

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

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.

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).

Excerpt, *New Parameters of Compensation*, Office of the President, January 25, 2007.

Approved by the Board of Trustees: May 18, 2007