

REVISED



USM Board of Regents
Committee on Organization and Compensation
November 8, 2018
USM Office – Elkins Building

AGENDA FOR OPEN SESSION

8:30 a.m.

Call to Order

Regent Gooden

1. [Review of Charge of Committee on Organization and Compensation \(discussion\)](#)
2. [Status of Work Plan on Executive Compensation and Governance \(information\)](#)
3. Selection of a New Committee Chair (discussion)
4. [Convene to Closed Session \(action\)](#)



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Review of Charge for Committee

COMMITTEE: Organization and Compensation

DATE OF MEETING: November 8, 2018

SUMMARY: The Chair of the Committee would like to discuss the responsibilities of the Committee on Organization & Compensation as outlined in the Board of Regents Bylaws. The charge of the committee accompanies this document for review.

ALTERNATIVE(S): This is a discussion item.

FISCAL IMPACT: No fiscal impact.

CHANCELLOR'S RECOMMENDATION: This is a discussion item.

COMMITTEE ACTION: DATE: November 8, 2017

BOARD ACTION: DATE:

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

Section 7. Committee on Organization and Compensation.

- A. The Committee shall consider and recommend to the Board on all matters pertaining to the performance and compensation of the Chancellor and System Presidents. The Committee considers and reports to the Board on matters requiring the attention of the Board concerning the organization and structure of the University System of Maryland, its constituent institutions and centers, and the System Office.
- B. The Committee shall have the responsibility regarding matters that arise pertaining to strategic reassessments of the organizational structure and leadership structure of the System and its institutions and centers, reporting on these to the Board, and forwarding recommendations for changes as needed or desired. The Committee shall also consider any recommendations for major organizational changes which are forwarded by the Chancellor for the Board's consideration.
- C. The Committee shall have responsibility for overseeing the annual performance evaluation of the Chancellor, for discussing this evaluation with the Chancellor and for reporting the evaluation to the Board. The Committee shall also have the responsibility for recommending annually to the Board the compensation package of the Chancellor.
- D. The Committee shall discuss with the Chancellor her/his performance evaluation of each institutional president, and each Vice Chancellor, and her/his consequent recommendations for compensation actions. Based on this discussion, the Committee shall consider and recommend to the Board annual compensation packages for each of these individuals.
- E. In the event that a vacancy occurs in a presidential position, on the recommendation of the Chancellor, the Committee shall recommend to the Board the appointment of an individual to serve in an acting or interim capacity until such time as the Board makes a permanent appointment. The Committee shall recommend all compensation actions for the acting or interim appointment to the full Board. The Committee shall also recommend to the Board any and all severance packages for the Chancellor, the System Presidents, and Vice Chancellors as appropriate.¹¹
- F. In the event that the Chancellor's position becomes vacant, the Committee shall recommend to the Board the appointment of and an appropriate compensation package for an Acting or Interim Chancellor.
- G. The Committee shall review, monitor, and implement processes and procedures for the Board's optimal performance. The Committee is also responsible for development and implementing assessment of the Board's activities.



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Status of Work Plan on Executive Compensation and Governance

COMMITTEE: Organization and Compensation

DATE OF MEETING: November 8, 2018

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

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

ALTERNATIVE(S): The Committee could choose not to discuss the topic.

FISCAL IMPACT: Components of the work plan may require external expertise; however, it is anticipated that the fiscal impact will be minimal.

CHANCELLOR'S RECOMMENDATION: The Chancellor recommends that the Committee discuss the status report and suggest any necessary edits.

