AGENDA

THE UNIVERSITY OF WEST FLORIDA

SPECIAL BOARD OF TRUSTEES MEETING

September 12, 2016
3:15 p.m.

UWF Conference Center Lounge
11000 University Parkway, Building 22, Pensacola, Florida 32514

Call to Order/Roll Call ......................................................... Lewis Bear, Jr.

Chair’s Greeting ................................................................. Lewis Bear, Jr.

I. Public Comment

II. Presidential Compensation & Contract Committee Report

III. Approval of Presidential Compensation & Contract Committee’s Compensation Recommendation and Policy Statement

IV. Other Business

Adjournment
**Compensation Recommendation and Policy Statement**

The Compensation and Contract Committee (the “Committee”) of the University of West Florida Board of Trustees (the “Board”) was formed in the fall of 2015 in connection with the search for a new president for the University of West Florida (the “University”). The Committee’s compensation recommendation and policy statement is set forth below.

**Compensation Recommendation**

The Committee recommends a range of compensation for the new president for consideration by the Board as follows:

<table>
<thead>
<tr>
<th>Base Salary</th>
<th>Performance Incentive</th>
<th>Total Base &amp; Performance</th>
<th>Deferred/Retirement</th>
<th>Housing &amp; Car</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$308,750-</td>
<td>$61,750-</td>
<td>$370,500-</td>
<td>$44,650-</td>
<td>$36,100-</td>
<td>$451,250-</td>
</tr>
<tr>
<td>$341,250</td>
<td>$68,250</td>
<td>$409,500</td>
<td>$49,350</td>
<td>$39,900</td>
<td>$498,750</td>
</tr>
<tr>
<td>Mean:</td>
<td>Mean:</td>
<td>Mean:</td>
<td>Mean:</td>
<td>Mean:</td>
<td>Mean:</td>
</tr>
<tr>
<td>$325,000</td>
<td>$65,000</td>
<td>$390,000</td>
<td>$47,000</td>
<td>$38,000</td>
<td>$475,000</td>
</tr>
</tbody>
</table>

**Policy Statement**

The Compensation and Contract Committee (the “Committee”) of the University of West Florida believes that presidential compensation should be established in an amount and with such elements that support and reinforce the mission, vision and strategic objectives of the institution. In that regard:

- We seek to establish a total compensation amount that is competitive with our peers and aspirants and is comparable to those Florida institutions of similar size in order to attract and ultimately hire and retain a visionary leader for the University of West Florida as it seeks to realize its vision to become widely recognized as a model of excellence and relevance, sought out as a distinctive intellectual and cultural center, valued as an engaged partner, and acclaimed for being “different by design.”
- We seek to include performance incentive as a significant element of presidential compensation, with performance metrics upon which the performance incentive is based to be established by the UWF Board of Trustees from time to time.
- We seek to include other elements of compensation, such as retirement on a deferred or tax-exempt basis, housing and car allowance, and post-employment benefits that will attract qualified applicants without involving prohibitive expense to the institution.
Establishing Competitive Base Compensation – Comparison Markets

It is appropriate whenever possible to use published data from UWF peers and aspirants and Florida institutions of similar size and orientation in seeking to establish competitive compensation. When time and available funding permit, it is best practice to procure and consider an executive compensation analysis that encompasses all components (salary, benefits, performance incentives, and all other forms of remuneration) and that takes into consideration compensation paid to the current president and presidents of peer and aspirant institutions, as well as other relevant factors (such as market trends, the available qualified pool and competition for candidates)\(^1\).

In making its compensation recommendation, the Committee relied upon the published data for the peer and aspirant group (the “Peers and Aspirants”) assembled by Sibson Consulting Group in its study dated March 1, 2016 (the “Sibson Study”), and gave special emphasis to the compensation data for the University of North Florida, Florida Gulf Coast University, and Florida A&M University (the “Florida Comparables”) compiled by staff. The Sibson Study and the data compiled by staff are attached hereto as Schedules.

The data included in the Sibson Study showed that the institutions included in the Peers and Aspirants group generally did not offer performance based incentive compensation to their Presidents. However, all institutions in the Florida State University System offered incentive compensation as a significant element of total compensation. The Committee believes that a recommended compensation package that would arrive between the median of the total compensation packages offered by the Peers and Aspirants and the 75% percentile of the total compensation packages offered by the Peers and Aspirants, with the difference between the median and the 75% percentile to be primarily performance-based incentive compensation, would be the most reasoned and appropriate, especially when taking into account the overall higher salaries in Florida.

