementary service, inside and outside of the University, should not exceed the equivalent of one day per calendar week.

Second University Positions

If you are an exempt employee in benefit groups C-F, you will receive compensation for second positions at UVM commensurate with compensation normally paid for such positions. Compensation paid for work performed in second UVM positions will be paid as an extra payment if the second position is not a regular staff position (a regular staff position must either appear on the Position Status report or be an approved hourly position included in the wage budget of the support department).

Pay rates for second positions must be approved in advance by Human Resource Services.

Summer Positions

If you work an academic year or ten-month position, you will receive compensation for summer work based on the nature of the work performed during the summer period. Salary rates for summer positions must be determined in consultation with Human Resource Services.

Approval for Outside Professional Service

Teaching, research, and service are central to UVM’s mission. Appropriate professional service outside the University can enrich academic programs and benefit a variety of public and private agencies and organizations. UVM acknowledges the value of your professional activities that render significant service to the public and at the same time contribute to your own competence as a professional.
In making decisions to engage in professional service or consulting outside UVM, with or without compensation, you must consider, first and foremost, the requirements of your total University commitments and responsibilities.

Exempt staff who wish to engage in outside professional services or consulting must have advance written approval of the appropriate Vice President and Dean/Director. Approval will be granted only for a specified period of time not to exceed one academic or fiscal year. For continuing services or consulting relationships, approval must be obtained at least annually. Such approval is subject to the following conditions:

- services to be performed must be consistent with the mission, responsibilities, and best interest of the UVM department, college or school.
- time spent on outside professional services must not conflict with the priorities and need for your services within your department, college, or school.
- total time devoted to outside services must not exceed the equivalent of one day per week. Occasional approved conferences or activities requiring several consecutive days will be prorated according to the ratio of one day per week.
- if you are also engaged in supplemental UVM services for compensation, the total time for extra service, both within and outside UVM, must not exceed the equivalent of one day per week.
- if you are engaged in consulting or other outside professional service, you must avoid the use of information or procedures that may involve a conflict of interest with UVM responsibilities, particularly relating to an area of on-going research and including sponsored programs with specific contractual restrictions. The signing of a patent or copyright agreement with an outside company or agency may result in a conflict of interest. It is your responsibility to avoid conflicts of interest between personal consulting and sponsored activities affiliated with UVM, and to be aware of conflict of interest statutes and regulations that may pertain. See Conflict of Interest.

If you are engaged in outside professional activities for compensation, you must not use the name of the University of Vermont (UVM) so as to suggest institutional endorsement or support of a non-UVM enterprise. Neither business cards bearing UVM's name and address, nor UVM stationery is to be used in connection with outside consulting activities. If UVM personnel, space, services, supplies, or equipment are required to perform the outside professional service, advance permission must be obtained and fees paid to UVM. The schedule of payment must be approved by the Vice President or Provost. You are not required to report to UVM the amount of compensation received for outside professional service.
Total Compensation: The Surprising Value of UVM Benefits

UVM employment provides an impressive array of benefits that make wages and salaries only part of the total compensation picture. Depending on the choices we make, our benefits enhance compensation substantially.

The University offers these benefits and pays the lion’s share to attract and retain a fine faculty and staff. Many individuals chose to work at UVM because specific benefits are extremely important to them. Tuition remission, the retirement savings plan, and the health insurance plan are especially notable.

Depending on the benefit choices each person makes, additional costs are paid for by the University or shared with the individual:

- Social Security and Medicare taxes are shared 50-50 by law.
- State unemployment and workers’ compensation are paid for by UVM.
- Medical coverage is paid for largely by the University, and the premium paid by the employee is based on a percentage of salary.
- Dental, life, and long-term disability insurance are shared expenses depending on the choices made by the person.
- Tuition remission is paid for by UVM.

Take a closer look at benefits and the costs associated with them viewing three different illustrations of individuals’ total compensation packages.

Example 1:
Sarah, non-exempt, non-represented employee earning $20,000 per year

Example 2:
Ronald, exempt, non-represented employee earning $35,000 per year

Example 3:
Chris, exempt, non-represented employee earning $50,000 per year

Considering the value of UVM’s benefits, it makes good sense to maximize your own benefits package and increase your total compensation. Feel free to consult the Benefits staff at any time to make sure your own benefits work hard for you.
BONUS PROGRAM for NON-REPRESENTED CLASSIFIED STAFF

This bonus program allows for UVM non-represented staff to be recognized for exemplary work-related achievements that exceed standard job requirements and that significantly contribute to the advancement of the University mission.

A major goal of the University’s Career/Pay System is to incorporate flexible compensation practices. Therefore the University of Vermont began a ‘pilot’ implementation of the following bonus program for non-represented staff, effective July 1, 2004.

This program supports UVM’s compensation philosophy by rewarding successful outcomes and achievement of divisional and institutional goals and objectives well beyond standard job requirements. Bonuses associated with this program are granted at the sole discretion of the supervisory/management team. The Provost or his designee will appoint a committee to review the success and need for adjustment of this bonus program one year after its implementation.

CRITERIA FOR WHICH BONUSES MAY BE GIVEN

Criteria for which bonuses may be given will generally reflect one-time work related efforts well beyond standard job requirements. They may include, but not be limited to, the following:

- Accomplishments, contributions, or positive behaviors that significantly transform or advance the objectives of the University, division or department in areas such as customer service, public service, productivity, teamwork and project completion

- Innovative work or suggestions, well beyond standard job requirements, that significantly improve operational efficiencies, introduce a new or modified business practice or improve work process, workflow or customer service

- Significant professional honors, achievements or contributions that are relevant to the job and advance unit objectives

- Extraordinary achievement or contribution, such as successful completion of a special and difficult project, task or activity

- Unique and meaningful contributions to the employees professional field

CRITERIA FOR WHICH BONUSES WILL NOT BE GIVEN

They MAY include, but not be limited to, the following:

- Holiday bonuses (bonuses must be work-related)
- Achieving the required full performance standards (knowledge, skills and abilities) or achieving milestones in training or work level while progressing toward full performance standards

- Situations to which the provisions of other rules, collective bargaining contracts or delegated authority are applicable for salary increases

- When there are insufficient funds to give regular salary increases

- Increases in productivity resulting from simply transferring or reassigning responsibilities to another person or unit

- Increases in productivity at the expense of quality or service

- Every time efforts extend beyond the scope of a job description

**IMPLEMENTATION**

- This bonus program applies only to staff members who are not represented by a collective bargaining unit.

- Bonuses are discretionary and should not be viewed as an entitlement.

- A bonus will be a one-time payment to the employee and not considered as part of or an increase to their base salary or wage.

- Bonuses may be given to individuals, work groups, teams, or departments.

- Funding of bonuses will be the responsibility of the employing unit.

- Full fringe benefit rate will be charged on bonuses

- Bonuses will be processed on a Bonus Form, through the University’s payroll system. Appropriate deductions and Federal and State tax contributions will be taken.

- Bonuses must be approved by the appropriate dean or director, Human Resources/Classification & Compensation and the VP/Provost.

- The amount given to an individual will be at least $250 and all bonuses within the fiscal year will generally not exceed 5% of the employee’s annualized salary without the advance approval of the appropriate Dean/VP/Provost.

- Bonuses for any target area will not exceed 5% of the staff base budget wage/salary funds available in any fiscal year without the advance approval of the Provost.
• Bonuses will not be treated as regular compensation for the purposes of calculating University retirement contributions or for other employee benefits and deductions.

• Employees paid from grant funds or budgets that service and bill grants will be eligible to receive bonuses provided such awards are permitted and funded by the funding entity.

• Bonuses involving externally sponsored agreements must be approved by Grant and Contract Accounting. Units have the option of using non-restricted dollars to fund bonus payments.

• Bonuses are limited to monetary recognition of work-related efforts well beyond standard job requirements. (For monetary and non-monetary awards and prizes, refer to http://www.uvm.edu/controller/taxadmin/Prizes_and_Awards.htm.)

TAX IMPLICATIONS
Bonuses given to University employees are reportable as additional compensation and subject to federal, state and FICA/Medicare withholding.

