



**University of Florida Presidential Search Committee  
and  
University of Florida Board of Trustees Committee on Governance  
Joint Meeting/Telephone Conference Call Meeting**

**MINUTES**

**July 8, 2014**

**Time Convened: 4:33p.m. EDT**

**Time Adjourned: 5:23p.m. EDT**

Search Committee and Board of Trustees Chair, Steven M. Scott called the meeting to order at 4:33 p.m. with all members of the Search Committee and Board Governance Committee present except as noted below.

**Members of the University of Florida Board Of Trustees Governance Committee present were:**

David Thomas (Chair), Susan Cameron, Bill Heavener, Carolyn Roberts, Juliet Roulhac, Steven Scott. David Brown was unable to attend.

**Members of the University of Florida Board Of Trustees present were:**

Steven M. Scott (Chair), David Brandon, Susan Cameron, Christopher Corr, Bill Heavener, Pradeep Kumar, Carolyn Roberts, Jason Rosenberg, Juliet Roulhac, David Thomas, Cory Yeffett. David Brown and Charles Edwards were unable to attend.

**Members of the University of Florida Presidential Search Committee present were:**

Steven M. Scott (Chair), Cammy Abernathy, Christina Bonarrigo, Susan Cameron, David Guzick, Bill Heavener, Marc Heft, Harry Klee, Keith Koenig, Thomas Kuntz, Vasudha Narayanan, Suzanne Norris, David Norton, Jack Payne, Carolyn Roberts, Lynda Tealer, David Thomas, Richard Yost

**Others present were:** Search Senior Advisors David Kratzer and Manny Fernandez, Stephen Pollack, Partner, Mercer, Jan Greenwood, Partner, and Julie Holley, Senior Consultant, Greenwood/Asher & Associates, Vice President for Human Resource Services, Paula Fussell,

Vice President, General Counsel and University Secretary, Jamie Lewis Keith, Vice President for University Relations, Jane Adams, Assistant Vice President for Public Affairs, Janine Sikes, Administrative Contact for the Search, Melissa Orth, Executive Assistant, Becky Holt, Special Assistant to the President, TJ Villamil, members of the media and other members of the UF community and public. The meeting was also streamed live via the internet.

Search Committee and Board Chair Steven Scott called the UF Presidential Search Committee and the Board Committee on Governance to order at approximately 4:33 p.m. EDT and welcomed everyone attending, including those joining the live stream over the internet. Chair Scott welcomed Stephen Pollack, the Mercer partner on the UF project and Jan Greenwood of the search firm, Greenwood/Asher & Associates.

Chair Scott extended a warm welcome to David Brandon, UF's newest Trustee, and Distinguished Professor of Religion, Vasudha Narayanan, who has agreed to succeed Dean D'Anieri on the Presidential Search Committee. He thanked them for their important service to UF.

Governance Committee Chair David Thomas asked for a motion from a member of the Governance Committee to approve holding a Joint Meeting of the Governance Committee with the Search Committee. The motion was made by Susan Cameron and was seconded by Carolyn Roberts. Governance Chair David Thomas asked if there was any discussion and, hearing none, called for a vote on the motion, which was approved unanimously.

Search Committee Chair Steve Scott asked for a motion from a member of the Search Committee to approve holding a Joint Meeting with the Governance Committee. The motion was made by Marc Heft and was seconded by Keith Koenig. Search Chair Steve Scott asked if there was any discussion, and hearing none, called for a vote on the motion, which was approved unanimously.

Chair Steve Scott asked Search Subcommittee on Compensation Chair Bill Heavener to summarize the Subcommittee's proceedings of Monday, July 7, 2014. Subcommittee Chair Bill Heavener summarized the meeting as follows:

- International compensation expert, Mercer, was retained by the UF Vice President for Human Resource Services Paula Fussell to provide an assessment and opinion on the current range of market total compensation for AAU university presidents at institutions that are UF's peers.
- Mercer's findings on the range of comparable presidents' current market total compensation can be used as a basis for establishing total compensation for the next President of UF.
- Mr. Pollack presented Mercer's opinion and analysis, which are captured in its July 7<sup>th</sup> Report, going through each slide one-by-one and thoroughly explaining its analysis and answering questions.
- The penultimate Mercer opinion is on slides 8-9. Mr. Pollack explained that the 2014 hiring of presidents by three of UF's closest AAU public peers—University

of Michigan, Pennsylvania State University, and The Ohio State University—at \$900K, \$1.2M, and \$1.25M total annual compensation, respectively—and the current total annual compensation of UF’s AAU private peers—ranging from \$919K to \$1.4M—show a narrow band of the current market range for total compensation of peer institution presidents.

- The Subcommittee reached a consensus endorsing the Mercer Report, as complete, of high quality, and expressing a current market range of total compensation that is a sound basis for establishing the total compensation for the next UF President.
- The Subcommittee recognized that the actual total compensation of UF’s next President will depend on the qualifications and other specifics of the individual who is selected, and will be proposed by the Board Chair and approved by the Board later in the process. But it is important during the recruitment process to recognize the current market range that will be used to establish total compensation.

