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University of South Carolina
BOARD OF TRUSTEES

Ad Hoc Committee on Strategic Planning

October 11, 2019

The Ad Hoc Committee on Strategic Planning of the University of South Carolina Board of Trustees met at 3:50 p.m. on October 11, 2019, in the C. Edward Floyd Boardroom at the Pastides Alumni Center.

Members participating were: Mr. Thad H. Westbrook, Chairman; Mr. Robert F. Dozier Jr.; Mr. William C. Hubbard; Mr. Miles Loadholt; Ms. Leah B. Moody; Dr. C. Dorn Smith III; Mr. Mack I. Whittle Jr.; Mr. John C. von Lehe Jr., Board Chairman; and Mr. Hubert F. Mobley, Board Vice Chairman. Absent was Mr. A.C. "Bubba" Fennell.

Other Trustees present were: Mr. Richard A. Jones Jr.; Mr. Toney J. Lister; Ms. Rose Buyck Newton; Ms. Molly M. Spearman; Mr. Eugene P. Warr Jr.; and Mr. Charles H. Williams.

Also present were USC Columbia Faculty Senate Chair Mark Cooper, and USC Columbia Student Government President Luke Rankin.

Others present were: President Robert L. Caslen Jr.; Secretary J. Cantey Heath Jr.; General Counsel Walter "Terry" H. Parham; Interim Executive Vice President for Academic Affairs and Provost Tayloe Harding; Senior Vice President for Administration and Chief Operating Officer Edward L. Walton; Vice President for Student Affairs and Vice Provost for Academic Support Dennis A. Pruitt; Vice President for Human Resources Caroline Agardy; Athletics Director Ray Tanner; Vice President for Research Prakash Nagarkatti; Interim Chief Communications Officer and Director of Public Relations Jeff Stensland; Interim Chief Development Officer Will Elliott; Senior Advisor to the President for Advancement Paula Harper Bethea; Palmetto College Chancellor Susan Elkins; USC Aiken Chancellor Sandra Jordan; Vice Provost and Dean of Undergraduate Studies Sandra Kelly; Director of Institutional Effectiveness and Accreditation Donald Miles; College of Arts and Sciences Dean Lacy Ford; University Controller Mandy Kibler; University Treasurer Pat Lardner; University Budget Director Joe Sobieralski; Associate Vice President for Administration and Finance and Medical Business Affairs Jeffrey L. Perkins III; Associate Vice President for Finance Kelly Epting; Executive Director for the Office of Economic Engagement William D. "Bill" Kirkland; Chief Audit Executive Pam Doran; Executive Director for Strategic Initiatives

Jack Claypoole; Assistant Controller Lindsay Anastasio; Office of Equal Opportunity Programs Director Clifford Scott; Assistant to the President for System Affairs Eddie King; Associate Director, Distributed Learning, Trena Houpp; Palmetto College Faculty Senate Chair Christine Sixta Rinehart; Chief Diversity Officer and Senior Associate Provost for Inclusion John H. Dozier; Director of Government and Community Relations Derrick Meggie; Margaret Metcalf, guest of Trustee von Lehe; Trustee Emeritus M. Wayne Staton; Sibson Consulting Vice President Carolyn Cowper; Association of Governing Boards consultants Rick Legon and Ellen Chaffe; University Technology Services Production Manager Matt Warthen; and Board staff members Debra Allen and Terri Saxon.

I. Call to Order

Chairman Westbrook called the meeting to order and stated notice of the meeting had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated; and a quorum was present to conduct business. Secretary Heath confirmed no Trustees had joined the meeting by telephone.

Mr. Stensland introduced and Mike Fitts with the *Post and Courier* in Charleston.

Due to the lateness of the day, Chairman Westbrook said unless there were questions about the academic dashboard, he would ask Board Chairman von Lehe to reschedule the update for another time.

II. Compensation Study

A few months ago, Chairman Westbrook said the Board requested an executive compensation study be conducted to provide a baseline for the presidential transition. Sibson Consulting was selected to assist with this study.

