

**VII-10.00 – POLICY ON BOARD OF REGENTS REVIEW OF CERTAIN CONTRACTS
AND EMPLOYMENT AGREEMENTS**

(Approved by the Board of Regents on December 9, 2005; Amended on February 10, 2006;
Amended on April 11, 2014; Amended on October 9, 2015; Amended on June 10, 2016;
Amended on June 19, 2020.)

I. PURPOSE AND AUTHORITY

A. Statutory Authority

Under §12-109(e) of the Education Article, Annotated Code of Maryland, the President of each Institution has the authority and responsibility to "appoint, promote, fix salaries...assign duties and terminate personnel." This authority is "subject to the authority and applicable regulations and policies of the Board of Regents." §12-109(e). The Chancellor has similar authority to appoint staff of the University System of Maryland (USM). §12-108(c).

B. Purpose

It is the expectation of the Board of Regents that the Chancellor and the Presidents will establish compensation that is competitive to attract the best qualified applicants to the USM and its Institutions, but is not excessive in comparison to the compensation for similar positions at peer institutions.

As part of its responsibility for the management of the USM, the Board of Regents adopts the following policy to ensure the systematic review of all contracts for highly compensated personnel entered into by the USM and its Institutions.

II. SCOPE

This Policy shall apply to all contracts (including appointment letters and contract amendments) for Institution officers, academic administrators at or above the level or dean or director, other administrators, and athletic personnel that contain any of the following provisions:

- A. A term of more than one (1) year, with a provision providing severance compensation or leave in excess of standard severance compensation or earned leave pursuant to USM policies;
- B. An annual total compensation package that exceeds the annual total compensation package of the Institution's President or the Chancellor. Total compensation shall include:
 - 1. Salary;

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2. Other allowances, performance and other contingent bonuses, revenues, or other benefits that must be declared as taxable income according to Internal Revenue Service rules and regulations; and
 3. Deferred compensation contributions in excess of the standard and optional retirement benefits offered routinely to USM and institution personnel; or
- C. Deferred compensation benefit in excess of the standard and optional retirement benefits offered routinely to USM and Institution personnel.
- D. Revisions in the terms of employment due solely to cost of living adjustments (COLA) or merit increases within the range of other Institution employees, or other changes in the terms and conditions of employment which apply to a broad category of Institution employees shall not require an additional review under this Policy for matters which have previously been reviewed.

III. REVIEW OF CONTRACTS

A. Review by the Attorney General's Office

Before a contract is executed, it must be submitted to the Office of the Attorney General for review and approval for legal form and sufficiency, with a copy provided to the Chancellor. The Office of the Attorney General shall communicate any significant legal concerns with the draft contract to the Institution's President and the Chancellor. The Chancellor shall communicate any significant concerns, legal or otherwise, to the Chair of the Committee on Governance and Compensation. The President shall consult with the Chancellor about any legal or other concerns before the contract is executed.

B. Review of Institution contracts by the Chancellor and the Board

Within two (2) business days after executing a contract subject to this policy, the President must submit it to the Chancellor for Board of Regents review for informational purposes. The review will be conducted by the Committee on Governance and Compensation. The President of the Institution will be informed by the Chancellor of any questions or concerns arising from the Committee's review of the executed agreement.

C. Review of USM Office Contracts

The Chancellor must submit any contracts subject to this Policy for USM Office personnel to the Office of the Attorney General (with a copy to the Chair of the Committee on Governance and Compensation) and to the Board of Regents for similar review.

D. Reporting Requirements

Not later than September 1 of each year, the President of each Institution shall certify in writing to the Chancellor that the Institution has complied with this Policy for every contract of the Institution covered by the Policy which was executed in the previous fiscal year. The Chancellor shall report to the Board that such certifications have been received, as well as any non-compliance in either the certification or the contract review process. Not later than September 1 of each year, the Chancellor shall certify in writing to the Board of Regents that USM has complied with this Policy for every contract for USM personnel covered by this Policy which was executed in the previous fiscal year.

IMPLEMENTATION PROCEDURES

Each President shall identify his/her designee(s) as appropriate for this policy; develop procedures as necessary to implement this policy; communicate this policy and applicable procedures to his/her institutional community; and post it on its institutional website.