The Subcommittee noted that the Board, upon recommendation of the Board Chair, should have discretion as to how to configure the components of the next President’s total compensation.

Search Chair Steve Scott stated that the Subcommittee asked Mercer to provide its expert opinion on the relevant current market range of peer presidential total compensation as a sound basis for establishing the next President’s Total Compensation. Only the current market range was to be addressed at the meeting. Chair Scott also noted the generational shift in Presidents at AAU and other national research universities, which limits the pool and makes recruitment very competitive.

Chair Scott asked Vice President for Human Resource Services, Paula Fussell, to provide any additional context and to introduce Steve Pollack to make Mercer’s presentation. Vice President Paula Fussell provided some context for the discussion:

- UF is one of the nation’s five or six largest, most complex, and programmatically broad-scope, land-grant or otherwise broad, AAU public research universities, with a medical school and other professional schools. (The six are: UF, University of Michigan, Pennsylvania State University, The Ohio State University, University of Texas/Austin, and University of Minnesota—and University of Washington is not far behind.)
- UF is the only Florida University— public or private—that is a member of AAU and has been officially recognized as the foremost preeminent research university of the State.
- Peers were considered based on their size, scope and complexity. There are very few true peers of UF and this is how UF is regarded in the market according to our search consultant, Jan Greenwood.
- Jan Greenwood advises that many highly qualified experienced research university presidents are retiring and the pool of candidates who are highly

qualified, willing to move from their current positions, and interested in working as president for the next five to 10 years is limited.

- In addition, there are seven major research universities currently searching for a president and there is an eighth major research university that will begin searching. While better than in previous years--when there were over 20 searches underway--UF is searching in a competitive field.
- Vice President Paula Fussell then introduced Stephen Pollack, the Mercer Partner who did the analysis and is providing Mercer's opinion. She asked Stephen Pollack to take the Subcommittee through the slides.
- Stephen Pollack of Mercer then presented the slides that capture Mercer's analysis and opinion, going through each slide in detail and asking for questions:
  - **Slides 1 and 2:** Steve Pollack gave an overview of the project and methodology
  - **Slide 2:**—The seven public peers of UF are: The Ohio State University, University of Michigan, Pennsylvania State University, University of Texas/ Austin, University of Minnesota., University of Washington, and University of Virginia. The five private peers are Cornell University, Harvard University, Stanford University, Vanderbilt University, and Northwestern University.

As Paula Fussell indicated, based on Jan Greenwood's advice, these are the nation's largest, most complex, and programmatically broad-scope, land-grant or otherwise broad, AAU public research universities, with medical schools, other professional schools and athletics programs and which are aligned in the market as UF's peers—as well as relatively large, broad-scope private AAU universities with a medical school, other professional schools, and a competitive athletics program.

- Mercer continued the Slide presentation:
  - **Slide 3:** UF is approximately at or above the 75<sup>th</sup> percentile of all peers in all criteria, except research expenditures, where UF is between the 25th and 50th percentile. UF fits in this set of all peers. UF also compares well and fits well in the public peers group.
  - **Slides 5 and 6:** These slides address only base salary (not total compensation).
    - The 75th percentile for base salary among all peers is \$800K-830K, although components of total compensation can be configured differently by each institution and how this is done depends on the candidate hired.
  - **Slide 7:** Mercer's use of "Total Cash Compensation"—does not include "other compensation" (including lump sums) or "deferred compensation" or retirement benefits, which are substantial sums for many of UF's peers.
  - **Slides 8 and 9:** These figures present "Market Range of Total Compensation"—including "other compensation" or "deferred compensation" and retirement benefits.

- Amounts for public institutions do not include health benefits or housing; amounts for private institutions do include these items. However, the dollars tied to these items are relatively small compared to the totals and do not materially affect the analysis or comparison of public and private institutions' total compensation.
  - Three peer presidents were hired to start in 2014—those for University of Michigan, Penn State, and Ohio State --- and their total compensation annually is \$900K, \$1M and \$1.25M, respectively.
  - This reflects an upward trend in UF's closest public peers in the most recent-- 2014—hiring market in which UF is recruiting. For public peer presidents hired in 2014 the 50<sup>th</sup> percentile is \$1.2M, average is \$1.1M, and the highest is \$1.25M. The band is narrow.
  - The CEO of a \$4.4B private company would command many multiples of this compensation, of course. The jobs are different, but overall one isn't less complex or challenging than the other.
  - The current (2014) market range for total compensation to hire a highly-qualified president—public or private—among UF's peers is pretty narrow at about \$900K for the median to \$1.4M.
  - UF can't expect to hire a highly-qualified new President at that pre-2014 level of compensation based on the current market range.
- Vice President, General Counsel and University Secretary Jamie Keith remarked that prior to the total compensation levels for 2014 hires, UF's current President Bernie Machen had his total compensation adjusted in June 2013 to the then-in-effect 50<sup>th</sup> percentile. But that total compensation level has fallen back to the 25<sup>th</sup> percentile for all years of hire for all of UF's public peers and is well below for the 2014 hires.
- Stephen Pollack of Mercer continued the slide presentation, covering the remainder of the slides. **Regarding Slide 13:** -82% of UF's peers provide a house to the President and 88% of these peers require the President to live in the house for the university's convenience. The peer institution houses are 10,129 square feet in size on average, and include residential space, work space and university entertainment and events space.
- Paula Fussell noted that UF's new President's House is approximately 7,500 square feet, is entirely privately funded, and includes living, work and smaller university entertaining space. This house is smaller than the average of our peers but the old President's House provides entertainment space for larger events.
- Chairman Scott noted that the Dasburg family has given the bulk of the funding to build the new President's house, which is named the Dasburg President's House and for which UF is very grateful. Vice President Keith confirmed the house is due to be complete before the holidays in December 2014.