Bonuses will be paid through payroll, reported as employee compensation on the employee's Form W-2, and subject to federal and state income tax withholding and FICA and Medicare taxes. The funding department or unit shall initiate the payment request by submitting to Human Resources a Bonus Form, specifying account chart field ‘57710’ and earnings code ‘520’ to allow proper tax withholding and reporting.

FAIR LABOR STANDARDS ACT IMPLICATIONS
Bonuses as monetary rewards paid to non-exempt employees may potentially increase the University's overtime liability. The Federal Fair Labor Standards Act (FLSA) divides bonuses into two categories: discretionary and non-discretionary.

Bonuses paid to nonexempt employees under UVM’s bonus policy are discretionary. Such bonuses will not increase the employee's regular rate of pay and therefore not affect the overtime rate of any overtime earned within the effective period of the bonus program. In cases when a bonus is promised or part of a contract it becomes non-discretionary for purposes of calculating overtime.

Discretionary bonuses are not included in the employee's regular rate of pay (including hourly rate, on-call pays, shift differentials, certain bonuses, contest prizes, and certain other items specified by FLSA). To qualify as a discretionary bonus, the timing and amount to be paid must be at the sole discretion of the manager representing the employer. Further, the payment cannot be made pursuant to any prior contract, agreement or promise causing the employee to expect such payment.

Non-discretionary bonuses must be included in the employee's regular rate of pay. A bonus is considered non-discretionary if the employer contracts, agrees or promises to pay an employee. Examples would include potential payments announced to an employee to induce greater
efficiency or productivity, to improve attendance, to remain with the employer and to improve the quality and accuracy of the work. If the non-discretionary bonus is paid to cover a particular length of time, the employer must examine every workweek within that period and calculate the additional overtime pay owed the employee.

Non-Discretionary Bonus Example: A planned recognition program awards a $1000 bonus to a nonexempt employee for improving attendance over an entire year. The employee's hourly pay is $10 per hour, $20,800 per year (assuming 40-hour workweek). Without the bonus, the employee's overtime rate would be $15.00 ($10 x 1.5). With the bonus, any overtime earned during the entire year would need to be recomputed and paid at $15.72 (20,800 +1,000 =21,800/2080 = 10.48 x 1.5 = 15.72).

OTHER TYPES OF COMPENSATION AT UVM

1. FISCAL YEAR SALARY INCREASE
It is expected that staff members will receive an annual increase to their base salary that is not discretionary in that it compensates an employee for work assigned. Fiscal year increases include an across-the-board increase if performance has been satisfactory. An additional amount is available to the target director to address market, equity, and extraordinary merit.

2. DELAYED FISCAL YEAR SALARY INCREASE
If funding for a fiscal year salary increase is not available on July 1, target directors may request during the ‘budget building’ process a post-July 1 base salary adjustment that is not discretionary in that it compensates an employee for work assigned. These adjustments are meant to address situations that can be anticipated during the budget process; they may be retroactive to July 1 and are processed using a Personnel Action form.

3. SUPPLEMENTAL COMPENSATION/ADDITIONAL PAYMENT
Supplemental compensation in the form of ‘additional payments’ is not discretionary in that it compensates a staff member for additional work assigned. The University’s policy on “Supplemental Compensation” allows staff members to be compensated for short-term assignments that are beyond their normal job responsibilities. Examples of assignments for which supplemental compensation may be paid include evening division instruction, instruction of in-house training sessions, participation in outreach activities, and short-term and specific consultation on a grant or to an administrative unit, when such activities are outside of normal job requirements. These payments must be approved in advance by the appropriate executive officer and are processed using a Bonus Form.

4. OFF-CYCLE BASE SALARY ADJUSTMENTS
Off-Cycle base salary adjustments are not discretionary in that they compensate employees for work assigned. Off-cycle increases are not meant to address performance; they are designed to address unanticipated organizational changes relative to market and equity issues in addition to changes in organizations that may not be classification-related. They are determined on a case by case basis in consultation with Classification & Compensation, and become effective when they are approved, using a Personnel Action Form.
UVM is committed to compensating employees competitively and equitably, always with attention to student affordability and within the scope of available resources.” President Daniel Mark Fogel, Parameters of Compensation at the University of Vermont, January, 2007

The quality and commitment of UVM’s staff are critical for maintaining excellence in instruction, research and public service to the citizens of Vermont. Therefore, even in these turbulent economic times, compensation remains a top priority of the University. That priority is evident in light of recent raises for all personnel except non-represented staff making more than $75,000 annually. In contrast, many other colleges and universities have had extensive layoffs of staff, program elimination, salary reductions and furloughs as well as blanket salary and hiring freezes.

While we will not lose sight of our commitment to staff compensation, this year based on limited resources, the difficult decision to budget 0% for non-represented staff salary increases was simply unavoidable.

**GENERAL GUIDELINES**

Subject to approval of the FY 2012 budget by the Board of Trustees, the total General Fund salary pool this year will be 0% for continuing personnel. These wage and salary guidelines apply to non-represented staff members paid on restricted, income/expense and general funds. These guidelines do not apply to staff members represented by a union. For represented employees with settled contracts, FY 2012 increases will be awarded according to the terms of applicable collective bargaining agreements.

**FY 2012 PAY BANDS**

Staff members cannot be paid below the pay band minimum. Effective July 1, 2011, some Career/Pay system pay bands will be adjusted to reflect changes in market values, based on the annual review of survey data. Both guidelines and pay bands will be available after May 1, 2011 at http://www.uvm.edu/~ofabweb/.
INDIVIDUAL INCREASES

There will be no across the board, merit decompression, equity or market increases. This is true regardless of funding availability or funding sources.

- **Shift differential premiums and minimum wage rate**
  Shift differentials for eligible non-represented employees are paid as a percentage of hourly rates as follows:
  - 6% of pay band minimum for second shift
  - 8% of pay band minimum for third or rotating shifts

- **Minimum wage rate**
  The State of Vermont minimum wage will remain at $8.15/hour. Currently, this is the lowest allowable rate for temporary employees. The State of Vermont typically plans to increase the minimum wage effective January 1, 2012; we will notify you when the change occurs.

PROMOTIONS

The lack of a salary pool for general increases is not intended to impact normal reclassification and off cycle increases. Such adjustments will be allowed.

Please contact Human Resource Services (6-3102) or Financial Analysis & Budgeting (6-3244), if you have questions about these guidelines.
University of Vermont University and University Officers’ Manual

301.4 Performance Review.

301.4.1 Annual Review.
The Provost shall conduct an annual performance review of each Dean. The Provost will meet with each Dean individually to discuss the results of the performance review and, following consultation with the President, to convey a reappointment decision and the salary upon reappointment.

301.4.2 Third Year Review.
The Provost shall conduct a formative review of a Dean’s performance during the fall semester of the initial third year of appointment. The primary objective of the evaluation is to facilitate continued improvement of the academic leadership and management of the College or School. For Schools and Colleges with academic departments, input will be sought from every Department Chairperson and, separately, from the faculty and staff. For Schools and Colleges without Departments, the faculty and staff shall be given an opportunity to provide input into the third year performance review. Such input will be based upon the Dean’s performance of the responsibilities set forth in section 301.3 and as otherwise defined by the University through proper channels. The Office of the Provost will distribute and administer standardized evaluation forms in electronic format, so that confidentiality may be assured. The standardized form shall have the following characteristics: 1) the form will use a combination of descriptive criteria upon which the Dean shall be ranked and opportunities for narrative comments to justify the ranks assigned; 2) respondents may reveal their identity but are not required to do so; and 3) the identities of the participants will not be revealed to the Dean under review. The Provost shall prepare a written report on the Dean’s performance, which shall include a summary of the Chairpersons’ evaluations (when applicable) as well as faculty and staff evaluations. The Provost shall share this written report with the Dean, who shall have the right to submit a written response. The Provost will maintain a record of the performance appraisals, the individual evaluation forms, and any responses from the Dean.

