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2.107 Key Executive Compensation

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ANTIOCH UNIVERSITY

Type of Policy <input checked="" type="checkbox"/> University <input type="checkbox"/> <i>Campus</i> <input type="checkbox"/> <i>Department/Unit</i> <input type="checkbox"/> <i>Interim</i>		Key Executive Compensation Policy 2.107	
Board Governance Policies		Effective date: June 6, 2015	
Policy History:	Approved by:	Resolution #	Date:
Approved	Board of Governors	6.6.15:17	June 6, 2015
Revised: (non-substantive)	Office of General Counsel	N/A	November 6, 2017
Revised: (title corrections)	Chancellor Groves	N/A	July 30, 2019
Responsible Office:	Responsible Administrator:	Contact information:	Applies to:
University Board of Governors	Chair, Compensation Committee	937-769-1345	Key Executive Employees

I. Policy and Purposes

It is the Policy of Antioch University that the compensation for key executive employees be reasonable and consistent with the University's status as a 501(c)(3) organization under the Internal Revenue Code, while at the same time enabling the University to effectively attract and retain a highly qualified, skilled and motivated senior executive team that is dedicated and capable of carrying out the University's mission and long-term strategic objectives. Specifically, as provided herein, the University desires that all key executive compensation be based upon a review of appropriate comparability data, information, and analysis. This Policy provides a procedure for the review and approval of the compensation of the corporate officers, Chancellor, Vice Chancellors, campus Provosts, General Counsel, top management officials, and

other key employees of the University (“Key Executives”) consistent with applicable federal tax law and state law.¹

II. Definitions

A. **Officer.** An officer is a person elected by the Board of Governors to manage the University’s daily operations. An officer that served at any time during the University’s tax year is deemed a current officer. The officers of the University are determined by reference to its Articles of Incorporation, Code of Regulations, Bylaws, or resolutions of its Board, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers shall include the following:

1. **President/Chancellor.** The person who has ultimate responsibility for implementing the decisions of the Board or for supervising the management, administration, or operation of the University.
2. **Vice President.** Any Vice President authorized by the Bylaws and elected by the Board to assist the President in the management of the University.
3. **Treasurer.** The person who has ultimate responsibility for managing the University’s finances.
4. **Secretary.** The person who has ultimate responsibility for maintaining the official records of the University including the minutes of the Board of Governors.

B. **Key employee.** For purposes of Form 990, a current “key employee” is an employee of the University (other than an officer, director or top management official) who meets all three of the following tests, applied in the following order:

1. **\$150,000 Test:** Receives reportable compensation from the University and all related organizations in excess of \$150,000 for the calendar year ending with or within the University’s tax year.
2. **Responsibility Test:** At any time during the calendar year ending with or within the University’s tax year:

¹ Corporate directors, including members of the University's Board of Governors, are uncompensated volunteers and, therefore, are not addressed in this policy.

- a. Has responsibilities, powers, or influence over the University as a whole that is similar to those of officers, directors, or top management;
- b. Manages a discrete segment or activity of the University that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the University as a whole; or
- c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

3. **Top 20 Test:** Is one of the 20 employees other than officers, directors, and top management who satisfy the \$150,000 Test and Responsibility Test with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year.

III. Procedure for Approval of Compensation

A. **Delegation to Compensation Committee.** The Board of Governors (the "Board") has delegated to the Board's Compensation Committee, (the "Committee") the responsibility to review and recommend approval of key executive compensation. Final authority to approve such recommendations continues to reside with the Board. This delegation of authority is reflected in the Bylaws of the University which authorize the creation of a Compensation Committee. The Charter of the Committee has been approved by Board resolution.

B. **General Compensation Philosophy.** The Compensation Committee shall review and recommend to the Board compensation of Key Executive Employees in accordance with a reasonable and appropriate Compensation Philosophy statement, adopted by the Committee to guide its deliberations. The Compensation Philosophy shall generally direct compensation programs that reflect the relative size and type of education curriculum of the University in the segment of higher education institutions of which it is a part and which accomplish the University's mission and tax-exempt purpose without causing any part of the University's net earnings to inure to the private benefit of an individual or group of individuals within the meaning of the Internal Revenue Code or its enforcing regulations.² The Committee's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified

² See Treas. Reg. Section 1.501(c)(3)-1(c)(2).

C. **Specific Requirements.** The approval of compensation for Key Executive Employees shall satisfy the following requirements or procedures:

1. **Approval by Persons Without a Conflict of Interest.** Persons with a conflict of interest with respect to the compensation arrangement at issue shall not be involved in the decision-making process. In determining whether a conflict of interest exists, the Board shall follow the definitions and procedures established in its Conflict of Interest Policy, (Policy 2.105). Any conflict shall be managed in the manner therein described.

2. **Use of Comparability Data.** In its review and recommendation of compensation, the Committee shall affirmatively determine that compensation is reasonable to the University based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by other institutions of higher education or like industries, whether private, public, for-profit, not-for-profit, taxable, or tax exempt, under like circumstances. Relevant information includes, but is not limited to, compensation levels paid by similarly situated organizations for functionally comparable positions; the availability of similar services in the geographic area of the organization; current compensation surveys compiled by independent firms or organizations; and actual written offers from similar institutions competing for the services of the compensated person. The Committee will accomplish this goal in the following manner:

- a. Develop a target base pay range built off of the market data.
- b. Set base salary by considering both market data and each individual's background experiences, skills, and meritorious contribution.
- c. Set salary increase reassessments based on external equity, internal equity, and/or merit.

3. **Recording Compensation Deliberations.** The Committee's review and recommendation of compensation shall be promptly recorded in the minutes of its meetings and contain: (a) the terms of the compensation and the date approved; (b) the names of the members of the Committee who were present during the discussion and those who voted on the approved compensation; (c) the comparability data obtained and relied upon, and how it was obtained; (d) any action taken with respect to consideration of the compensation by a member of the Committee who had a conflict of interest with respect to the compensation; and (e) if the reasonable compensation is higher or lower than the range of comparability data obtained, the basis for the decision. Such minutes shall be reviewed and approved by the Committee as reasonable,

accurate and complete within a reasonable time after the review and approval of the compensation and presentation to the Board of its recommendations.

4. **Related California Requirements.** In addition to the requirements of this Policy applicable to all **Key Executive Employees**, any compensation set for a Key Executive Employees working in California must be determined to be "just and reasonable" within the meaning of California law. The Committee's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified. ³

Policy Cross Reference

Amended and Restated By-laws	Archived as Policy # 2.101
Conflicts of Interest	Policy # 2.105
Anti-Nepotism	Policy # 2.905

Forms Cross Reference

Conflicts of Interest Disclosure Form	Form # 2.105:01
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³ NOTE: It appears from a review of the law that compliance with the proposed compensation policy would satisfy both the intermediate sanction rebuttable presumption safe harbor of Treas. Reg. Section 1.501(c)(3)-1(c)(2) and the "just and reasonable" standard of the California statute.