- Governance Chair, David Thomas commented that the Mercer Report analysis is very complete and the selection of peer institutions is very good, reflecting the size and complexity of the task of our next president. Chair Thomas continued to note:
  - The most relevant comparisons are the ones that reflect 2014 hires, which are external hires.
  - With the experience level of the candidate UF is trying to attract for our current goals, we should not be surprised that we will need a total compensation package that is closer to the 75th percentile.
  - A key challenge will be creating the right mix of cash compensation within the total compensation.
  - Depending on the candidate chosen, there may be considerations that will be more important to that individual.
  
- Chair Scott commented that his meeting with the presidents of AAU and APLU, confirmed there is a generational change in qualified presidents, with more competition and higher expectations for compensation in the current, new generation, and the small pool of long-time presidents willing to move and to serve for up to 10 years. UF's needs and expectations for our next president are high in order to meet UF Board and BOG requirements, and to rise to the top 10 national ranking of AAU research universities. We need a leader ready to carry us to the next level and compensation will have to reflect this.
  
- Vice President Keith noted that, under state statute, the maximum level of state funds that can be used to compensate the president is \$200,000 and no more than that amount of state funds will be used for the president's remuneration. That law has been in place for about four or five years, applying to the remuneration of UF's current president as well.
  
- Trustee Roulhac noted the significant market shift recently and how this makes a difference to attract top talent. She said UF will have to look to the upper end of the pay percentile.
  
- Trustee Roberts thanked Chair Scott for his leadership during the search process and praised his and Subcommittee Chair Heavener's professional and thorough handling of the compensation assessment.
  
- Chair Scott summarized some important points:
  - It is important for the Search Chair to know the market range for total compensation and have the Board's support to pay within the market for a qualified candidate so that compensation can be discussed during recruitment. The focus is on the total number.
  - As Search Committee Member Tom Kuntz pointed out, we will be sure to include compensation tied to Board Of Governors performance metrics as well as to UF

Board top-10 preeminence-related metrics as part of total compensation, and we will do everything according to statute. The Board Chair will need the Board to provide some flexibility to structure the components of total compensation—but some portion of total compensation—such as base increases or deferred compensation increases—is expected to be tied to performance metrics.

- Trustee Heavener noted that slides 8 and 9 of the Mercer Report show what the competitive range is for total compensation. The range is a good reflection of the current market and the Subcommittee fully supports it.
- Search Senior Advisor Manny Fernandez noted the importance of including in the Search Committee and Board Committee on Governance action and Board action that the Board Chair be authorized to have flexibility to negotiate the amount and components of total compensation within the market range established in the Mercer Report. Vice Chair Thomas and Trustee Roberts both agreed. When asked, Chair Scott responded that having this flexibility without having to get further action by the Board would be very helpful. Mr. Fernandez recommended that the motion to recommend the Board's approval of the Mercer Report include such authority and flexibility and asked whether this was covered.
- Vice President Keith answered that Action Items SC1/GV1 do not presently include such authorization of the Board/Search Chair but the motion to approve them could propose an amendment and add the language highlighted below:

SC1/GV1 Action to Approve for Recommendation to the Board of Trustees for Its Approval on the Consent Agenda, the Mercer Opinion on Range of Market Compensation for Peer Institution Presidents As A Basis For Establishing the Total Compensation for the Next UF President and to provide to the Chair of the Board the authority and flexibility to determine, and to structure the components of, total compensation according to the qualifications and needs of the particular candidate within the market range reflected in the Mercer Report.

Juliet Roulhac state her support of this amendment and other Governance Committee members, as well as Search Committee members expressed consensus to confer this authority on the Board Chair—within the market range reflected in the Mercer Report.

Search Chair Steve Scott asked for a motion from a member of Search Committee, which was made by Bill Heavener and second, which was made by Susan Cameron, to approve SC1 with the noted amendment-- for recommendation to the Board of Trustees for its approval on the Consent Agenda. (It is noted that Search Committee members Marc Heft and David Norton also sought to make the motion.) After asking for further discussion and hearing none, Chair Scott asked for all in favor, and any opposed, and the motion passed unanimously.

