



Item: PC: A-2

## PERSONNEL AND COMPENSATION COMMITTEE

Tuesday, January 26, 2016

**SUBJECT:** Amendment of Employment Agreement for Dr. John Kelly

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### PROPOSED COMMITTEE ACTION

Determine whether the compensation terms of an amendment to the University's employment agreement with President John W. Kelly are reasonable.

### BACKGROUND INFORMATION

On January 17, 2014, the Board unanimously selected Dr. John W. Kelly to serve as President of Florida Atlantic University and authorized the Chair to negotiate an employment agreement with Dr. Kelly. A survey of the compensation terms of the other SUS presidents was conducted and presented to the Board, and on February 18, 2014, the Board unanimously approved an employment agreement (the "Agreement") with Dr. Kelly. Among other items, the Agreement provides that President Kelly is eligible for annual performance compensation of up to ten percent (10%) of his base salary, to be awarded at the discretion of the Board in conjunction with its annual evaluation of his performance. Overall, Dr. Kelly's total compensation package ranked eighth out of the ten SUS institutions surveyed (New College and Florida Polytechnic University were not included in the survey because their size and development stage are not comparable to the rest of the system; if they had been included, Dr. Kelly's figures would rank eighth out of twelve).

On September 21, 2015, the Board unanimously voted to retroactively amend the Agreement to provide for annual performance compensation of up to twenty percent (20%) of Dr. Kelly's base salary. No other provisions of the Agreement were changed. The amendment was subject to Dr. Kelly's agreement and to the Personnel and Compensation reviewing updated compensation information and determining that the amended compensation terms were reasonable. Dr. Kelly has agreed to the amendment. In December 2015 the Chronicle of Higher Education published its 2015 Report on Executive Compensation at Private and Public Colleges. The compensation survey presented to the Board in 2014 has been updated to incorporate data from the Chronicle's report and from other information provided by SUS institutions to the Florida Board of Governors. The updated data shows that if the amendment is adopted, Dr. Kelly's total compensation package would remain ranked eighth out of the ten SUS institutions surveyed (and eighth out of twelve, if New College and Florida Polytechnic University were included in the survey).

#### **IMPLEMENTATION PLAN/DATE**

Effective upon the Committee's approval.

#### **FISCAL IMPLICATIONS**

The Agreement runs for five years, from March 1, 2014 – February 28, 2019. Under its current provisions, the Board may award Dr. Kelly annual performance compensation of up to ten percent (10%) of his base salary, for a total of between \$0 and \$40,000. If the Committee finds the amended terms reasonable, the contract will be amended retroactively to authorize the Board to award Dr. Kelly annual performance compensation of up to twenty percent (20%) of his base salary, for a total of between \$0 and \$80,000.

Florida law caps the amount of salary, bonuses, and cash-equivalent compensation that may be paid to state university presidents from public funds. The Agreement provides that the Board will request that the FAU Foundation provide all sums beyond the amount permitted to be paid from public funds. This practice is consistent with that of every other SUS university. The University General Counsel has confirmed that the Amendment is consistent with all legal requirements for State of Florida State University System employment agreements.

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Supporting Documentation: Updated SUS Presidents' Compensation Survey Table

Presented by: Trustee Anthony Barbar, Chair Phone: 561-405-0625

# State University System of Florida Presidential Compensation Survey

From Public Funds				From University Foundation and Other Non-State Sources						
Univ	State Salary <sup>1</sup>	Univ. Housing <sup>2</sup>	State Other <sup>3</sup>	Salary <sup>4</sup>	Housing Allowance <sup>5</sup>	Car <sup>6</sup>	Annuity <sup>7</sup>	Bonus <sup>8</sup>	Other <sup>9</sup>	Total Comp.
UF	\$200,000	No	\$0	\$660,000	\$0	N/A	\$150,000	N/A	\$160,000	\$1,170,000
USF	\$200,000	No	\$0	\$270,000	\$0	\$11,856	\$63,150	\$186,525	\$2,938	\$734,469
UCF	\$200,000	Yes	\$0	\$291,000	N/A	Yes	\$98,150	\$117,898	\$23,000	\$730,048
UNF	\$199,234	No	\$47,152	\$176,724	\$49,714	Yes	\$0	\$112,500	\$124,884	\$710,208
FIU	\$200,000	Yes	\$0	\$302,579	N/A	\$10,500	\$57,634	\$80,000	\$11,213	\$661,926
FSU	\$200,000	Yes	\$0	\$230,000	N/A	Yes	\$60,794	\$100,000	\$6,979	\$597,773
FGCU	\$200,000	No	\$742	\$176,864	\$50,000	Yes	\$53,830	\$105,000	8,593	\$595,029
FAU	\$200,000	Yes	\$0	\$200,000	N/A	Yes	\$60,000	Up to \$120,000	One-Time \$55,000	\$500,000 up to \$580,000
FAMU	\$200,000	Yes	\$0	\$225,000	N/A	Yes	\$63,750	\$42,500	\$0	\$531,250
UWF	\$200,000	No	\$0	\$107,163	\$24,000	\$14,000	\$36,860	\$39,500	\$56,443	\$477,966
<b>Mean*</b>	\$199,915			\$271,037	\$24,743	\$12,119	\$64,908	\$87,103		\$689,852
<b>Median*</b>	\$200,000			\$230,000	\$24,000	\$11,856	\$60,794	\$102,500		\$661,926

<sup>1</sup> The annual salary for president paid from State funds.

<sup>2</sup> Indicates whether President is provided housing by the University, as opposed to a housing allowance.

<sup>3</sup> The amount of annual State compensation, if any, for items other than salary and housing (excluding fringe benefits).

<sup>4</sup> The annual salary supplement, if any, paid the President from non-State funds.

<sup>5</sup> The annual dollar figure, if any, for housing allowance provided from other than State sources.

<sup>6</sup> If funds are provided for a car, lists the annual amount provided; alternatively, indicates if a car is provided with "Yes" or "No".

<sup>7</sup> The annual amount contributed, if any, to an annuity or other deferred compensation plan for the President.

<sup>8</sup> The amount of any bonuses provided during the 2013-2014 fiscal year, if available, or the 2012-2013 fiscal year.

<sup>9</sup> The annual amount of all other compensation, if any, provided from non-State sources.

\* Excluding FAU

**SOURCES:**

*The Chronicle of Higher Education 2015 Executive Compensation Report  
 Florida Board of Governors' 2012-2013 Presidential Compensation Survey  
 Florida Atlantic University 2014 Presidential Compensation Survey  
 University of Florida 2014 Presidential Compensation Survey  
 Florida International University 2013 Presidential Compensation Survey*