

04.900 Compensation for Key Executives

04.901 Compensation Philosophy. To attract, retain, and motivate the top talent needed to lead the University of North Texas System and accomplish its mission, and to recognize and reward performance, the Board seeks to compensate key executives at levels that are competitive in the marketplace, cost effective, and, to the extent possible, internally equitable.

04.902 Market Review. To align executive compensation with the relevant market, the Office of the Board of Regents will oversee the performance of a comprehensive survey and analysis every three years to obtain current and reliable market data on total compensation of key executives in comparable positions at peer institutions. Comparable positions and peer institutions will be determined by the Board. Market data will be adjusted using cost of living information related to respondent's geographic region. In non-survey years, the Board will obtain the best and most current available information from state and national sources as well as information concerning general changes in executive compensation in the marketplace, and the comprehensive survey will be adjusted accordingly.

04.903 Elements of Compensation. The elements of compensation may include and are limited to base salary; short and long-term incentive pay; compensation paid from a medical group practice plan; contributions to supplemental retirement plans such as deferred compensation plans; non-recurring performance bonuses; special provisions necessary to recruit an individual to a key executive position, such as a salary supplement for a limited time or one-time relocation payment as necessary and prudent to recruit the top talent for the position; and prerequisites such as memberships, parking privileges, and provision of or allowance for cell phone and/or other mobile communication devices as determined necessary for business purposes and as covered in individual agreement. Key executives must promptly reimburse the institution for any personal use of a membership provided by the institution. All compensation set pursuant to this Rule must comply with all applicable state and federal laws. All compensation for service as a key executive is covered by this Rule. Elements of compensation paid on behalf of a Chancellor

or President shall be disclosed in accordance with individual employment agreements.

- 04.904 Peer Institutions. Peer institutions or groups of institutions will be selected through an interactive, consultative process between the Chancellor, the Presidents, the Board and any external organization or consultant engaged to conduct the comprehensive survey. To the extent possible, the same institutions will be surveyed during each comprehensive survey. Peer institutions may be changed based on sound business decisions; such changes will be reviewed in advance with the Board. Factors to consider in selecting peer institutions include size, purpose, inclusion in System and Institution performance benchmark institutions, and those from which the System competes for key executives.
- 04.905 Approval by Board of Regents. All proposed elements of compensation, including taxable and nontaxable items, will be presented to the Board for approval.
- 04.906 Determining Compensation. In setting a key executive's initial compensation, the following factors should be considered: relevant market data, current compensation, cost of living differences, internal equity, and the System budget. Factors to consider in making future adjustments to a key executive's compensation include market data, key executive performance, the institution's progress on key performance indicators, internal equity, and the System budget.
- 04.907 Key Executives Defined. Key executives for purpose of this Rule are the Chancellor and Presidents.
- 04.908 System and Institution Policies. The Chancellor and Presidents will implement appropriate policies and procedures concerning executive compensation for their direct reports at the System, System Administration, and Institutions.

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