Governance Committee Chair David Thomas asked for the same motion from a member of the Governance Committee, which was made by Juliet Roulhac and a second, which was made by Susan Cameron. After asking for further discussion and hearing none, Chair Thomas asked for all in favor, and any opposed, and the motion passed unanimously.

Search Chair Scott reminded all in attendance that the next Search Subcommittee meeting would be the meeting of Communications and Marketing Search Subcommittee on July 21st at 10:00 a.m. Vice President Keith noted that the Communications and Marketing Subcommittee will review the ad to be included in the Chronicle of Higher Education's September 5th recruitment edition. The ad will be heavily based on the already approved position description and qualifications, so no formal approval should be necessary and no additional meetings are contemplated on the ad. The ad will be shared with the full Search Committee and Board, and if anyone wants another meeting it can be arranged.

With no new business, Search and Board Chair Steve Scott then asked for a motion to adjourn the joint meeting, which was made by Juliet Roulhac, and a second, which was made by David Thomas. Hearing no further discussion, Chair Scott asked for all in favor, and any opposed and the motion passed unanimously.

Chair Scott adjourned the meeting at 5:23 p.m. EDT.





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# University of Florida President Total Compensation Report

July 07, 2014

Stephen S. Pollack  
Jayna Patel





## Background & Objectives

- UF engaged Mercer to provide compensation data and an opinion on the range of reasonable compensation for the President position. Mercer collected data regarding the following total compensation elements:
  - Base Salary
  - Total Cash Compensation
  - Retirement
  - Transportation
  - Supplemental Benefits
  - Total Compensation
- This report presents Mercer's findings regarding President total compensation based on the market range of compensation for Presidents of public and private peer institutions; the market in which UF is recruiting.
- A summary of penultimate findings of the market range of total compensation can be found on slides 8 and 9.

## Scope & Methodology

- The University of Florida (UF) is a flagship, public, land-grant, research university and is a member of the Association of American Universities (AAU), the association of North America's premier 62 research universities. In 2013, UF was officially designated and is now being funded as the foremost preeminent research university in Florida. UF's Board of Trustees, with the support of the Board of Governors, Legislature and Governor, has a goal to advance UF to the top 10 of public AAU research universities. With more than 50,000 students its 16 colleges, the UF Health system including two academic health science centers with affiliated hospitals and other healthcare operations, more than 150 research centers and institutes and ~\$700M of research annually, the University of Florida is one of the largest, broadest-scope, academic research institutions in the nation and is one of only six public land-grant universities in the U.S. with colleges of Medicine, Law, Engineering, Agricultural and Life Sciences and Veterinary Medicine on one campus. In addition to its predominant academic focus, the University has a premier NCAA Division I athletic program. The annual budget of the University, with its close affiliates, is in excess of \$4.4 billion.
- Twelve (12) peer institutions from the AAU were selected based on comparable size, scope and complexity of organization to UF, taking into consideration the following characteristics:
  - National, complex research university, including some that are major land-grant institutions; flagship campus of the respective University system, as appropriate, with multiple professional schools including a medical school<sup>1</sup> and affiliated hospital; broad academic offerings; and major athletics program.
- The selected peer institutions include the following (public/private designation based on AAU membership):
  - Seven (7) public peer institutions: The Ohio State University, Pennsylvania State University, University of Michigan, University of Minnesota, University of Texas at Austin, University of Virginia, and University of Washington.
  - Five (5) private peer institutions: Cornell University<sup>2</sup>, Harvard University, Northwestern University, Stanford University, and Vanderbilt University.

<sup>1</sup> University of Texas at Austin as of May 3, 2013 was approved to have a medical school, has launched it's medical school and is preparing to admit its first class in 2016. Along with University of Michigan, University of Minnesota, Pennsylvania State University, and The Ohio State University, UF is considered one of the most complex, public research institutions.

<sup>2</sup> Cornell University is listed as a private member of the AAU, but is the federal land-grant institution of New York State and a private endowed university, a member of the Ivy League/Ancient Eight, and a partner of the State University of New York.

## Scope & Methodology

- UF falls approximately at or above the 75<sup>th</sup> percentile of all peer institutions for total employees, total full-time enrollment and total operating budget and between the 25<sup>th</sup> and 50<sup>th</sup> percentile for total research expenditures<sup>1,2</sup> (See Appendix for additional demographic details).
  - 11 of the 12 peer institutions have a medical school.<sup>3</sup>

Variable	University of Florida	All Organizations						All Public Organizations						All Private Organizations					
		n	25th %ile	50th %ile	Avg	75th %ile	100th %ile	n	25th %ile	50th %ile	Avg	75th %ile	100th %ile	n	25th %ile	50th %ile	Avg	75th %ile	100th %ile
Total Employees	41,000	12	9,376	11,538	17,014	24,898	43,630	7	7,540	24,864	20,020	25,340	43,630	5	10,295	11,128	12,805	11,948	20,924
Total Full-Time Enrollment	50,000	12	21,156	33,587	39,346	52,701	98,097	7	43,736	51,112	54,393	60,302	98,097	5	15,877	20,633	18,280	21,330	21,593
Total Operating Budget (in millions)	\$4,400	12	\$2,555	\$4,084	\$3,696	\$4,512	\$6,647	7	\$2,449	\$4,167	\$3,802	\$4,833	\$6,647	5	\$3,425	\$4,000	\$3,548	\$4,200	\$4,800
Total Research Expenditures (in millions) <sup>2</sup>	\$697	12	\$629	\$799	\$794	\$845	\$1,323	7	\$694	\$798	\$832	\$968	\$1,323	5	\$631	\$799	\$739	\$802	\$903

