

Procedure for Reviewing Executive Compensation

Effective Date: June 4, 2015

Function: Human Resources

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Basis for Procedure

This document serves as the process for complying with the Executive Compensation Policy.

Procedure Summary

This procedure outlines the steps for setting Compensation for the President and reviewing Compensation for other RF Officers, Compensated Directors, and Key Employees as reasonable.

Procedure Steps

The Board of Directors will set the President's Compensation and review Compensation for RF Officers, Compensated Directors, and Key Employees in accordance with the following requirements. Review by the Board of Directors will be conducted only by Disinterested Directors who are not in a position to benefit personally from Compensation decisions.

Setting Compensation for the President

This process would apply for setting Compensation for a new President or changing Compensation for an existing President.

Step	Role or Responsibility	References or Tips
Retain an independent, third party Compensation Analyst to prepare an independent analysis of Compensation data. The Compensation Analyst will report directly to the Board.	Board of Directors or designee	The Board of Directors may retain other professionals (e.g., legal counsel, accountant) as may be required to meet their obligations as the authorized body.
Utilizing the Compensation Analyst's report, set Compensation for the President.	Board of Directors or designee	If the President holds a joint appointment with the State University of New York, Presidential Compensation will be set in consultation with the State University of New York.

Review as Reasonable Proposed Compensation for Newly Hired Officers of Key Employees at Central Office

Step	Role or Responsibility	References or Tips
Retain an independent, third party Compensation Analyst to prepare an independent analysis of Compensation data. The Compensation Analyst will report directly to the Board.	Board of Directors or designee	The Board of Directors may retain other professionals (e.g., legal counsel, accountant) as may be required to meet their obligations as the authorized body.
Present proposed Compensation terms to Committee and, if applicable, any divergence from the Compensation analysis	President or designee	Such presentation will occur prior to any offer of employment to a prospective Officer or Key Employee

or from standard RF employment practices. Such review will include consideration of any proposed separation benefits.		
Utilizing the Compensation Analyst's report, review as reasonable proposed Compensation terms for New Officers and Key Employees at the central office prior to any offer of employment.	Board of Directors or designee	The Board may review a Compensation range as reasonable to provide the President flexibility in negotiations with the candidate.

Annual Review of Compensation For RF Officers, Compensated Directors, Key Employees, and Top Five Highly Compensated Employees

Step	Role or Responsibility	References or Tips
Retain an independent, third party Compensation Analyst to prepare an independent analysis of Compensation data. The Compensation Analyst will report directly to the Board.	The Board of Directors or Executive Committee	The Board of Directors may retain other professionals (e.g., legal counsel, accountant) as may be required to meet their obligations as the authorized body.
Conduct annual reasonableness review of Compensation for RF Officers, Compensated Directors, and Key Employees, utilizing the Compensation Analyst's report. Such review will include consideration of any separation benefits.	The Board of Directors or Executive Committee	Separation benefits will not be offered to the President, RF Officers, Key Employees, and Top Five Highly Compensated Employees as part of an employment agreement unless reviewed and determined to be reasonable by the Board of Directors.

Documentation

The Secretary or designee will maintain contemporaneous documentation of the Board of Directors' process. Documentation will include the following information:

- The terms of the transaction that was reviewed, the date it was reviewed;
- The members of the Board of Directors who were present during debate on the transaction that was reviewed and those who voted on it;
- The comparability data obtained and relied upon by the Board of Directors and how the data was obtained;
- Any actions taken with respect to consideration of the transaction by anyone who is otherwise a member of the Board of Directors but who had a conflict of interest with respect to the transaction; and

If the Board of Directors determines that reasonable Compensation for a specific arrangement or fair market value in a specific property transfer is either lower or higher than the range of comparability data provided, the Board of Directors will record the basis for its decision that Compensation is reasonable.

Documentation will be completed before the next meeting of the Board of Directors or designee or 60 days following the Board of Directors' final action, whichever is later. The Board of Directors will review and approve the records as reasonable, accurate, and complete within a reasonable time.