301.4.3 Periodic Comprehensive Review.
A Dean shall undergo a summative performance review at intervals of no longer than five years. The primary objective of the review is to provide advice to the President as he/she determines, in consultation with the Provost, whether the Dean will be reappointed following the appointment year in progress. Such a review may be commenced at an earlier point by the President at his/her own initiation, or upon request of the Provost, the Dean, a majority of the Chairpersons of the academic unit, or one-third of the faculty of the academic unit eligible to vote under the bylaws of the College or School. The Provost shall appoint a committee of nine faculty members to review the Dean, such appointments to be made during the fall semester of the review year. Three faculty members will be elected representatives from the academic unit, three will be appointed by the Faculty Senate Executive Council, and three will be appointed by the Provost, including the committee chairperson, who must come from outside the academic unit. The review committee shall conduct its work in an expeditious manner. It will begin its work
with a thorough review of the third-year evaluation documents. It shall consult with
Chairpersons (if there is a departmental structure), faculty, staff, and students from the
academic unit, and others deemed appropriate from within or outside the University. The
committee shall submit a written report to the Provost no later than February 1 of the
academic year in which the review commences. The Provost shall present the full report of
the review committee to the Dean, with a copy to the President, and shall distribute an
accurate summary of the findings of the report to every faculty and staff member of the
academic unit.

The Executive Council of the Faculty Senate shall monitor the Deans’ review process and
shall report to the Senate no less often than once every three years as to the adequacy of its
operation.

PART 400 UNIVERSITY OFFICERS; VICE PRESIDENTS AND OTHER
OFFICERS OF ADMINISTRATION

401 University Officers; Vice Presidents and other Officers of Administration.
The Board of Trustees shall appoint Officers of the University pursuant to the University
Bylaws. In addition, University Officers of Administration include the President, Senior
Vice President and Provost, the Vice Presidents, and those additional Officers of
Administration as the President may appoint or delegate the authority to appoint.

402 Recruitment; Initial Appointment.
The processes for recruitment of the President and the Provost are set forth in sections
202.2.3 and 202.3.3 respectively. Officers of Administration shall otherwise be recruited in
a manner consistent with applicable governance requirements.

Provisions applicable to the recruitment, appointment, and changes in appointment status
of Deans and Department Chairpersons appear in sections 301 and 303.1 respectively.

At the time of initial appointment, the hiring official (“supervising senior officer”) shall set
forth in writing the responsibilities of the Officer of Administration and all material terms
and conditions of the appointment, including starting salary and applicable benefits
policies and plans, and shall expressly reference the provisions of the University Manual.
The initial appointment letter shall also identify any additional or secondary appointments
and any base salary associated with a secondary appointment. An Officer of
Administration initially appointed without faculty rank or tenure may request consideration
for that status in an appropriate academic unit; requests shall be processed in accordance
with established standards and procedures.

403 Performance Review.
The supervising senior officer shall conduct an annual performance review of each Officer
of Administration under his/her supervision, and shall meet with each officer individually
to discuss the results of the review and, as applicable, the salary award for the upcoming
year. In addition, the supervising senior officer shall conduct a periodic comprehensive
performance review of each Officer of Administration under his/her supervision under
policies and procedures the President establishes pursuant to section 406.

404 Appointment Termination.
Except as provided in the University Bylaws, Officer of Administration appointments terminate through resignation, non-reappointment, or termination for cause, as stated below.
## Officers of Administration
### (as of December 1, 2011)

<table>
<thead>
<tr>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Vice President for Athletics Marketing and Business Development*</td>
</tr>
<tr>
<td>Associate Dean, College of Medicine</td>
</tr>
<tr>
<td>Associate Dean, College of Medicine</td>
</tr>
<tr>
<td>Associate Provost Curricular Affairs</td>
</tr>
<tr>
<td>Associate Provost Faculty Affairs and Internationalization</td>
</tr>
<tr>
<td>Associate Vice President for Administrative &amp; Facilities Services</td>
</tr>
<tr>
<td>Associate Vice President for Budget and Resource Management</td>
</tr>
<tr>
<td>Associate Vice President for Development*</td>
</tr>
<tr>
<td>Associate Vice President for Human Resource Services</td>
</tr>
<tr>
<td>Associate Vice President for Research Administration</td>
</tr>
<tr>
<td>Associate Vice President for Student and Campus Life</td>
</tr>
<tr>
<td>Associate Vice President for Student and Campus Life and Dean of Students</td>
</tr>
<tr>
<td>Chief Compliance Officer*</td>
</tr>
<tr>
<td>Chief Diversity Officer</td>
</tr>
<tr>
<td>Chief Information Officer</td>
</tr>
<tr>
<td>Chief Internal Auditor</td>
</tr>
<tr>
<td>Dean of Extension</td>
</tr>
<tr>
<td>Dean, College of Agriculture and Life Sciences</td>
</tr>
<tr>
<td>Dean, College of Arts &amp; Sciences</td>
</tr>
<tr>
<td>Dean, College of Education and Social Services</td>
</tr>
<tr>
<td>Position</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Dean, College of Engineering and Mathematical Sciences</td>
</tr>
<tr>
<td>Dean, College of Medicine</td>
</tr>
<tr>
<td>Dean, College of Nursing and Health Sciences</td>
</tr>
<tr>
<td>Dean, Continuing Education</td>
</tr>
<tr>
<td>Dean, Honors College</td>
</tr>
<tr>
<td>Dean, Libraries and Learning Resources</td>
</tr>
<tr>
<td>Dean, Rubenstein School</td>
</tr>
<tr>
<td>Dean, School of Business</td>
</tr>
<tr>
<td>Director of Admissions</td>
</tr>
<tr>
<td>Director of Athletics</td>
</tr>
<tr>
<td>Director of Capital Planning and Management*</td>
</tr>
<tr>
<td>Director of Institutional Research</td>
</tr>
<tr>
<td>Director of Physical Plant</td>
</tr>
<tr>
<td>Director of Residential Life</td>
</tr>
<tr>
<td>Director of University Communications</td>
</tr>
<tr>
<td>Director of Student Financial Services</td>
</tr>
<tr>
<td>President</td>
</tr>
<tr>
<td>Provost and Senior Vice President</td>
</tr>
<tr>
<td>University Controller</td>
</tr>
<tr>
<td>University Registrar</td>
</tr>
<tr>
<td>University Veterinarian*</td>
</tr>
<tr>
<td>Vice President for Development</td>
</tr>
<tr>
<td>Vice President for Enrollment Management</td>
</tr>
<tr>
<td>Vice President for Executive Operations and Chief of Staff</td>
</tr>
</tbody>
</table>
Vice President for Federal, State and Community Relations
Vice President for Finance and Administration
Vice President for Legal Affairs and General Counsel
Vice President for Research and Dean of the Graduate College
Vice President for Student and Campus Life

* No comparable position in CUPA Data (Total 5)
At next week’s Board of Trustees meeting, you will be asked to consider and vote on an amended version of our Presidential Compensation Policy and Guidelines. The amended language is designed to eliminate redundancy in conflict disclosure procedures as well as creating a provision to address foundation monies that may be considered part of compensation.

As this amended document is considered, and as the Presidential Search comes to a close, I thought it would be appropriate to provide you with a summary of information that the Annual Review Subcommittee (ARC) has received in recent months with respect to trends, issues, and community perspectives regarding Presidential compensation. It goes without saying that the terms of Dr. Fogel’s transition have raised many issues and concerns that all of us will be cognizant of when the Board considers contractual arrangements with UVM’s next President, and I will attempt to summarize them here.

**National Trends.** The ARC received a report from Randall Goodman, Esq., who is a highly credentialed attorney involved in executive contracts, compensation research, tax and benefits counseling, and other business concerns of a variety of organizations, including universities. Mr. Goodman reported that since 2002 (when our last President was appointed), elements of compensation for university presidents, both public and private, have remained largely static. He did note, however, that five areas of special emphasis have emerged:

- Trend toward simplicity of contract provisions, including the avoidance of administratively complex benefits arrangements
- Increased utilization of performance-based compensation awards (such as bonuses and deferred compensation arrangements)
- Retention of attorneys by presidential prospects to assist in contract negotiations
- Greater oversight of proposed and actual commitments external to the employing institution on the part of presidents
- Increased customization of contracts to the specific needs of candidates in view of their family circumstances or the stage of their careers

Goodman observed that “best practices” for setting compensation have not changed significantly, and include practices like annual review of performance, examining
comparability data, and requiring Board approval of compensation awards. He also discussed the constraints universities are experiencing with respect to base salary adjustments, but cautioned about collateral consequences from over-reliance on non-base awards such as bonuses and deferred compensation.