- As Florida's foremost preeminent research university, UF is strategically pursuing its goal of advancing to the top 10 of public AAU research universities. To support this goal, the Legislature, with the support of the Governor and Board of Governors, is providing \$95M over five years to UF and the UF Foundation is raising over \$800M more over three years. UF is using this almost \$1B of funding to hire and support the work of approximately 120 preeminent faculty and highly promising mid-career faculty in areas of strategic strength.

<sup>1</sup> The President has responsibility for \$4.4B and 41,000 employees, which include all affiliates (e.g., UF Health – the collaboration of University of Florida Health Science Centers and affiliated private nonprofit hospitals). Operating budget data for peer institutions includes affiliated hospitals for all universities except Stanford University, Harvard University, and University of Minnesota. Northwestern University, Cornell University, and University of Texas, at Austin did not disclose whether operating budget includes affiliated hospitals. Employee data includes affiliated hospitals for Vanderbilt University, Stanford University, The Ohio State University, University of Washington, University of Texas, at Austin, and University of Minnesota; all other universities reported total employee headcount for university faculty and staff only.

<sup>2</sup> Research expenditures represent fiscal year 2012 data from the National Sciences Foundation

<sup>3</sup> The University of Texas, at Austin has launched its medical school and is preparing to admit its first class in 2016

## Scope & Methodology

- Mercer collected compensation data for the President or the functionally equivalent position for each of these peer institutions using a combination of data sources to provide the most current available data as possible.
  - Data solicited via e-mail from each of the 12 peer institutions
    - Responses were received from Harvard University, The Ohio State University, Pennsylvania State University, University of Michigan, University of Washington, University of Texas at Austin, and University of Minnesota.
  - Data were used from the Chronicle of Higher Education from the following two studies for institutions that did not respond to e-mail inquiry and to supplement data gaps from inquiry responses:
    - Chronicle of Higher Education, Executive Compensation at Public Colleges, 2013
      - Data were used to reflect compensation or supplement inquiry responses for the following institutions: The Ohio State University, University of Virginia, University of Texas at Austin, University of Minnesota
    - Chronicle of Higher Education, Executive Compensation at Private Colleges, 2011
      - Data were used to reflect compensation or supplement inquiry responses for all private universities: Northwestern University, Vanderbilt University, Stanford University, Harvard University, Cornell University
- Compensation data were aged forward to July 1, 2014 by the median annual market movement for executives in the education industry: 2.6% in 2012, 2.5% in 2013 and 2.5% in 2014 (Mercer's *2012/2013 and 2013/2014 Compensation Planning Survey*).
- Mercer used the following data reporting standards.
  - To protect the confidentiality of participant data, aggregate statistics require a minimum of three cases.
  - Three organizations must report observations in order to display the mean.
  - Five organizations must report observations to display the 25th, 50th and 75th percentiles.
  - "--" indicates there were insufficient observations provided to display results.