This study provides a tool for the President to use in assessing individuals as he structures his executive team, Mr. Westbrook said, adding the study attempted to anticipate new positions the President might create. While some of those are included in the study, he said, there may need to be additional follow up, depending on the feedback generated by the presentation. Ms. Agardy then introduced Carolyn Cowper from Sibson Consulting.

Ms. Cowper said Sibson conducted an executive market compensation assessment and its report contained the market compensation levels and practices for 16 positions, four of which were vacant: Chief Audit Executive, Chief Diversity Officer, Chief Information Technology Officer, Chief Operating Officer, General Counsel, Vice President for Human Resources, Vice President for Research, Vice President for Student Affairs, Chancellor of Palmetto College, Chancellor of USC Aiken, Chancellor of USC Beaufort,

Chancellor of USC Upstate, Chief of Staff, Chief Financial Officer, Vice President for Communications, and Vice President for Compliance.

Sibson analyzed the market data from the CUPA-HR *Executive Compensation & Benefits Survey*, *Administrators Survey*, and the IRS Form 990 filings using three different types of peer institution groups – public peers, private peers and USC Chancellor peers. Thirty-two institutions were used in the comparison, with criteria for their selection provided by the University. “We aged the market data to October 1, 2019 using a 2.7% annual update factor for salary, incentives, other compensation, and retirement & deferred compensation; and an 8.0% update factor for non-taxable benefits,” she explained.

Ms. Cowper said compared to public peers in the aggregate, USC falls at 102% and 106% of median for base salary and total cash compensation, respectively. Individual executive competitiveness varies. The Chancellors and Vice President for Research positions are below the 25th percentile for base salary, while the Chief Operating Officer is above the 75th percentile for both base salary and total cash compensation. She indicated the Chancellor positions were not included in this comparison, nor the vacancies other than the CFO for which data based on the previous incumbent was used.

Whether a position falls above or below the market percentile may not be significant, she said, depending on the incumbent’s skill set, expertise, scope of responsibility, performance, and value to the institution.

Based on her firm’s experience, she said roughly 25-35% of institutions use incentives broadly among the executive team and the trend is increasing. The prevalence of other benefits like housing, travel, personal services, club dues, etc., were found to be low for public institutions compared with private institutions.

USC also asked Sibson to conduct research on peer governance practices, specifically focused on reporting relationships to and campus oversight of the President’s role. In addition, the University requested information related to a compensation philosophy framework. She indicated such information would be beneficial if efforts were undertaken in the future to formalize a compensation philosophy.

Chairman Westbrook noted Ms. Cowper’s, presentation and Sibson’s report must be followed by a Board discussion about a compensation philosophy for the University. “This is something we may want to consider; where do we want to be generally versus our peers,” he said, asking if Trustees had questions or comments.

“Additional detail is available in the report that will provide you more insight. We will follow up on this report with additional information on some of the positions after we have talked with the President about his organizational chart to ensure we’ve covered all the positions.”

Trustee Mobley commented on the need to be aware there are often market-driven positions and Trustees should avoid micro-managing, leaving establishment of salary levels to the President or a search committee. Chairman Westbrook agreed, indicating the study was a tool for the President to use.

Trustee Moody said the University should be consistent in its practices. Chairman Westbrook said that is why it is important to establish a compensation philosophy. “There should be an understanding between the President and the Board of where we want to be, understanding the President may need to move up or down.”

Trustee Whittle, who had to leave the meeting earlier, had previously studied compensation issues at the University and would be a valuable asset in future discussions, Ms. Moody said. Chairman Westbrook agreed, adding that the President and Trustee Whittle had provided input for inclusion in the report prepared by Sibson.

After some needed follow up to the current report, Chairman Westbrook said he wanted to continue the discussion of establishing a compensation philosophy.

III. USC Columbia Strategic Plan Update

Chairman Westbrook reminded Trustees the committee’s second agenda item – the academic dashboard report –would be rescheduled.

IV. Adjournment

There being no other business to come before the committee, Chairman Westbrook declared the meeting adjourned at 4:10 p.m.

Respectfully submitted,

J. Cantey Heath, Jr.
Secretary