**Feedback from Governance Bodies.** The ARC solicited feedback from various governance bodies, representing faculty, staff, students, and alumni. Detailed reports from these bodies are attached for your information, and I will share with you a number of important themes and perspectives that emerged from verbal reports, survey results, and other written materials supplied to the ARC.

- **Transparency:** Concerns were expressed about the perceived lack of transparency with respect to presidential compensation, especially with respect to multiple “perks” in addition to salary included in the contract.
- **Use of Institutional Resources:** Dissatisfaction over additional compensation provided during the past president’s transition as well as the level of faculty salary awarded emerged, exacerbated by concerns over staff salaries.
- **Market-Based Competitiveness:** There was widespread understanding that a nationally-competitive compensation level is important and should be arrived at with transparency. However, this view was tempered by some who believe that Vermont is unique and has different values, and should not be bound by the marketplace or a corporate culture. Graduate students proposed that the President’s salary be determined as a multiple of a faculty member’s salary or that of UVM’s lowest paid workers.
- **Merit/Performance:** There was substantial agreement that salary increases should be tied to job performance. Clear goals should be set, and the President evaluated on how well they are met. The campus community should be able to offer feedback to the review process as well. Opinions varied widely, however, regarding the use of bonuses and other performance-based incentives to recognize good performance.
- **Englesby House:** The notion that the President should live on campus received clear support, and if (s)he does not, a housing allowance should not be offered.
- **Corporatization:** Without a clear definition of what this means, there is widespread concern that UVM is becoming more “corporate” in its operations and culture. This is reflected in presidential compensation, especially in terms not only of what the President is paid, but in other perks and transition arrangements that are wholly unavailable to other employees.
- **The Next Contract:** It is hard to over-estimate the impact of the difficult circumstances of President Fogel’s departure, and the perceptions that the severance package was excessive. There was a sense of unexpected surprise at the scope of the package, especially in light of what some felt was a messy and embarrassing scenario. Many hope that the next President’s contract will be simpler, fully transparent, and articulates clearly and in detail any severance arrangements and circumstances that may affect their application.
As noted above, there is additional detail contained in the attached documents for your information. I believe these perspectives are useful as we approach the task of negotiating an employment contract with the next President of The University of Vermont. The past year has certainly been a learning experience for me and for the entire Board of Trustees, and you may be assured that I will apply lessons learned to upcoming discussions with the successful candidate.

As always, please let me know if you have thoughts, questions, or concerns. Thank you.

Attachments (2)
- Governance Leaders Summary reports
- Proposed Amendments to the *Presidential Compensation Policy and Guidelines*

cc: President’s Senior Leadership
    Governance Leaders
    Dean’s Council
    Enrique Corredera, Director of Communications
    Jeff Wakefield, Assistant Director of Communications
UVM Alumni Association
Presidential Compensation Survey Summary

Prepared by: Kristina Pisanelli ’97
Vice President, UVM Alumni Association

Date: December 13, 2011

Background
In preparation for the December 9th meeting of the Annual Review Subcommittee, a five-question survey was developed and delivered to UVM Alumni Association leadership volunteers to solicit their thoughts and opinions in the matter of presidential compensation and evaluation criteria. The survey was distributed electronically to current members of the Alumni Association’s Board of Directors and members of the four regional volunteer boards in Boston, New York, Vermont and Washington DC. Responses were collected using the Survey Monkey technology.

Distribution & Response Statistics
The following is a summary of the survey distribution and responses

Number of Surveys Sent via E-mail: 103
Number undeliverable: 6
Number of Participants: 16
Percent Participation: 16.49% (excludes those undeliverable)

Participation rates for individual questions are as follows:

**Question 1:** In the area of merit and/or performance-based evaluation, what are the critical indicators that should be evaluated?
(15 answered question; 1 skipped question)

**Question 2:** Should UVM offer performance-based incentives and bonuses?
(15 answered question; 1 skipped question)

**Question 3:** How important is market competitiveness in the context of the total presidential compensation package?
(15 answered question; 1 skipped question)

**Question 4:** What is the right level of transparency in the Presidential compensation setting and review process and how should this be accomplished?
(15 answered question; 1 skipped question)

**Question 5:** Please share any general thoughts and feedback on the subject of Presidential compensation.
(11 answered question; 1 skipped question)
In the area of merit and/or performance-based evaluation, what are the critical indicators that should be evaluated?

The President is responsible for setting goals for the University annually, and should be held accountable for achieving those goals to the extent possible. Accordingly, I believe an evaluation of both the President's goal-setting and goal-achieving as critical indicators. The goals cannot be too easy to be readily achieved, but must be realistic and challenging. How far the President can come to leading the University towards their attainment are critical.

What changes are made that impact the ranking of the school

Defined qualitative and quantitative goals must be met.

Pay for performance

1. Academic excellence  
2. Alumni giving  
3. Peer evaluation at a national level on specific know metrics- 6-8 of them  
4. relationship with state and community- again metrics - 5 of them quantifiable

Setting of and reaching objectives set forth by the individual and the university. Are these objectives met, has the individual gone above and beyond in any areas or have they not achieved the objectives (and why)

fiscal management and leadership  academic standards of excellence  faculty feedback  student feedback  focused leadership for UVM mission

the ability to set forth and achieve short-term and long term University goals with respect to academic standards, national reputation, community involvement, financial management and public/private fund-raising through positive relationships both within and o/s of the University

nationally recognized institution improving its rank; increasing the endowment

likelihood of being in job for at least 10 years and diversity

applications to enroll and quality of applications  Financial targets (budgets met etc)

Have the University's financial goals been met or exceeded?  Is student engagement increasing? Offering of relevant courses based on our changing world - global economy, digital connections, etc. At what rate are graduates finding employment or entering graduate school? Relationships/partnerships with Vermont based businesses?  # Of students finding meaningful student internships? First year retention rates?

Honesty, integrity, values, job performance, ethical leadership, dedication to UVM and its students, faculty, and staff, fiscal responsibility, performance above and beyond the call of duty, creativity and originality.

Performance of endowment being crucial. Performance of the University in terms of attracting a diverse student body and world class professors also being important.

These indicators are critical but it is important they be long-term and not items that could be flash-in-the-pan success efforts
## Should UVM offer performance-based incentives and bonuses?

Absent an extraordinary circumstance, no. Institutions of higher education should not be viewed as profit engines for which CEOs should be bonus for having a "good" year. Again, the President should set realistic and challenging goals, and then attempt to attain them, all of which should be part of the job description. Should the President manage to secure an extraordinary amount of funds or is able to achieve a reputation bump beyond what could have realistically been expected, then a *diminimus* bonus could be provided.

<table>
<thead>
<tr>
<th>Yes</th>
<th>Yes</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>of course -50% based on two peer evaluations, 25% on direct report and 25% based upon student evaluation- there are existing models to go with</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Perhaps, but only if sound and reasonable metrics can be identified and agreed on within the UVM community value system</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Can be some portion, but shouldn't be too large a %</td>
<td>Yes, and they should be a mix of measurable and subjective areas. Subjective performance-based metrics might include attracting top talent to the staff, building relationships/partnerships with business leaders/partners and/or alum, student satisfaction rates. Measurable metrics should include performance against budget, student graduation rates, student employment rates, admissions acceptance rates, and SAT or ACT scores (which I abhor, but they're a reality in our current higher education culture.)</td>
<td>Yes, any compensation structure should be gauged on performance.</td>
</tr>
</tbody>
</table>
Survey Response Details

Question #3

How important is market competitiveness in the context of the total presidential compensation package?

Highly significant, vis-a-vis peers of public universities of similar size. We cannot look to the broad group of higher education institutions, but must compare ourselves with those similarly situated. Among those, we must be competitive in the marketplace.

6 on a scale of 1-10

Extremely important

Important but not paramount

50% or more - just look at other comp programs and it will define this for you - easy to do

I would imagine that with any job if you want a strong candidate you need to make the compensation commensurate with what the university expects to gain from the person in position.