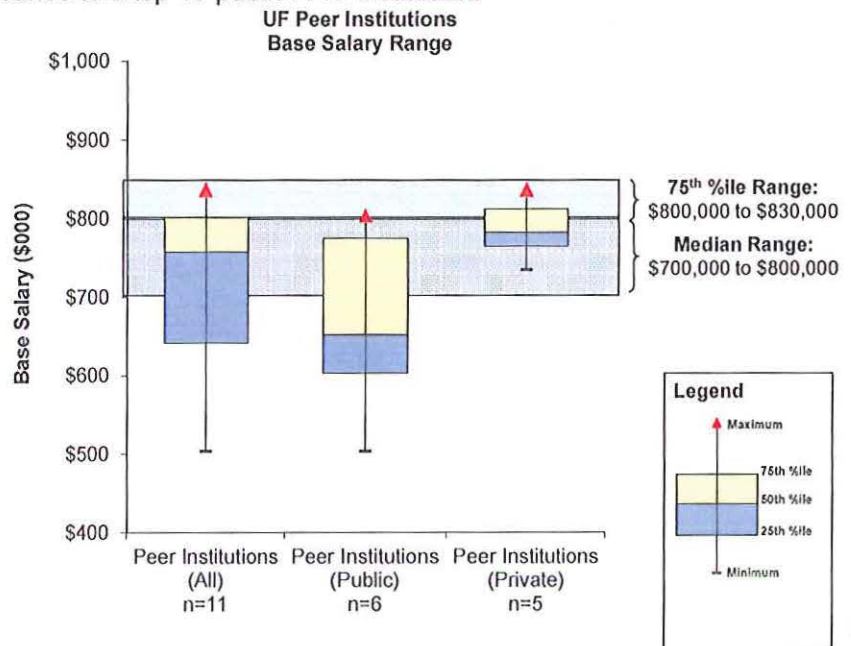
## Overall Base Salary Positioning

- According to the market data, Mercer finds that a base salary of \$700,000 to \$800,000 is within the range of the median of all peer institutions. A base salary of \$800,000 to \$830,000 is within the range of the 75<sup>th</sup> percentile of all peer institutions.
- Total compensation for UF's President should reflect UF's recruitment of a President in 2014 and UF's status as Florida's foremost preeminent research university, one of the top four most complex, public AAU research universities, and goal to advance to a top 10 public AAU institution.

Base Salary (\$000s)	Base Salary Positioning (Percent Rank UF Peers)		
	All	Public	Private
\$825	96%	100%	89%
\$800	73%	83%	65%
\$775	60%	75%	39%
\$750	45%	67%	13%
\$725	35%	62%	0%
\$700	33%	58%	0%
\$675	30%	54%	0%
\$650	27%	49%	0%
\$625	21%	39%	0%
\$600	12%	21%	0%
\$575	7%	13%	0%
\$550	5%	8%	0%
\$525	2%	4%	0%

Note: orange shading indicates base salary is positioned between 35<sup>th</sup> %ile and 65<sup>th</sup> %ile of peer institutions; green shading indicates base salary is positioned between 65<sup>th</sup> %ile and 90<sup>th</sup> %ile of peer institutions.

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## Base Salary Summary

- Base Salary Summary of Peer Institutions:

Base Salary Summary						
Comparison Group	n	25th %ile	50th %ile	Avg	75th %ile	100th %ile
All	12	\$641,491	\$757,445	\$720,396	\$800,833	\$836,103
Public	7	\$603,000	\$651,988	\$673,528	\$775,000	\$803,333
Private	5	\$764,891	\$782,336	\$786,011	\$811,930	\$836,103

## Total Cash Compensation Summary (does not include deferred compensation, retirement benefits, or other compensation)

- Total Cash Compensation Summary of Peer Institutions:
  - Total cash compensation includes base salary and certain annual incentives (but does not include deferred compensation, retirement benefits, or other compensation).

Total Cash Compensation Summary						
Comparison Group	n	25th %ile	50th %ile	Avg	75th %ile	100th %ile
All	12	\$658,684	\$766,168	\$767,938	\$833,946	\$1,048,581
Public	7	\$603,000	\$674,912	\$705,374	\$776,667	\$1,000,000
Private	5	\$782,336	\$811,930	\$855,528	\$899,995	\$1,048,581

- As previously reported, in addition to base salary, six peer institutions (50%) indicated that the President is eligible to receive an annual incentive. Four Presidents (1/3) received an annual incentive for the most recent calendar year averaging \$137,124.
- The Board of Trustees typically determines performance goals that are aligned with the strategic objectives and mission of the institution. Performance goals are subject to change over time.



## Total Compensation Summary

- Total Compensation Summary of Peer Institutions:
  - Total compensation includes base salary, bonus, other compensation, deferred compensation, retirement pay, and nontaxable benefits\*.

Total Compensation Summary						
Comparison Group	n	25th %ile	50th %ile	Avg	75th %ile	100th %ile
All	12	\$799,478	\$950,658	\$1,007,322	\$1,215,625	\$1,409,887
Public	7	\$744,135	\$816,000	\$907,036	\$1,049,667	\$1,252,500
Private	5	\$991,223	\$1,128,782	\$1,147,722	\$1,298,625	\$1,409,887

- Total Compensation Details of Peer Institutions\*:

Public Institutions	Total Compensation*	Assumed Role In	Private Institutions	Total Compensation*	Assumed Role In
The Ohio State University <sup>1</sup>	\$1,252,500	Jul-14	Northwestern University	\$1,409,887	Sep-09
Penn State University <sup>2</sup>	\$1,203,333	May-14	Vanderbilt University	\$1,298,625	Mar-08
University of Michigan <sup>3</sup>	\$896,000	Jul-14	Stanford University	\$1,128,782	Oct-00
University of Washington <sup>4</sup>	\$816,000	Jul-11	Harvard University <sup>7</sup>	\$991,223	Jul-07
University of Virginia	\$749,911	Aug-10	Cornell University	\$910,093	Jul-06
University of Texas, at Austin <sup>5</sup>	\$738,360	Jan-06			
University of Minnesota <sup>6</sup>	\$693,150	Jul-11			

\*Represents publicly available information as reported (May 2014 for public institutions and December 2013 for private institutions) by The Chronicle of Higher Education unless otherwise noted below. All data have been time-adjusted to July 1, 2014. Total Compensation values for public institutions do not include any health benefits; however, they are included in data for private institutions.

1. Ohio State University Total Compensation reflects compensation as of July 2014 and includes previous president's retirement pay as proxy.

