

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 Board will direct the appropriate System officer to 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 as described more fully in 04.903 below. Salary ranges will be established initially and reevaluated every three years based on the results of the survey and analysis described in this section.
- 04.903 Peer Institutions. Peer institutions or groups of institutions are subject to approval by the Board and 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. After initial approval by the Board, peer institutions may be changed by Board action. Factors to consider in selecting peer institutions include size, purpose, comparable student and academic characteristics, inclusion in System and Institution performance benchmark institutions, and those from which the System competes for key executives.
- 04.904 Elements of Compensation. The elements of compensation may include and are limited to base salary; compensation paid from a medical group practice plan; contributions to deferred compensation plans; compensation associated with an executive performance agreement; 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 perquisites 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.

- 04.905 Determining Compensation. A key executive's initial compensation shall be set appropriately within the range of the executive's peer institutions and consider relevant market data, current compensation, prior experience in positions of comparable responsibility, cost of living differences, internal equity, and the System budget. Base salary, compensation from a medical practice plan, deferred compensation, and any perquisites will be evaluated every third year and adjustments may be made as determined by the Board. Factors to consider in making future adjustments to a key executive's compensation include market data, key executive performance, the System or Institution's progress on key performance indicators, internal equity, and the System budget. The Board generally will seek to ensure that successful executives are compensated within an acceptable range compared to peer market data, but will not automatically adjust compensation based on changes in market data or years of service.
- 04.906 Executive Performance Program. Key executives may participate in long term executive performance programs at the discretion of the Board; such a program shall be considered in addition to and separate from other elements of executive compensation. An executive performance program shall be in writing and approved by the Board.
- 04.907 Key Executives Defined. Key executives for purpose of this Rule are the Chancellor and Presidents.
- 04.908 Approval by Board of Regents. All proposed elements of compensation, including taxable and nontaxable items, will be presented to the Board for approval.

- 04.909 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.
- 04.910 Annual Evaluations. The Board will conduct an annual evaluation of the Chancellor's performance, and the Chancellor will conduct an annual evaluation of each President's performance. These evaluations will follow a standard format according to a schedule recognized by the Board, and may consider progress in meeting both long and short term goals. These evaluations are not associated with an annual adjustment of executive compensation, but may inform the Board's review of executive performance programs and may be considered every three years when the Board reviews compensation as provided in 04.905 above.

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