It's an important factor, but UVM should know the contract boundaries and honor them BEFORE they start wooing candidates.

Very important

to draw and keep the best, it has to be taken into account

Important - we need the right person.

Important if we want a quality individual

Fairly important. National competitiveness has to be balanced with the Vermont economy. For instance, cost of living in VT, even in the Burlington area, is significantly less expensive than in major metropolitan areas in the northeast, such as NYC and Boston, yet it is more expensive than areas in the south such as Virginia or NC.

Market competitiveness is important, but so is quality of life. Vermont cannot expect to compete with major urban areas and should consider the Vermont lifestyle as part of the overall compensation package. A candidate may be willing to accept less for the quality of life Vermont has to offer. Burlington is considered one of the best small cities in the country in which to live. Capitalize on that.

Very important.

Very important.
Survey Response Details

Question #4

<table>
<thead>
<tr>
<th>What is the right level of transparency in the Presidential compensation setting and review process and how should this be accomplished?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Because of the public nature of UVM, compensation setting must be transparent. I don't think anything special needs to be done to make it so; simply complying with FOIA laws should be enough.</td>
</tr>
<tr>
<td>It should be known what the president is making at a state university.</td>
</tr>
<tr>
<td>Since UVM is a state university we're obligated to be completely transparent within the existing regulations.</td>
</tr>
<tr>
<td>The more transparent the better</td>
</tr>
<tr>
<td>I think this needs to be critically examined and further at other levels of exec staff. It is not hard to replicate what works at Lehigh and University of Mich. etc. - just get it done right.</td>
</tr>
<tr>
<td>Opportunities for students and faculty to offer a 'review' of the president should be available but managed by a much smaller committee that synthesizes the feedback. The committee should also conduct a review and consist of a team of people who work closely and represent all facets of the university. The president should also be conducting their own review and seeking peer and subordinate feedback</td>
</tr>
<tr>
<td>As it's public information UVM should be as transparent as possible with thorough articulation in the media and on campus</td>
</tr>
<tr>
<td>While I believe transparency is generally important, we must be careful to ensure that open, honest feedback is elicited and that both positive and negative comments are received without an agenda.</td>
</tr>
<tr>
<td>State institution must be transparent but also communicate properly to offset any ill-will</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>not qualified to comment</td>
</tr>
<tr>
<td>There should be transparency in the measurable parameters, such as performance against financial goals. There should be privacy in subjective and personal matters, including ethics.</td>
</tr>
<tr>
<td>100% transparency. If you feel you should not/cannot say it or report it, it should NOT be happening. Reporting methods can include: annual report, UVM Quarterly, press statements and releases; Faculty/Staff Newsletter.</td>
</tr>
<tr>
<td>The Board of Trustees should have the final vote; transparency needs only include the Board of Trustees.</td>
</tr>
<tr>
<td>Transparency is critical and for items NOT disclosed, the trustees should ask themselves tough questions about why and how the public would feel about such decisions</td>
</tr>
</tbody>
</table>
**Survey Response Details**

**Question #5**

**Please share any general thoughts and feedback on the subject of Presidential compensation.**

<table>
<thead>
<tr>
<th>Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pay the going rate for the best. Be generous.</strong></td>
</tr>
<tr>
<td><strong>The package should scale as tenure increases and reward presidents for performance over time.</strong></td>
</tr>
<tr>
<td><strong>University needs to realize that to get and retain the best you pay for it - comp should be at the 75% range of peers to start with - and then incentives bring additional comp - not that tough to figure out - get it done!</strong></td>
</tr>
<tr>
<td><strong>I think we should remember that UVM is an academic institution and not so much a corporation. That said, it would be nice to have a leader who is more aligned with the faculty in terms of execution of mission and overall compensation.</strong></td>
</tr>
<tr>
<td><strong>I feel that tight restrictions on the level of presidential compensation may limit the University's ability to attract and/or retain top individuals. I further believe that while such restrictions may be symbolically helpful in certain respects, the compensation needs to be competitive.</strong></td>
</tr>
<tr>
<td><strong>I never fear paying for qualified, successful people to lead firms / organizations. Critical to pay for talent and not exclude candidates based on monetary demands.</strong></td>
</tr>
<tr>
<td><strong>You will get what you pay for.</strong></td>
</tr>
<tr>
<td><strong>Find the best and the brightest and create a total compensation package that provides plenty of motivation for the individual to continue to build UVM's reputation and success. It's not about the golden parachute. It's about their performance ON the job.</strong></td>
</tr>
<tr>
<td><strong>I feel very strongly that the University's focus should be in providing affordable education to ALL Vermont students and that the University should be far less concerned with providing inflated salaries, monetary incentives, and bonuses to an already well-compensated President and other administrative officials. This is a time for fiscal modesty and conservatism. UVM has come under considerable fire of late around the issue of inflated, unmerited salaries. It is time to stand up and listen and prove that the University and its students take precedence. The right candidate for this position will understand and support that. If they are only in it for the money, they need to apply elsewhere.</strong></td>
</tr>
<tr>
<td><strong>Compensation needs to be competitive with Universities of UVM's size, but must have a heavy performance based component.</strong></td>
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<tr>
<td><strong>This is critical. Pay well and hold to high standards.</strong></td>
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Comments regarding presidential compensation

I think the faculty have been very vocal about their concerns on the issue of presidential compensation. The "corporatization" of the university is a broad concern of the faculty. Its echoes are heard when we are discussing many aspects of university life: class size; hiring new faculty (or not); the curriculum; investments in research, etc., but nowhere is it more prominent than in the discussion in the past few months of presidential compensation. I think all would agree that a faculty member who is running a university should be paid substantially more than one who is not, although we might disagree on the meaning of substantially. However, I think faculty would agree that a president whose time in the job has come to a rather unfortunate end should not be paid an exorbitant amount at the time of his/her leaving. In other words, a policy and a contract should include the possibility for this undesirable occurrence in such a way that it is not impossible (or even extremely difficult) to invoke. Finally, if such an eventuality does occur, and the board is for any reason unable to discuss it fully, I believe that the faculty would prefer to hear just that: The board is unable to discuss the reasons behind its decision.

Again, I am sorry to have missed the meeting. I am more than willing to discuss this further with any member of the board. I do appreciate your tacking this difficult challenge.

Best,

Julie

Julie Roberts
President, Faculty Senate
335 Waterman
802 656-7928
Julie.Roberts@uvm.edu
December 16th, 2011

Dear Members of the Annual Review Subcommittee,

The Graduate Student Senate thankfully acknowledges the opportunity to provide input to this committee regarding presidential compensation.

As a means of providing the background for the contents of this report, I would like to highlight that upon receiving the notification to participate in this discussion, we prepared an email that was sent to the whole graduate student body. This email was an open ended call for comments evaluating the application of presidential compensation policies this past year and how these policies would impact the candidacy for the presidential position. Additionally, we had a general discussion with the 36 program Senators during one of our biweekly meetings.

Graduate students are becoming very engaged and concerned about the future of graduate education at UVM. As their representative, it has been extremely interesting to see a response that, instead of just echoing many of the recent controversial press headings, was expressing the big idea of “what can we do to have a President that will be willing to bring our graduate programs to excel national and internationally”.

On the other hand, there is also a general feeling of unfairness regarding presidential compensation. I would summarize this other portion of the feedback with the following points:

1) Constrain the presidential salary (in particular, the corresponding to the months after leaving the position). Perhaps it could be bounded as a relative multiplier with respect to other administrative, faculty or staff positions.

2) Encourage the utilization of the on-campus presidential residence, while avoiding the allocation of additional resources for a personal alternative.

Lastly, I wanted to share some text from students’ emails that exemplify the points above. I believe this represents a more direct transmission of the tone of the conversation, which I might not be able to fully capture through my writing of this report. Please find these individual opinions quoted at the end of this message.

Thanks again for your time and consideration and please contact me with any questions.