2. Penn State University Total Compensation includes May 2014 base salary, a \$200,000 transition bonus and one-fifth of a \$1,000,000 five year completion bonus as listed in the President's compensation contract published online. Deferred compensation and retirement amounts are not available due to new President.

3. University of Michigan Total Compensation reflects compensation per President's contract including July 2014 base salary, retirement and \$100,000 deferred compensation

4. University of Washington Total Compensation includes July 2014 base salary amount as provided by University of Washington

5. University of Texas, at Austin Total Compensation reflects data provided by the university for all compensation elements except for retirement as amount was not provided by university. Base salary provided by the university is slightly lower than that provided in the Chronicle of Higher Education. Total Compensation includes 1/5 of a 5 year \$50,000 deferred compensation award.

MERCER 6. University of Minnesota base pay remained the same for the past two years as the President has not taken any increases during that time. Data has not been time-adjusted. 8

7. Harvard Total Compensation includes 2011 base salary adjusted by 5% and 6% for 2012 and 2013 respectively as provided by Harvard.

## Summary of Total Compensation for Presidents Commencing Office in 2014

- The year of hire data in the charts on slide 8 show a distinction between total compensation of presidents hired in 2014 and total compensation of presidents hired in 2006 to 2011.
- 3 out of 12 peer institutions have Presidents who will commence office in 2014, which is the market in which UF is recruiting.

Public Institutions	Total Compensation*	Assumed Role In
The Ohio State University <sup>1</sup>	\$1,252,500	Jul-14
Penn State University <sup>2</sup>	\$1,203,333	May-14
University of Michigan <sup>3</sup>	\$896,000	Jul-14

- Base salary for peer institution Presidents commencing office in 2014 ranges from \$750,000-\$800,000

Summary of Peers with Presidents Commencing in 2014				
Comparison Group	n	50th %ile	Avg	Highest
Base Salary	3	\$800,000	\$784,444	\$803,333
Total Cash Compensation	3	\$803,333	\$851,111	\$1,000,000
Total Compensation	3	\$1,203,333	\$1,117,278	\$1,252,500

## Employer-Provided Retirement Benefits

### Defined Contribution Plans

- 100% of presidents participate in a qualified defined contribution plan.<sup>2</sup> The average employer contribution to these plans is 10% of pay (subject to the IRS limit of \$260,000 eligible pay in 2014.)
- 38% of presidents participate in a non-qualified defined contribution plan.<sup>1</sup>
- Typical, annual non-qualified defined contribution plan award for president is 20% of base salary.<sup>2</sup>

### Defined Benefit Plans

- Two (25%) presidents receive a qualified defined benefit plan. The formula used varies, with the most common being 2% base pay per year of service.
- Non-qualified defined benefit plans are not as prevalent, with only one (13%) president provided one.
- Of the universities providing a qualified defined benefit plan to the president, 100% also provide a qualified defined contribution plan.

### Retiree Medical Benefits

- 75% of presidents have an employer-paid retiree medical benefit plan, with an average of 33% of costs covered by the president.

Benefit Category (See Appendix for Definitions)	All Organizations (N=8) <sup>3</sup> (Prevalence / Avg.)
<b>Defined Contribution (Employer-Provided)</b>	
Qualified	100%
Employer Contribution % of Base (Avg)	10%
Non-qualified	38%
Employer Contribution (Avg)	--
<b>Defined Benefit (Employer-Provided)</b>	
Qualified	25%
Non-qualified	13%
<b>Additional Plans (if Providing Qualified Defined Benefit Plan)</b>	
Defined Benefit (Non-qualified)	0%
Defined Contribution (Qualified)	100%
Defined Contribution (Non-qualified)	50%
<b>Retiree Medical Benefit (Employer-Provided)</b>	
Employer-provided	75%
Spouse/family covered	100%
% costs contributed by employee (Avg)	33%
Access only	0%

<sup>1</sup> Two participants reported employer contribution to non-qualified defined contribution plan; however, to protect the confidentiality of participant data, aggregate statistics require a minimum of three reported observations.

<sup>2</sup> Represents data from all participants of 2011 University President & Chancellor Study.

<sup>3</sup> Only includes peer institutions that participated in the 2011 University President & Chancellor Study.

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Source: 2011 University President & Chancellor Study.

## Supplemental Benefits

Benefit	Market Practice
<b><i>Life Insurance</i></b>	<ul style="list-style-type: none"> <li>• Almost all universities provide basic group life insurance to all employees</li> <li>• 15% provide supplemental life insurance to the top officer</li> <li>• Coverage level (basic and supplemental) is typically 1X-2X salary</li> </ul>
<b><i>Short-Term Disability (STD)</i></b>	<ul style="list-style-type: none"> <li>• About 70% of universities provide group STD to all employees</li> <li>• 5% provide supplemental STD coverage to the top officer</li> </ul>
<b><i>Long-Term Disability (LTD)</i></b>	<ul style="list-style-type: none"> <li>• Almost all universities provide group LTD to all employees</li> <li>• 15% provide supplemental LTD coverage to the top officer</li> <li>• Coverage level is typically 60% of salary with a \$10k-\$20k monthly maximum</li> </ul>
<b><i>Long-Term Care (LTC)</i></b>	<ul style="list-style-type: none"> <li>• 5% provide supplemental LTC coverage to the top officer</li> </ul>

Source: 41 universities from the 2012 Mercer Executive Benefit and Perquisite Practices Survey for Tax-Exempt Organizations.

