

Draft Presidential Compensation Philosophy

BACKGROUND

Determining the President's compensation is one of the core fiduciary duties of the Board. There are a number of best practices identified for setting compensation such as:

- 1) Create a Compensation Philosophy outlining the guiding principles and decision-making process;^{1,2}
- 2) Authorize an appropriate group to review compensation and make recommendations for action by the Board;^{1,2}
- 3) Set performance expectations for the President using the institution's mission and priorities and generally make compensation decisions following a Board review of Presidential performance;^{1, 2}
- 4) Take into account current compensation for comparable positions at a defensible set of peer institutions;^{1,2,3}
- 5) Document that adjustments to compensation are based on performance reviews and appropriate comparison of compensation data;^{1,2} and
- 6) Ensure that trustees who participate in the deliberation and vote on the proposed compensation do not have a conflict of interest as to their participation.¹

PRESIDENTIAL ASSESSMENT PHILOSOPHY

Based on these best practices, a draft Presidential Compensation Philosophy was developed and is provided in Attachment 1. The document sets out the goal and guiding principles for setting compensation for the President. As proposed, the Executive & Audit Committee will be the designated group for reviewing changes in the President's compensation and making recommendations to the Board.

NEXT STEPS

Based on Committee input, staff will revise the Compensation Philosophy for consideration at the January 2016 meeting.

¹ The Compensation Committee, by Thomas K. Hyatt. AGB Press 2013.

² Paying the President: Best Practices in Executive Compensation, by Joe Johnson, Tom Hyatt, and Andy Brantley. The Higher Education Workplace, College and University Professional Association-HR. Spring 2015.

³ Presidential Compensation in Higher Education, by Robert H. Atwell. AGB Press 2008.



Oregon State University Presidential Compensation

I. Goal

It is the goal of the Board to attract, motivate, and retain the most highly qualified individual to serve as President, whose knowledge and experience can advance the University's mission and strategic goals. In order to meet this goal, the Board will provide a competitive salary through comparison to similar positions in talent markets that is fair, equitable, and financially sustainable.

II. Guiding Principles

Legal authority for setting Presidential compensation is vested with the Board. Prior to Board consideration, the Executive & Audit Committee will review the elements of proposed compensation and benefits for the President and make recommendations for action to the Board.

In setting Presidential compensation, the Board will:

1. Review Presidential compensation information for comparison peer institutions of higher learning and determine where the President fits within the group. The comparison will take into account the type of institution, enrollment, operating budget, classification as a research university, and such other comparators as from time to time are deemed appropriate;
2. Consider the length of service and performance;
3. Ensure that compensation and benefits are being determined and paid in a manner that is in compliance with applicable law; and
4. Maintain a record of the basis for its decision.

Proposals that include supplemental compensation provided by an affiliated foundation must be approved by the Board. Upon approval, the Board will make a written request to the foundation board for its consideration.

The Board will keep the President's compensation within a range of comparability with that of peer institutions.

Document History

- Adopted by the Board of Trustees _____