Respectfully submitted,
Eduardo Cotilla-Sanchez
President, Graduate Student Senate

“...UVM has an enormous, beautiful residence available for the President's use. If the President chooses to live elsewhere, as Fogel did, that should be at his/her own PERSONAL expense -- not paid for by
UVM. There's no reason we should be paying for two separate places to live. Also, if the President chooses to live elsewhere, the Presidential mansion should be used for other University needs during that President's tenure, rather than sitting empty and disintegrating…"

"…Fogel's salary was outrageously high, as was the severance package. I don't have a magic number to offer, but perhaps it should be capped at some multiple of the lowest salary paid to a UVM employee, or a multiple of the salary the same individual would earn as a professor (twice the professorial salary, perhaps?). Such a cap would serve three purposes: it would provide an articulable basis for the salary itself, it would provide an incentive for the President to increase salaries for faculty/staff, and it would highlight the enormous disparity between the salaries of top administration and the rest of the UVM community…"

"…I would hope that the BOT doesn't allow for a housing stipend to be given to the next president. I can tell you that the Vermont taxpayers were not happy that Fogel was given more money because he didn't want to live so close to campus in the President's House. If a president doesn't want to live on campus they should use their healthy paycheck to secure a home. If Engelsby house isn't an appropriate house for the president and her/his family then another property should be renovated and used…"
From: UVM SGA
To: BOT – 12/14/11
Re: Executive Compensation

Here at the SGA, after consulting with our undergrads we think that when it comes to executive compensation here at UVM, the university must remain as competitive as possible in this period of growth. As such, we feel that salaries for the top executives must be competitive at market value. We want to make sure that the university continues to attract elite talent to the school in every capacity, department, and administrative position and think that salaries and compensation must be competitive to achieve this.
To: Robert Cioffi, Board of Trustees Chair
From: Ida Russin, Staff Council President
       Michelle Smith, Staff Council Vice President
Re: Staff Comments on Presidential Compensation

December 9, 2011

On behalf of Staff Council and the UVM staff, we wish to thank the Annual Review Subcommittee of the Board of Trustees for providing an opportunity for staff thoughts to be heard in the review of presidential compensation at UVM. In preparation for this opportunity, Staff Council made an open request to all staff as well as Staff Council representatives to provide comments on this subject. In addition, written responses from the Staff Council’s survey completed in April 2011 were also reviewed to glean further feedback on this matter. We have grouped the concerns we gathered into general headings with further explanations defining the issues. The comments ranged from constructive and helpful to angry and disappointed. We have done our best to put forth these sentiments in a productive manner.

Transparency about Presidential Compensation and Contractual Agreements

Staff expressed concerns over the lack of transparency around presidential compensation as it specifically relates to negotiated contractual agreements. Staff were not aware of the items that could be included, above and beyond the listed salary for the President’s position. Many of the comments received spoke to what many staff labeled as “unreasonable perks” that ranged from an exorbitant housing allowance to an extravagant severance package.

Inefficient use of University Resources

Several staff expressed dissatisfaction with the additional compensation granted to former President Fogel at the time of his departure, as well as the generous salary to be awarded to him upon his return as a full Professor in the Department of English. This was voiced as an inefficient use of University resources and raised further concerns over its impact on staff salaries and job security. Some felt that such strains on the budget as a result of having to pay the severance package would result in further years of a 0% salary increase at a time when many family finances are already stretched. This also led several staff to express a lack of confidence in the Board of Trustees and articulate further concern that the University is top heavy with overcompensated leaders within the Administration.

Vermont Values

Another theme that came out of the responses was that a difference exists between Vermont and national trends when it comes to University presidential compensation. This was expressed by pointing out that Vermont has different cultural values and standards than the rest of the United States when it comes to executive pay. Some viewed the current structure of presidential compensation at UVM more aligned with the corporate world than that of higher education, especially when compared regionally. Some conceded that to attract and retain a strong University President required a compensation package that was level with national trends, but they still felt that compensation needed to be considered in light of the uniqueness of Vermont and UVM.

cc: Board of Trustees, Annual Review Subcommittee
PRESIDENTIAL COMPENSATION POLICY AND GUIDELINES

This policy and its guidelines are intended for use by the University Board of Trustees in rendering presidential annual compensation adjustment decisions.

Policy

It is the policy of the Board of Trustees to seek to attract and retain highly effective and skilled presidents; to recognize the achievements of the president while serving the University; and to compensate the president in a manner that advances these goals, within the parameters of the fiscal resources available to the University. Presidential compensation decisions will also be made in a manner consistent with the overarching institutional policy on University employee compensation.

Procedures

Upon completion of the annual presidential performance review process, the annual review subcommittee of the Board Executive Committee will again convene promptly to formulate a recommendation regarding a compensation adjustment for the president effective the upcoming fiscal year. Its recommendation will be informed by the criteria and guidelines set forth below. All members of the subcommittee shall be independent, without any actual or appearance of conflict of interest in the matter of the setting of presidential compensation. The president must inform the subcommittee of all compensation paid or assignable to him/her in consideration of his appointment, regardless of the source of funds.

Following its review of the information described below and its related deliberations, the subcommittee will first advise the Executive Committee (in an Executive Session from which the President will be at least initially excused) of its proposed compensation adjustment and the associated rationale (“proposed adjustment”). The Board Chair will then meet with the President to discuss the proposed adjustment. After the latter meeting, the subcommittee will advise the full Board (in an Executive Session from which the President will be at least initially excused) of the proposed adjustment. The Board will take final action on the compensation adjustment in open session. The President shall not be eligible for, nor shall he or she receive, salary or other types of compensation from a third party (exclusive of standard University benefits) without the prior authorization of the Board of Trustees.
Criteria and Guidelines

Criteria for assessing and adjusting compensation will include:

- **Merit**, meaning presidential performance in relation to Board-established annual presidential performance goals and the president’s sustained contributions to the achievement of institutional objectives

- **Market competitiveness**, using relevant institutional comparators as identified by qualified internal personnel or a qualified external compensation consultant, with respect to salary, benefits, deferred compensation, and perquisites

- **Equity**, including relationship to University senior administrators’ compensation and the compensation guidelines and parameters set for the institution as a whole

Subject to consistency with governing law and relevant market practices, compensation may be comprised of elements in addition to base salary and the benefits plans otherwise available to University officers of administration. Thus, it may include, for example, incentives for achievement of specific performance objectives or to encourage longevity in position; tax-deferred compensation; professional association, civic, and club memberships; wellness or health maintenance programs; and sabbatical or other professional development opportunities. To assist the President in carrying out duties reasonably related to the presidency, the compensation arrangement may cover costs such as those associated with automobile use; communications services; housing; staffing for University-related events, such as housekeeping and property maintenance; and insurance.

Compliance

The President shall be solely responsible for individual income tax or other tax liability attributable as result of the compensation and expense payments or reimbursement awarded. The President and the University shall respectively maintain all payment and expense records required for tax and other compliance purposes as well as by applicable University policies.

Periodic Review

The Board shall periodically review these guidelines and revise them as desirable or necessary considering the University’s ability to attract and retain outstanding presidential leadership within the parameters of available fiscal resources; the evolution of institutional compensation guidelines; best practices in setting compensation for university presidents and executive officers; and applicable legal developments.
Appendix A

Parameters for Compensation at The University of Vermont

UVM’s approach to compensation supports and advances our vision of being the nation’s premier small public research university, committed to providing an exceptional educational experience to our students and to fulfilling our research and service missions. All that we do, including compensating employees, must serve these purposes.

Recruiting and retaining outstanding faculty and staff and assessing and rewarding their performance are essential elements of our ability to succeed. UVM is committed to compensating employees competitively and equitably, always with attention to student affordability and within the scope of available resources.

UVM compensation is guided by these parameters:

Compensation should be determined based on the following factors:

- Performance, including advancement of University and unit vision, mission, and goals
- Market competitiveness
- Equity, including attention to basic needs
- Recognition of the role of collective bargaining for unionized employees

Compensation equity encompasses several important factors, including awarding salary and benefits in a lawful, non-discriminatory manner. It also includes acknowledgment of the costs of living in this geographic area and the institutional interest in assisting employees, especially lower-paid employees, in meeting their basic needs. In doing so, we also recognize, and address where feasible, the differing impacts that required employee contributions to benefits have on employees at various compensation levels.

Compensation will be viewed as salary/wages plus benefits (total compensation).