## Transportation

### Transportation

- 75% of presidents are provided either a car or car allowance.
- Of those Universities providing a car, most also cover fuel, maintenance, and car insurance for president.

Category	All Institutions (N=8) <sup>1</sup> (Prevalence / Avg.)
<b>Transportation</b>	
% Responding to Initial Question	100%
Auto Provided / Allowance (of % responding)	75%
Monthly maximum amount (Avg)	\$803
Fuel	67%
Maintenance	67%
Insurance	67%

<sup>1</sup> Only includes institutions that participated in the 2011 University President & Chancellor Study.

## President Housing Policy Summary

### Housing Policy (peer institutions)

- 82% of peer institutions provide a house to the president. Of the 82% of institutions providing a house, 88% require the president to live in provided housing.<sup>1</sup>
- Average house provided by peer institutions has a \$1,620,296 value, 10,129 square feet, and 18 rooms.
- Typical annual housing allowance, if provided, is \$53,000.<sup>2</sup>
- Five peer institutions provided information about the use of the provided house, with all indicating that it is used for receptions.
- Three peer institutions indicated that there is some form of separation of public and private space within the provided house.
- One institution offers the president a low-interest mortgage. This institution also provides housing, but does not require the president to live in the university provided house.
- Many institutions are willing to cover reasonable relocation expenses up to a specified maximum amount.

Housing Details	Peer Institutions (N=11) (Prevalence / Avg.)
<b>Housing</b>	
% Responding to Question	100%
Housing Provided (of % responding)	82%
Housing Allowance (of % responding)	0%
Required to live in provided housing	88%
Monthly allowance (Avg)	--
Value of Home (Avg)	\$1,620,296
Square Footage (Avg)	10,129
Rooms (Avg)	18
Maintenance	88%
Provided housing used for receptions	100%
Low-interest Mortgage	13%

<sup>1</sup> While not a participant in the study, Penn State University also provides Presidential housing and requires the President to live in provided housing

<sup>2</sup> Represents data from all participants of 2011 University President & Chancellor Study.

MERCER Source: 2011 University President & Chancellor Study.

Appendix

## Peer Institutions

College	Public/Private	Total Employees	Total Full-Time Enrollment	Total Operating Budget (\$MM)	Total Research Expenditures (\$MM)
University of Michigan <sup>2</sup>	Public	6,768	43,710	\$6,647	\$1,323
The Ohio State University	Public	43,630	57,466	\$5,250	\$767
Pennsylvania State University <sup>1</sup>	Public	5,890	98,097	\$4,416	\$798
University of Florida	Public	41,000	50,000	\$4,400	\$697
University of Minnesota	Public	25,680	63,138	\$4,167	\$826
University of Virginia	Public	8,311	23,464	\$2,660	\$383
University of Texas, at Austin	Public	24,864	51,112	\$2,238	\$622
University of Washington	Public	25,000	43,762	\$1,238	\$1,109
Stanford University	Private	11,128	15,877	\$4,800	\$903
Harvard University	Private	11,948	21,330	\$4,200	\$799
Vanderbilt University	Private	20,924	11,965	\$4,000	\$560
Cornell University	Private	9,731	21,593	\$3,425	\$802
Northwestern University	Private	10,295	20,633	\$1,317	\$631

1. Total Employee count reflects full-time faculty members only and excludes staff employees

2. Total Employee count reflects faculty members only and excludes staff employees



## Benefits Terms and Definitions

Term	Definition
<b>Defined Benefit (DB) Plan</b>	<ul style="list-style-type: none"><li>• A retirement plan, either qualified or nonqualified, that provides a predetermined benefit at retirement.</li></ul>
<b>Defined Contribution (DC) Plan</b>	<ul style="list-style-type: none"><li>• A retirement plan, either qualified or nonqualified, that provides an ongoing contribution to an account that grows at some interest rate until retirement.</li></ul>
<b>Qualified Plan</b>	<ul style="list-style-type: none"><li>• An employer retirement plan that qualifies for tax advantages under the Internal Revenue Code (IRC). A "qualified" plan must meet many regulatory requirements (for example, may not discriminate in favor of highly paid employees). In a qualified plan, caps on eligible compensation and contribution/benefit levels can severely limit highly-paid executives.</li></ul>
<b>Nonqualified Plan</b>	<ul style="list-style-type: none"><li>• A plan that does not meet certain requirements (see Qualified Plan) is "nonqualified" and, therefore, is not eligible for tax-favored treatment. However, a nonqualified plan is not subject to the limitations imposed on a qualified plan.</li></ul>

