

1. Title

Cash Compensation for Chief Administrative Officers

2. Rule and Regulation

Sec. 1 Purpose. This Rule sets forth the cash compensation structure authorized for the Chancellor and presidents (chief administrative officers) of the institutions of The University of Texas System. It is prospective in nature and application and is not intended to be applied retroactively. It does not pertain to, nor affect, benefit programs such as insurance, retirement benefits, and deferred compensation, which may also be a part of a chief administrative officer's overall compensation package.

Sec. 2 Elements of Compensation Structure. In order to attract and to retain effective, highly skilled, and committed chief administrative officers of the institutions of the U. T. System and to recognize their professional achievements, it is the policy of the U. T. System to offer competitive levels of cash compensation within a compensation structure consistently applied. This Policy establishes and defines the various elements for the cash compensation portion of a chief administrative officer's compensation package. Compensation packages for the presidents are recommended by the appropriate Executive Vice Chancellor to the Chancellor, and then by the Chancellor to the Board of Regents for approval. The compensation package for the Chancellor is determined by the Board of Regents and will address issues related to residence at Bauer House.

2.1 Base Salary. The base salary rate for each chief administrative officer shall be set by the U. T. System Board of Regents following a review of national compensation survey data for respective peer institutions.

2.2 Housekeeping Staff. Each institution, at the institution's expense, shall provide appropriate housekeeping and other support services for business-related functions held at the chief administrative officer's residence, but no housekeeping or other support services will be provided for personal use at a residence that is not owned by the University.

- 2.3 Practice Plan Supplement. The bylaws of the physician practice plans provide that the compensation for the presidents of the health institutions may be supplemented by up to 30% of the president's salary from practice plan funds. The supplement is contingent on availability of funds in the practice plan. The practice plan salary supplement is not a part of the base salary and shall be reported as a separate element of the health president's cash compensation because of the special nature of the source of funding. Practice plan supplements are not eligible for Teacher Retirement System and Optional Retirement Program retirement benefits or other retirement benefits and no employer matching contributions may be made with respect to practice plan supplements.
- 2.4 Deferred Compensation. Upon approval by the Board, deferred compensation may be paid pursuant to a Deferred Compensation Plan originally adopted effective September 1, 1996, for the benefit of a select group of employees. The purpose of the plan is to offer those employees an opportunity to elect to defer the receipt of compensation pursuant to [Section 457\(f\)](#) of the Internal Revenue Code of 1987, as amended. Deferred compensation is not part of the base salary and shall be reported as a separate element of the chief administrative officer's cash compensation. Deferred compensation is not eligible for Teacher Retirement System or Optional Retirement Program retirement benefits or other retirement benefits.
- 2.5 One-time Merit Awards. In instances where a chief administrative officer has made a significant contribution in a particular year, the Board of Regents may elect to make a merit award on an annual basis.

Sec. 3 Prohibited Allowances or Adjustments. No allowances or adjustments will be provided for the following items.

- 3.1 Housing Allowance. No separate allowance for housing may be paid. Base salary includes compensation sufficient to purchase or lease a residence.
- 3.2 Housing Maintenance Allowance. No separate allowance for maintenance, utilities, landscaping, or other

expenses attributable to a chief administrative officer's personal residence may be paid. All personal expenses associated with a chief administrative officer's residence are intended to be covered by the base salary. No University physical plant personnel may be used to provide personal services related to repair or maintenance at a residence that is not owned by the University.

3.3 Car Allowance. No separate car allowance may be provided to a chief administrative officer. Base salary includes compensation sufficient to purchase or lease a car. An institution may reimburse a chief administrative officer for mileage associated with business use of a personal vehicle in accordance with the latest published Internal Revenue Service guidelines, the State Travel Regulations Act (*Texas Government Code, [Chapter 660](#)*), and applicable institutional policies. No vehicle may be purchased for or assigned to the chief administrative officer for personal use.

Sec. 4 Other Compensation. This rule covers all compensation provided for service as a chief administrative officer by the institution or an external organization that is established to support the mission of the institution. Compensation for other service, such as service on outside boards, must be pursuant to approval required by [The University of Texas System Administration Policy UTS123, Service on Outside Boards](#).

Sec. 5 University-Owned Housing. If the Board of Regents makes arrangements that require the chief administrative officer to reside in the institutionally-owned residence or if covenants, conditions, or restrictions applicable to the institutionally-owned residence require occupancy by the chief administrative officer, then he or she shall reside in the institutionally-owned residence. In the absence of such requirements, each chief administrative officer of an institution, for which a residence is owned by the U. T. System and is available, shall have the option of leasing the residence from the U. T. System.

5.1 Those presidents who elect to or are required to reside in an institutionally-owned residence shall enter into a lease arrangement with the U. T. System. The rental rate to be paid by the president under the lease shall be based on the current fair market rental value of that portion of the

residence that is used as the president's private residence.

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Education Code [Section 65.31](#) – General Powers and Duties

Texas Government Code, [Chapter 660](#) – Travel Expenses

5. Relevant System Policies, Procedures, and Forms

Regents' *Rules and Regulations*, [Rule 20203](#) – Compensation for Key Executives

[The University of Texas System Administration Policy UTS123, Service on Outside Boards](#)

6. Who Should Know

Executive Vice Chancellors
Presidents

7. System Administration Office(s) Responsible for Rule

Chancellor's Office

8. Dates Approved or Amended

August 10, 2006
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

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