Approved by the Board of Trustees: May 18, 2007
Amended by the Annual Review Subcommittee: December 9, 2011
For Approval by the Board of Trustees: February 4, 2012
Pursuant to the charge of the Executive Committee as amended on March 9, 2009, in addition to the responsibilities set forth in Board policy with respect to presidential performance review and compensation-setting the annual review Subcommittee (“Subcommittee”) shall annually undertake the responsibilities described below.

Executive Summary

The President annually will provide the Subcommittee a report on the status and performance of senior staff, as to which report no Board action will be requested or required. The President will also report on pending compensation adjustments for senior staff, as to which Board action will be required only if the President proposes to offer a staff member compensation components in addition to salary and customary benefits.

Policy and Procedures Elaboration

In conjunction with the annual presidential performance review, the President will provide the Subcommittee with a report on the performance of his or her direct reports, as well as Vice Presidents who report to the Provost & Senior Vice President, and the status of senior staffing generally. The report will include pending compensation adjustments for the direct reports and other Vice Presidents for the upcoming fiscal year, such adjustments to be formulated in a manner consistent with the principles set forth in general University policy as well as those stated in the Presidential Compensation Policy and Guidelines, including the criteria of Merit (individual performance in relation to established performance goals and contributions to the achievement of institutional objectives); Market Competitiveness (using relevant comparators as identified by qualified internal personnel or a qualified external compensation consultant); and Equity (including parameters set for the institution as a whole).
For officers other than the President, compensation shall generally be comprised only of salary and customary benefits. If the President believes that it is in the best interests of the institution to offer a senior staff member additional components of compensation, such as incentives for achievement of specific performance objectives or to encourage longevity in position; tax-deferred compensation; professional association, civic, and club memberships; wellness or health maintenance programs; sabbatical or other professional development opportunities; automobile allowances; or severance arrangements in excess of those for which the University Manual provides, the President must submit to the Subcommittee data demonstrating that the component is necessary or desirable in view of prevailing market conditions. The Executive Committee must approve any such additional component, whether to be offered at the time of hire or post-hire.

The purposes of the President's senior staff report are to (1) assist the Board in evaluating the President's performance in the selection, management and retention of senior University officials and the leadership team; (2) provide feedback to the President on the quality of the services rendered to Board Committees and the Board by senior institutional officers, most particularly Committee liaisons; and (3) furnish a basis for evaluating whether the President is setting senior officer compensation in relation to institutional compensation principles, in particular, market, merit and equity. To facilitate assessment by the Subcommittee, the President will include in his report the principal performance goals established for each officer for the FY in progress and his evaluation of performance in relation to those goals. Compensation data will also be provided to the Subcommittee as described elsewhere in these guidelines.

The review process, including consultation undertaken by the President with the Subcommittee, and Subcommittee deliberations, shall be conducted in Executive Session and its content shall be confidential. Following consideration by the Subcommittee of the President’s report and any proposed exceptions to customary compensation arrangements, the Subcommittee will advise the Executive Committee of the status of its review. If the President has requested an exception to the salary-only rule, following its deliberations the Executive Committee will act on the request in open session.

Approved by the Executive Committee: April 13, 2009
This policy and its guidelines are intended for use by the University Board of Trustees in rendering presidential annual compensation adjustment decisions.

Policy

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Procedures

Upon completion of the annual presidential performance review process, the annual review subcommittee of the Board Executive Committee will again convene promptly to formulate a recommendation regarding a compensation adjustment for the president effective the upcoming fiscal year. Its recommendation will be informed by the criteria and guidelines set forth below. All members of the subcommittee shall be independent, without any actual or appearance of conflict of interest in the matter of the setting of presidential compensation.

Following its review of the information described below and its related deliberations, the subcommittee will first advise the Executive Committee (in an Executive Session from which the President will be at least initially excused) of its proposed compensation adjustment and the associated rationale (“proposed adjustment”). The Board Chair will then meet with the President to discuss the proposed adjustment. After the latter meeting, the subcommittee will advise the full Board (in an Executive Session from which the President will be at least initially excused) of the proposed adjustment. The Board will take final action on the compensation adjustment in open session. The President shall not be eligible for, nor shall he or she receive, salary or other types of compensation from a third party (exclusive of standard University benefits) without the prior authorization of the Board of Trustees.
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Compliance

The President shall be solely responsible for individual income tax or other tax liability attributable as result of the compensation and expense payments or reimbursement awarded. The President and the University shall respectively maintain all payment and expense records required for tax and other compliance purposes as well as by applicable University policies.

Periodic Review

The Board shall periodically review these guidelines and revise them as desirable or necessary considering the University’s ability to attract and retain outstanding presidential leadership within the parameters of available fiscal resources; the evolution of institutional compensation guidelines; best practices in setting compensation for university presidents and executive officers; and applicable legal developments.
Parameters for Compensation at The University of Vermont

UVM’s approach to compensation supports and advances our vision of being the nation’s premier small public research university, committed to providing an exceptional educational experience to our students and to fulfilling our research and service missions. All that we do, including compensating employees, must serve these purposes.

Recruiting and retaining outstanding faculty and staff and assessing and rewarding their performance are essential elements of our ability to succeed. UVM is committed to compensating employees competitively and equitably, always with attention to student affordability and within the scope of available resources.

UVM compensation is guided by these parameters:

Compensation should be determined based on the following factors:

- Performance, including advancement of University and unit vision, mission, and goals
- Market competitiveness
- Equity, including attention to basic needs
- Recognition of the role of collective bargaining for unionized employees

Compensation equity encompasses several important factors, including awarding salary and benefits in a lawful, non-discriminatory manner. It also includes acknowledgment of the costs of living in this geographic area and the institutional interest in assisting employees, especially lower-paid employees, in meeting their basic needs. In doing so, we also recognize, and address where feasible, the differing impacts that required employee contributions to benefits have on employees at various compensation levels.

Compensation will be viewed as salary/wages plus benefits (total compensation).


Approved by the Board of Trustees: May 18, 2007
Amended by the Annual Review Subcommittee: December 9, 2011
Approved by the Board of Trustee: February 4, 2012
Steps in Establishing a Faculty Salary

for Individuals Initially Hired Into an Administrative Position

Establishing an Initial Faculty Salary

- Obtain a copy of the individual’s curriculum vitae to determine their (a) academic discipline and (b) the year of their highest degree.

- Obtain a copy of the most recent edition *Oklahoma State University Faculty Salary Survey by Discipline*. The OSU salary survey is conducted annually. It provides average, high, and low salaries by academic rank for each discipline at the participant institutions. Data are also provided for “All Ranks.” The institutions invited to participate are major public universities that award doctorates in a least five (5) different discipline areas.

- The OSU participant institutions come from the following current Carnegie Classifications which were established in 2005: Research Universities – Very High Research Activity; Research Universities – High Research Activity; and Doctoral/Research Universities. UVM is classified as a Research Universities – High Research Activity [Note: The Carnegie Classifications are updated and revised approximately every five to seven years. From 2000(?) to 2005, the Carnegie Classifications in the OSU survey were: Doctoral/Research Universities – Extensive and Doctoral/Research Universities – Intensive. UVM was classified as a Doctoral/Research I University in the 2000 Classification.]

- UVM is currently classified as a Research Universities – High Research Activity. However, some consideration may be given to a candidate who is coming from a Research Universities – Very High Research Activity where salaries tend to run higher than UVM’s classification.

- It may be necessary to adjust the relevant OSU salary data to bring them current to the base year for which a UVM faculty salary is to be determined. For example, if asked in November 2011 (i.e., the 2011-12 academic year) to provide a faculty salary for a new senior administrative candidate, the most recent OSU data are for the 2010-11 academic year. Therefore, the OSU salary data would need to be increased in order to estimate 2011-12 salary data. Data on faculty salary increase trends from the American Association of University Professors (AAUP) annual faculty salary report can be used for this calculation. [Note: In some instances, it is necessary to calculate a faculty salary where there will be a two year difference between the year the candidate will begin their UVM appointment and the most current OSU data. Example: One might be asked to calculate an 2012-13 faculty salary early in 2011-12 when the most current OSU and AAUP data are for the 2010-11. This will require one additional calculation to estimate a 2012-13 “OSU” salary. In this...
example, a 2011-12 UVM salary would be incremented by the salary increase percent in the full-time bargaining unit collective bargaining agreement. ]

- Once a faculty salary has been estimated using the data and methodology described above, some salary supplements may be given for the candidate’s (a) up to ten percent for one’s previous scholarly activity and (b) up to ten percent for one’s previous administrative experience. [Note: These salary supplements were proposed in a May 2001 document prepared by Professor Robert Low at the request of UVM’s incumbent Provost.]