COMMITTEE ACTION: DATE: November 8, 2018

BOARD ACTION: DATE:

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

Executive Compensation and Governance Study Work Plan				
Objectives	Status	Target Completion Date	Responsible Staff	Comments
Develop a compensation philosophy				
Outline the goals and desired objectives of the executive compensation program, compensation elements, peer group, desired pay positioning, etc.	Completed	Completed 9.15.17	Chancellor's Office	
Enhance governance tools and processes				
Expand and formalize the charter for the Organization and Compensation Committee	Completed	Completed 12.15.17	Chancellor's Office	
Create tally sheets for the Chancellor and presidents to provide year-over-year detailed compensation to regents in a consistent format	Completed	Complete	Chancellor's Office	
Develop an annual calendar of key actions required in performance assessment and compensation administration	Completed	Completed 12.15.17	Chancellor's Office	
Conduct education sessions for the Organization and Compensation Committee and/or the BOR on current topics in executive compensation and governance	Completed	Sibson presented sessions at September 11, 2018 meeting	Outside Assistance	
Streamline goal setting and evaluation approach				
Develop a standard template and process for annual goal development and performance evaluation to allow for a simpler, quicker assessment that also balances the Chancellor and presidents' needs for personalization with System's need for greater consistency. The template should be automated, if practicable, and may incorporate scorecard/longitudinal metrics currently used at the System and longer-term strategic planning measurement.	Completed	Draft approved at 4.20.18 BOR meeting	Chancellor's Office	
Review the current guidelines for five-year presidential reviews and recent five-year review reports and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.	In progress - agreed to change to three-year review instead of five	Fall 2018	Chancellor's Office	Planning a beta test with recently appointed president; Will develop policies and the test before voting on proposed changes Working with Sibson to develop benchmarks for other presidential assessment processes at other systems
Conduct periodic total remuneration reviews				
Supplement annual base salary reviews of recently developed peer groups with total remuneration assessments every 3 to 5 years to ensure continued market competitiveness of the full compensation package. Components include the aging of data, update of data from peers and reassessment of peers.	Ongoing	Ongoing	Chancellor's Office	Administration and Finance aging data

Explore the use of incentives and/or deferred compensation vehicles				
The use of incentive pay has been increasing across higher education and is expected to continue. Sibson Consulting estimates that currently about 20-30% of institutions provide incentives to executives, however, they are more prevalent in private institutions than public institutions.	On hold	Sibson provided session on incentive pay at September 11, 2018 meeting	Outside Assistance	Will continue to monitor trends
Review process and guidelines for chancellor and presidential searches and create a succession planning process across the system				
Review current process, outcomes and guidelines for chancellor and presidential searches and determine needed improvements in the process, if any. The guidelines should be updated to reflect agreed upon changes.	In progress	Summer 2019	Chancellor's Office	Discussed at Org and Comp meeting on 3.29.18 - will continue discussions
Develop a succession planning process to help retain high performing incumbents who demonstrate top executive potential and help alleviate the future expected competition over scarce resources.	In progress	Sibson provided session on succession planning at September 11, 2018 meeting; Look closer in January 2019	Outside Assistance	



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION,
INFORMATION OR DISCUSSION

TOPIC: Convening Closed Session

COMMITTEE: Organization and Compensation

DATE OF MEETING: November 8, 2018

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

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

ALTERNATIVE(S): No alternative is suggested.

FISCAL IMPACT: There is no fiscal impact

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

COMMITTEE ACTION: DATE: November 8, 2018

BOARD ACTION: DATE:

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



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

Date: November 8, 2018
Time: Approximately 8:45 a.m.
Location: Chancellor's Conference Room
Elkins Building
USM Office

STATUTORY AUTHORITY TO CLOSE A SESSION

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

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

FORM OF STATEMENT FOR CLOSING A MEETING

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

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

- Administrative Matters

TOPICS TO BE DISCUSSED:

1. Ratification of collective bargaining MOU at SU.
2. Update on status of collective bargaining at USM institutions.
3. Scheduling of Org and Comp priorities.

REASON FOR CLOSING:

1. To maintain confidentiality regarding collective bargaining negotiations (§3-305(b)(9)).
2. To discuss administrative (scheduling) matters (§3-103(a)(1)(i)).