A meeting of the Annual Review Sub-Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Friday, December 9, 2011 at 8:30 a.m., in room 351 Waterman Building.

MEMBERS PRESENT: Chair Robert Cioffi*, Bill Botzow*, Ian Boyce*, Harry Chen, Debbie McAneny*, Donna Sweaney* and Mark Young

MEMBERS ABSENT: None

OTHERS PRESENT: Vice President for Legal Affairs and General Counsel Francine Bazlue, Director of Institutional Research John Ryan, Staff Council President Ida Russin, Graduate Student Senate President Eduardo Cotilla-Sanchez and Kristina Pisanelli*, Alumni Representative (on behalf of President Ted Madden)

*via conference phone

Chair Cioffi called the meeting to order at 8:35 a.m.

Approval of Minutes

A motion was made, seconded, and voted to approve the minutes of the October 18, 2011 meeting.

Presidential Compensation

Chair Cioffi welcomed representatives from the governance bodies and thanked them for taking the time to join the meeting to share feedback from their respective constituents on the topic of presidential compensation. He explained that information gathered at this meeting will be taken into consideration by the Subcommittee, which will be assisting the Board Chair and the Board in negotiating a contract with the new President.

He reported that the Presidential Search Committee interviewed 12 semi-finalists last week and shared how exciting it was for Committee members to hear from candidates how they view UVM currently and its future. He also reported that the search is on scheduled and that he anticipates that 3-5 finalists will be publicly announced mid-January, with campus visits to occur later that month.

Chair Cioffi invited Staff Council President Ida Russin to share feedback solicited from staff members. President Russin began by thanking the Subcommittee for providing an opportunity for staff thoughts to be heard in the review of presidential compensation. In preparation, Staff Council invited all staff (approximately 1,500), via the monthly publication Staffline, to provide comments on this subject. Feedback was also solicited from Staff Council representatives.
President Russin indicated she was pleased with the number of written responses received (approximately 20).

President Russin stated that comments ranged from constructive and helpful to angry and disappointed, noting that she expected passionate comments due to low morale. She next highlighted three main concerns:

- **Transparency** – some staff members expressed concerns over the lack of transparency around presidential compensation as it specifically relates to negotiated contractual agreements that cover items such as housing allowances and severance packages. The Subcommittee was encouraged to make public the entire compensation package.

- **Inefficient use of University resources** – several staff expressed dissatisfaction with the additional compensation granted for former President Fogel at the time of his departure, as well as relative to the salary awarded upon his assumption of an appointment as a Professor in the Department of English. This exacerbated concerns over staff salaries.

- **Vermont values** – some staff members opined that a difference exists between Vermont and national trends when it comes to 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. While some staff expressed the view that a compensation package level with national trends was required to attract and retain a strong President, they still felt that compensation needs to be considered in light of the uniqueness of Vermont and UVM.

Trustee Harry Chen asked what would satisfy the staff’s request for transparency. President Russin replied that a presidential compensation policy that outlined all components of compensation, and sharing information on national trends, would be helpful.

Chair Cioffi next invited Krissy Pisanelli, newly elected Vice President of the Alumni Association, to share feedback solicited from alumni. Vice President Pisanelli reported that, in preparation for today’s meeting, a five-question survey was developed and distributed electronically to the current members of the Alumni Association’s Board of Directors and to members of the four regional volunteer boards in Boston, New York, Vermont and Washington, D.C.

The first question solicited feedback in the area of merit and/or performance-based evaluation and, specifically, which critical indicators should be evaluated. Responses included achieving quantifiable goals and objectives in the areas of academic excellence, enrollment, alumni giving and peer evaluation at a national level as well as with respect to the University’s relationship with the community and state.

The second question asked whether UVM should offer performance-based incentives and bonuses. Many alumni felt performance based incentives and bonuses should be offered. Some
alumni felt that these incentives and bonuses should be aligned with performance-based objectives; others felt they should be a mix of measurable and subjective areas.

The third question sought to gauge how important market competitiveness is in the context of the total presidential compensation package. Responses indicated that market competitiveness is very important and especially significant among peer institutions. Alumni also cautioned that national competitiveness should be balanced with the Vermont economy.

The fourth question inquired about transparency in the Presidential compensation-setting and review process and how this should be accomplished. Like the staff, alumni felt that, due to the public nature of UVM, compensation-setting must be transparent and that the entire compensation package should be made public. In response to the review process, suggestions included making available opportunities for constituents and those who work closely with the President to offer a ‘review’ of the president and that reporting channels might include an annual report, Vermont Quarterly or a faculty/staff newsletter.

The last question offered an opportunity for general comments on the subject of Presidential compensation. Comments generally reiterated what alumni felt was most important from the process questions. Vice President Pisanelli concluded by thanking Trustees for the opportunity to offer feedback.

Trustee Botzow asked how about the number of surveys issued and responses received. Vice President Pisanelli reported that, as of mid-week, approximately 16 responses out an estimated 75 surveys issued were received. She offered to provide a written summary with detailed survey responses and response statistics next week.

Chair Cioffi next invited Eduardo Cotilla-Sanchez, President of the Graduate Student Senate, to share feedback solicited from graduate students. President Cotilla-Sanchez thanked the Subcommittee for the opportunity to share feedback on behalf of the graduate students. He reported that individual e-mails were sent to all graduate students to solicit feedback and that presidential compensation was discussed at a recent Graduate Student Senate meeting. President Cotilla-Sanchez reported he was pleased with the survey responses, which included 35 from senators and 10 additional e-mail responses. He said that the graduate students shared many of the same opinions as staff and alumni with regards to transparency about the presidential compensation package and market competitiveness in recruiting and retaining a President. He also offered to provide a written summary of responses next week.

Graduate students also discussed two additional topics. The first topic related to compensation generally, with some students suggesting that the salary of the President be related to a percentage of a faculty member (i.e. an Associate Professor). The second topic was whether or not the next President should live on campus. Some graduate students feel that an engaged President should live on campus; they therefore support the use of Englesby House. Some graduate students stated, however, that they do not believe a housing allowance should be offered if the President chooses to live off campus.
Trustee McAneny, who also serves as leader of the Presidential Housing Work Group, reported that, based on the assessment, the current condition of Englesby House renders it unsuitable as an official presidential residence.

Chair Cioffi thanked each of the governance leaders for taking the time to share their feedback with the Subcommittee. He noted that the President of the Student Government Association and Faculty Senate were also invited to attend today’s meeting and that both would be invited to submit written comments for the Subcommittee’s consideration.

**Approval of Proposed Amendments to the Presidential Compensation Policy and Guidelines**

Vice President Bazuke introduced proposed amendments to the Presidential Compensation Policy and Guidelines included as attachment 2 in the meeting materials (appended to the minutes). She noted the amendment proposed in the first paragraph of the Procedures section is intended to eliminate redundancy as Trustees annually submit conflict disclosure forms. The second amendment proposed in the third paragraph of the Procedures section was new and intended to cover foundation monies.

A brief discussion followed after which the Subcommittee decided to keep the first sentence in proposed amendment in the first paragraph and to approve the remaining amendment as recommended. Chair Cioffi will present the amended policy for Board consideration at its February meeting.

**Executive Session**

At 9:10 a.m., the Chair entertained a motion to enter into executive session to discuss contracts. Vice President Bazuke and Director Ryan were invited to remain. All other participants were excused for the remainder of the meeting.

Executive Session concluded at 9:45 a.m.

**Adjournment**

There being no further business, the meeting was adjourned.

Respectfully submitted,

Robert F. Cioffi, Chair
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