Definitions

Board of Directors or Board – the Board of Directors of The Research Foundation for the State University of New York.

Compensation –all economic benefits, including cash and noncash Compensation, provided by the RF in exchange for performance of services. Compensation includes but is not limited to the benefits set forth in Treas. Reg. §53.4958-4(b)(1)(ii)(B):

- (1) all forms of cash and noncash Compensation, including salary, fees, bonuses, severance payments, and deferred and noncash Compensation described in Treas. Reg. §53.4958-1(e)(2);
- (2) unless excludable from income as a de minimis fringe benefit pursuant to section 132(a)(4), the payment of liability insurance premiums for, or the payment or reimbursement by the organization of— (i) any penalty, tax, or expense of correction owed under section 4958; (ii) any expense not reasonably incurred by the person in connection with a civil judicial or civil administrative proceeding arising out of the person's performance of services on behalf of the applicable tax-exempt organization; or (iii) any expense resulting from an act or failure to act with respect to which the person has acted willfully and without reasonable cause; and
- (3) all other compensatory benefits, including payments to welfare benefit plans, such as plans providing medical, dental, life insurance, severance pay, and disability benefits, and both taxable and nontaxable fringe benefits (other than fringe benefits described in section 132), including expense allowances or reimbursements (other than expense reimbursements pursuant to an accountable plan that meets the requirements of §1.62-2(c)), and the economic benefit of a below-market loan (within the meaning of section 7872(e)(1)).

Fringe benefits described in section 132 and reimbursement to Directors under an accountable expense reimbursement plan will not be considered Compensation. Compensation will include any offer or agreement entitling an individual to receive an offer of employment with the RF, State University of New York, or related entity in connection with termination from the individual's position with the RF.

Compensated Director— a member of the Board who receives Compensation reportable on the RF's Form 990 for work other than service on the Board. Under the Article II, Section 8 of the RF By-laws, directors are not eligible for Compensation for their service to the Board, except for reimbursement of reasonable expenses.

Compensation Analyst—an individual qualified to offer professional advice regarding the reasonableness of Compensation under IRS standards and who meets the following:

- holds themselves out to the public as appraisers or Compensation consultants;
- performs the relevant valuations on a regular basis; and
- is qualified to make valuations of the type of property or services involved.

Disinterested Director— a member of the Research Foundation Board of Directors who is not in a position to benefit personally from Compensation decisions being reviewed.

Financial Separation Payments - salary continuation payments, consultancy fees, or payments for continuation of benefits paid to the RF President, RF Officer, Key Employee, or Top Five Highly Compensated Employee in connection with termination of employment. Financial Separation Payments will not include payment for accrued, unused vacation time, statutory unemployment benefits, or other payments that an RF employee would typically receive upon termination of employment.

Key Employee— a Key Employee, as the Internal Revenue Service defines that term for purposes of the IRS Form 990.

Research Foundation or RF— The Research Foundation for the State University of New York.

RF Officer— an officer elected by the RF board of directors under the RF By-laws, including the Research Foundation's President, General Counsel, Secretary, and Chief Financial Officer and excluding those appointed by the RF President pursuant to Article IV Section 13 of the RF's Bylaws as appointed officers.

Staffing Services Arrangement— an agreement or arrangement in which the RF provides payroll and benefits and other employment-related services.

Staffing Services Client— an entity that has entered into a Staffing Services Arrangement with the RF.

SUNY— the State University of New York.

SUNY Officer— the SUNY Chancellor, campus president, or designated officer or official.

Related Information

[Executive Compensation Policy](#)

Forms

None

Change History

Date	Summary of Change
June 4, 2015	Removed reference to Top Five Highly Compensated Employees for committee review.
June 10, 2013	New Procedure

Feedback

Was this document clear and easy to follow? Please send your feedback to webfeedback@rfsuny.org.