- If UVM salary are available, one should plot the candidate’s estimated salary with the current salaries of faculty at the same rank in (a) the appropriate UVM department and (b) the appropriate UVM college or school. These salaries should be plotted against “years since highest degree” a proxy measure of years of experience.

- The above information with appropriate analyses should be forwarded to the appropriate UVM administrator for a final decision.

**Setting a Faculty Salary When Actually Moving to a Primary Faculty Appointment**

- With an initial faculty salary having been previously determined, this process is relatively simple. The protocol has been established to apply the salary increase pools in the appropriate full-time bargaining unit collective bargaining agreements. It is recommended that the individual components of the salary increase pools be used instead of the total salary increase pool. That is, use the separate salary increases for (a) across-the-board; (b) market/compression; and (c) performance should be used in making current the individual’s faculty salary. Using the individual salary increase components not only provides more useful information, it also allows one determine if the calculations for market/compression adjustments exceed the dollar increase caps in the collective bargaining unit. I recommend showing as much detail as possible.

- Once these calculations have been prepared, the impacts of adding up to an additional ten percent each for (a) one’s UVM scholarly activity and (b) one’s UVM administrative experience.

- These data and analysis are then forwarded to the appropriate UVM senior administrator for review and decision.

*Final Note: It must be remembered that there is an element in negotiation, especially in the determination of the initial faculty salary.*
Review and Evaluation of Senior Administrators

Policy Statement
Senior University administrators will be subject to performance review annually and to a periodic comprehensive review at intervals of no longer than five years. The comprehensive review will address all significant aspects of the individual's responsibilities, soliciting input from appropriate constituencies as determined in relation to those responsibilities.

Reason for the Policy
This Policy requires supervisors to conduct annual performance reviews to recognize accomplishment, identify areas for improvement, and determine compensation. Comprehensive reviews are intended to assist supervisors in assessing the effectiveness of senior administrators in meeting defined institutional needs, including strategic goals and administrative expectations. It is also intended to provide constructive observations and guidance for improvement, including professional growth and development.

Strategic Direction
The Policy is designed to facilitate achievement of strategic goals and to meet institutional fiduciary responsibilities.

Applicability of the Policy
This Policy applies to senior administrators, defined for purposes of the Policy as the Provost, the Vice Presidents, and other such other institutional officers as the President may designate. Senior administrative officers generally have responsibility for planning, organizing, directing, and evaluating the programs, activities, and operations of a major segment of the University, or throughout the University in their specifically assigned areas of responsibility. This Policy does not apply to deans, who are annually as well as periodically evaluated under
a policy and procedures especially applicable to deans.

**Policy Elaboration**

In view of the diverse responsibilities of senior administrators and the nature of their units and areas of operation, the scope and content of the comprehensive review process for which this Policy provides will necessarily vary in relation to the administrator being reviewed. Appendix to this Policy is intended to provide general guidance to supervisors regarding the design and implementation of such reviews.

**Definitions**

*Senior University administrators* - See "Applicability"

**Procedures**

None

**Forms**

None

**Contacts**

Questions related to the daily operational interpretation of this policy should be directed to:

Chief of Staff  
(802)-656-8937

The President is the official responsible for the interpretation and administration of this policy.

**Effective Date**

Approved by the President June 23, 2006
Appendix

GUIDELINES FOR THE DESIGN AND CONDUCT OF COMPREHENSIVE REVIEWS  As stated in the Policy Elaboration, in view of the diverse responsibilities of senior administrators, and the nature of their units and areas of operation, the scope and content of the comprehensive review process for which the Policy provides will necessarily vary in relation to the administrator being reviewed. This Appendix provides general guidance to supervisors regarding the design and implementation of such reviews. In general, evaluation shall occur in a manner flexible enough to be responsive to the mission of the administrators unit without undermining reasonable consistency of process across units.

Annual Performance Reviews

1. Supervisors will conduct annual performance reviews of all senior administrators under their direct supervision. The reviews will be conducted reasonably in advance of the conclusion of a fiscal year in progress.
2. The primary objectives of the annual performance review are to recognize accomplishment, identify any areas for improvement, set goals for the upcoming year, and determine compensation. Supervisors should actively engage administrators in the formulation of unit and individual performance goals consistent with strategic goals and institutional mission.
3. Supervisors will conduct individual meetings with senior administrators regarding their performance reviews. The supervisor may request, and/or the administrator may submit, a summary self-assessment.
4. Performance reviews will be reduced to writing and maintained confidentially in appropriate personnel records. An administrator may respond in writing to a performance review, and a copy of the response will be maintained proximately to the evaluation.
5. In addition to review of performance over the year in progress, the supervisor, in consultation with the administrator, will set written goals for the upcoming fiscal year. If, following consultation with the administrator, the supervisor modifies these goals or assigned responsibilities during the year, the modification will be reduced to writing and a copy provided by the supervisor to the administrator.
6. Senior administrators are otherwise subject to personnel actions, including appointment, reappointment, non-reappointment, suspension, and termination, in accordance with applicable University Bylaws and policies.

Comprehensive Performance Reviews

1. Supervisors will initiate comprehensive reviews no more often than at three, and at no less than five-year intervals. The senior administrator will be advised in writing by his or her supervisor of the initiation of a review. The supervisor will identify to the administrator, prior to initiation of the review, the processes to be followed and the constituencies and individuals whom he or she intends to consult.
2. The primary objectives of the comprehensive review are to assist supervisors in assessing the administrator's effectiveness in meeting defined institutional needs, including strategic goals and administrative expectations, and providing constructive observations and guidance for improvement, including professional growth and development. Areas of focus will typically include administrative leadership and management; effectiveness in achieving or facilitating achievement of institutional goals and priorities; responsiveness to the needs of colleagues and relevant constituencies; and the quality of external relationships pertinent to the position. In the case of academic administrators, focus will include the administrator's contributions to shaping the intellectual life of the campus through decisions affecting faculty, the promotion of academic values and standards, and the adaptation of the campus to changing circumstances and needs.
3. In general, the review process should be designed in light of the primary objectives of the review and the specific responsibilities of the senior administrator, as well as the nature of his or her unit and areas of operation. The process should solicit meaningful input from appropriate governance groups and constituencies, those to be determined in relation to the administrator's specific responsibilities, nature of the unit, and areas of operation.
4. Input will be solicited through use of evaluation surveys, which may be completed anonymously at the
option of the respondent. The survey will include a preliminary description of the assigned responsibilities of the administrator, unit(s) under his or her supervision, and areas of operation. The survey will use a combination of specific criteria on which the administrator will be quantitatively ranked and opportunity for narrative comment. It will identify the status of each respondent in a general, non-personally identifiable form, including the nature and extent of direct contact between the respondent and the administrator. In his or her reasonable discretion, the supervisor may also (a) conduct interviews of external or internal persons whose experience with the administrator is substantial and directly relevant to the objectives of the review; and/or (b) appoint a review team to assist him/her. With the approval of the President, or in his or her own discretion in the case of the President, a supervisor may retain a qualified external consultant to assess aspects of the administrator's operations or performance. The supervisor may request, and/or the administrator may submit, a written self-evaluation.

5. All input solicited will be maintained confidentially and competently summarized in writing. The senior administrator will receive a written summary of survey results, accompanied by the supervisor's written overall assessment based on the results and his or her own evaluation of performance over the evaluation period. The meeting will address the results of the comprehensive review process and provide constructive observations and guidance for any identified areas for improvement, including professional growth and development.

6. A record of the comprehensive review will be maintained confidentially in appropriate personnel records. An administrator may respond in writing to a review, and a copy of the response will be maintained proximately to the evaluation.

7. Senior administrators are otherwise subject to personnel actions, including appointment, reappointment, non-reappointment, suspension, and termination, in accordance with applicable University Bylaws, handbooks, and policies.