A review of the median and 75% percentile of the compensation packages offered by the Peers and Aspirants, the average of the compensation offered by the Florida Comparables, and the average of the compensation offered by the Florida Comparables including UWF’s current presidential compensation package, produced the following data:

\(^1\) See Florida Board of Governors Regulation 1.002
<table>
<thead>
<tr>
<th></th>
<th>Base Salary</th>
<th>Performance Incentive</th>
<th>Performance Percent of Total and Base</th>
<th>Deferred/Retirement</th>
<th>Housing &amp; Car</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average all Florida SUS average</td>
<td>$451,732</td>
<td>$113,843</td>
<td>16.68% total 25.20% base</td>
<td>$74,376</td>
<td>$46,545</td>
<td>$686,495</td>
</tr>
<tr>
<td>Average Florida Comparables (UNF, FGCU and FAMU)</td>
<td>$402,769</td>
<td>$87,833</td>
<td>14.36% total; 21.8% base [PL1]</td>
<td>$66,582</td>
<td>$54,184</td>
<td>$611,368</td>
</tr>
<tr>
<td>Average Florida Comparables plus UWF (UNF, FGCU, FAMU, UWF)</td>
<td>$382,717</td>
<td>$77,971</td>
<td>13.66% total; 20.37% base [PL2]</td>
<td>$59,613</td>
<td>$50,138</td>
<td>$570,438</td>
</tr>
<tr>
<td>Average Sibson Peers at 50% percentile</td>
<td>$329,083</td>
<td>$0</td>
<td>NA</td>
<td>$48,791</td>
<td>$46,545</td>
<td>$419,419</td>
</tr>
<tr>
<td>Average Sibson Peers at 75% percentile</td>
<td>$365,909</td>
<td>$0</td>
<td>NA</td>
<td>$69,985</td>
<td>$46,545</td>
<td>$482,439</td>
</tr>
<tr>
<td>Present UWF</td>
<td>$322,559</td>
<td>$48,384</td>
<td>10.80% total; 15.00% base</td>
<td>$38,707</td>
<td>$38,000</td>
<td>$447,650</td>
</tr>
<tr>
<td>Proposal; Mean Value</td>
<td>$325,000</td>
<td>$65,000</td>
<td>13.70% total; 20.00% base</td>
<td>$47,000</td>
<td>$38,000</td>
<td>$475,000</td>
</tr>
</tbody>
</table>

**Establishing Competitive Incentive Compensation**

The Committee strongly recommends a compensation package with a robust and flexible incentive compensation element. The incentive compensation element should be performance-based and not retention-based. The Committee has recommended an incentive element that is equal to approximately 13.70 percent of total pay, and equal to 20 percent of the base salary. This is a significant increase in the percentage of incentive compensation to base salary from that established for the University’s current president.
The performance metrics upon which the incentive compensation is based should be established by the Board from time to time to reflect contemporary issues and concerns, strategic goals, and current University work plan. The Committee suggested that the Board might consider setting half of the recommended incentive compensation to reflect the University’s success in the Board of Governor’s performance-based funding plan, with the other half of the incentive compensation to include local goals, such as meeting fundraising goals, forming and maintaining community partnerships and involvement to expand the university, and maintaining high satisfaction levels with university faculty and staff.

Establishing Other Elements of Compensation and Contractual Benefits

In its review, the Committee found that the published data reflects that almost all universities in the Peer and Aspirant group and all universities in the Florida University System offer other elements of compensation and contractual benefits, including:

- Additional or deferred retirement benefits;
- Housing allowance;
- Car allowance (or car); and
- Post-presidency employment benefits such as professional development leave, and appointment to faculty status at a defined salary.

Other Elements of Compensation. With respect to deferred retirement benefits, housing allowance and car allowance, the Committee recommendation contemplates that these benefits be continued at the same levels as are offered to the current president.

Other Contractual Benefits. With respect to post-presidency employment benefits, the Committee recommendation contemplates establishing standards that will be satisfactory to qualified candidates but not be cost-prohibitive to the University. The Committee recommends:

- After three years as president, in the event the employee resigns or is terminated without cause, the employee will be eligible for appointment as tenured professor in area of expertise with salary equal to the average of the salaries of the three highest paid tenured faculty in the college to which assigned. Salary guarantee to extend for five years of satisfactory performance; thereafter salary to be determined to reflect market and performance. If employee is not qualified to serve as tenured professor, employee will receive a five-year appointment within an academic unit or research or policy center with salary to be determined to reflect market and performance.

- If the employee accepts a University employment or faculty assignment following the end of the presidency, the employee will be offered not in excess
of one-year post-employment professional development leave at 90% of final base salary, with the development leave to include return to work provisions as set forth in relevant procedures in accordance with University Policy HR 19.00-2004/07.

**Contract Term**

The Committee recommends a contract term of three years with one year extensions subject to approval of the UWF Board of Trustees and ratification of the Florida Board of Governors.

**Factors for Future Consideration**

The Sibson Study highlights the fact that expectations concerning executive compensation within higher education have changed significantly over the past two decades. The drivers for this change include volatile financial markets, external regulatory influences, and the transplantation of private sector business based performance expectations into the academy. These trends in higher education executive compensation demand increased attention to and scrutiny of the practices of the University in defining accountability for actions and decisions related to compensation; establishing a rigorous presidential performance assessment process; and using current and complete data and appropriate metrics, analytics and other tools to guide compensation and contract decisions. 2

The Committee recommends that the Board establish a process and procedure to provide this necessary oversight of executive compensation for the University.

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2 This section relies on information provided in the Presidential Compensation Assessment Peer Group Assessment and Market Analysis dated March 1, 2016 and prepared by Sibson Consulting for the Compensation and Contract Committee. “Compensation oversight practices should be based on sound governance principles, the institution’s unique culture and operating dynamics, and the strength of the overall governance model.” Sibson Study, p. 26
The Sibson Study
Excel Spreadsheets Compiled by the Committee (Based on Data Provided by Staff)