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 Wednesday, September 21, 2011 at 10:30 a.m., via conference call, in room 351 Waterman Building.

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

MEMBERS ABSENT: Harry Chen

OTHERS PRESENT: Vice President for Legal Affairs and General Counsel Francine Bazluka, Director of Institutional Research John Ryan, Staff Council President Ida Russin, Staff Council Vice President Michelle Smith, and Reporter Tim Johnson of the Burlington Free Press

Chair Cioffi called the meeting to order at 10:33 a.m.

Approval of Minutes

A motion was made, seconded, and voted to approve the minutes of the August 22, 2011 meeting.

Review of Executive Compensation

Chair Cioffi explained that the purpose of this meeting is to review a pre-distributed summary regarding existing UVM policies governing executive compensation. The document summarizes current policies and procedures and provides an overview of elements to consider when evaluating executive compensation. He encouraged those in attendance to identify any additional items that should be considered. He also previewed that the Subcommittee will be meeting in October, at which time benefits consultant Randy Goodman will provide information regarding national common and best practices specifically related to presidential compensation.

Vice President Bazluka provided an overview of the summary, beginning with institution-wide general parameters relative to compensation. She next described the University Manual, which outlines the duties and structure of administrative appointments. She noted that the University has in place a requirement for periodic comprehensive reviews of senior administrators, including Deans, as well as for an annual and periodic comprehensive review of the President. She reminded the subcommittee members that the Office of Institutional Research annually provides materials used in the president’s review, including data of peer institutions covering presidential and administrative officers’ compensation.

Chair Cioffi inquired if the University’s current compensation policies are similar to those being at peer institutions. Director of Institutional Research John Ryan stated that, in his experience,
they are similar, and in some cases the mechanisms used at the University are more robust. Vice President Bazluke added that, several years ago, the Board had retained an Association of Governing Boards’ consultant, Bob Atwell, in conjunction with the comprehensive presidential review, who indicated that our policy and procedures were in-line with best practices.

Staff Council President Ida Russin stated that staff would likely be more comfortable with a compensation policy that encompassed all persons employed at the University, with a subsection related to executive compensation, rather than having separate policies. Vice President Bazluke explained that there are many categories of employees whose compensation is governed by different policies and procedures (for example, Human Resource Services oversees a complicated job classification system), and it would be difficult to have a policy that encompasses both exempt and non-exempt employees.

Trustee Bill Botzow asked if there is a current compensation policy specific to resignations. Vice President Bazluke replied that policies concerning simple resignations are outlined, but that “negotiated” resignations are more complicated.

Trustee Botzow also inquired at what point an agreement represents a contract and sought clarity regarding mid-course changes to employment agreements. Vice President Bazluke stated that each category of employment has distinct job descriptions, such as department chairs of Departments and deans, whereas vice presidents’ job descriptions vary depending upon the scope and nature of their assignments. All of these officials, however, are subject to annual reappointment, except for the President, who serves at the will of the Board. The initial appointment letter contains a provision regarding compensation, and compensation is thereafter adjusted under the policies and procedures applicable to the appointment. Deans may negotiate additional consideration, such as budget commitments, at the time of hire; Vice Presidents’ compensation is generally set in the initial agreement, as is the compensation of the President. An unpredictable piece is when there is a disputed departure which might have a negotiated severance.

After discussion, the Subcommittee concluded that the following questions need to be addressed and forwarded to the administration to consider:

- Does the University currently have the right executive compensation policies?
- Are they organized in the right way?
- Is it in full compliance with law, and best practices?
- Is the University in compliance with its own policies?
- Are there gaps or conflicts in the policy that need to be addressed?

Trustee Ian Boyce encouraged the University to be transparent in its rationale for the compensation ultimately offered the next President. Chair Cioffi concurred.

Trustee Botzow added that there needs to be a clearer understanding of how salaries are set for all employees of the University.
Subcommittee members also discussed that there will always be circumstances that result in exceptions to policy. Vice President Bazluke recommended that there be procedures and criteria established for such exceptions.

Reporter Tim Johnson asked if there is a timeline for this process to be completed. Chair Cioffi stated that the administration will need to develop a timeline once it reviews the pending questions. Chair Cioffi further stated, however, that the work related directly to presidential compensation must be finalized prior to the end of the calendar year so that it can be approved prior to interviews with candidates.

Vice President Bazluke called attention to specific steps recommended in the memorandum in formulating the compensation plan, and asked that if members believe that items should be added, they should email their suggestions to Chair Cioffi and Interim President John Bramley.

**Adjournment**

There being no further business, the meeting was adjourned at 11:20 p.m.

Respectfully submitted,

Robert Cioffi, Chair