

**Robert F. Cioffi Statement RE: Report on Reviews and Executive Compensation
August 10, 2011**

In May 2011, the Board of Trustees directed that a review process be conducted to examine the implications of information that had surfaced during the University's production of public records with respect to the behavior of certain individuals. The Board deemed this review necessary to protect and reinforce the integrity of the institution by requiring that this situation be assessed and understood, and that recommendations for appropriate policy and management approaches be developed. Today, we are releasing the results of that Review.

The Review covered three primary components:

- Whether the acceptance of a doctoral dissertation authored by Associate Vice President for Development Michael Schultz occurred in a manner consistent with the customary standards and procedures of the Graduate College;
- Whether travel and business-related expenditures for President Daniel Fogel, his wife Rachel Kahn-Fogel, and others were properly incurred and documented in view of University requirements; and
- Whether personnel actions were taken with respect to University events planning and Development Office staff in a manner consistent with legal and policy requirements.

The review processes and their outcomes are described in more detail in the six-page document we are distributing, but let me take a moment to describe the findings, recommendations, and next steps.

- **The Dissertation.** As was reported some weeks ago, the review of the Schultz dissertation was conducted by the Office of the Provost at UVM. The review found that all paperwork and processes for evaluation of the dissertation were in proper order, the research and dissertation were properly conducted and prepared, and that there was no attempt by anyone to influence the process.
- **Travel and Business-Related Expenditures.** The University Office of Audit Services reviewed travel and business meal and amenity expenses for President Fogel, Rachel Kahn-Fogel, Michael Schultz, and Leslie Logan, who served as an events planner and Chief of Protocol. This review did not identify any transactions that were unrelated to a University business purpose. However, it did identify ten instances in which meal charges exceeded the University's per day meal threshold of \$55. The amount of money involved totaled \$151, and has been reimbursed to the University.
- **Personnel actions.** The law firm of Dinse, Knapp, & McAndrew, P.C., conducted this review. A wide range of documents and policies were reviewed, and extensive interviews were conducted with seventeen witnesses who had served in key roles in the Development Office, the Office of the President, and the Board of Trustees. The principal findings of this review are:
 - That violations of the law or University policy did not occur. However:
 - There was a lack of clarity as to the role of the President's spouse in events planning and Development activities, causing confusion as to the scope and authority of Mrs. Kahn-Fogel.
 - Presidential staffing and personnel decisions were at times based on personal preferences rather than objective performance assessment.

- An environment negatively affecting morale was created and allowed to continue.

All of this ran counter to the University's stated guidelines and values, specifically our statement of "Parameters for Compensation at UVM," and "Our Common Ground," a statement of community values. To be effective and meaningful, these guidelines and values must be followed and exemplified across the University, especially by the institution's leadership. And we fell short of that goal. In this matter, effective management and oversight were lacking, for which the President, and in turn the Board of Trustees, must and do accept responsibility. The buck stops with us.

There are several recommendations that are included in the Review document. To be responsive to those recommendations and ensure that they are addressed, the Board directs the following:

- The Board shall develop and adopt a policy regarding volunteer or other services to be provided by a presidential spouse or partner who may be involved with University programs, activities or operations. These parameters should be reviewed by the Board Chair with the spouse or partner as part of an orientation.
- The Office of Audit Services shall generate, for review and action by the Audit Committee, recommendations regarding steps that the University might take to strengthen its practices related to documenting, reviewing, and approving the reimbursement of employee and volunteer expenses.
- The administration, shall draft for the Board's consideration a UVM-community-vetted policy statement regarding workplace climate that incorporates and reinforces new and/or existing requirements and standards. The policy should require that its content be acknowledged and understood by all employees and volunteers, and that administrators be required to report violations. In addition, appropriate mechanisms should be in place to allow individuals to make such reports without fear of retaliation, even if the situation involves a senior University official.

With respect to this matter, I want to express both my regret that this situation was allowed to continue for as long as it did, and my confidence that we will effectively address these types of issues going forward. Human error and fallibility will always be with us. In an educational community, it is important that we learn from our mistakes and take appropriate corrective action to avoid them in the future, for the benefit of the entire University community.

The Board also passed a resolution unrelated to this Review, regarding the issue of executive compensation. This resolution designates the existing Annual Review Subcommittee of the Board's Executive Committee with the task of reviewing executive compensation policies, procedures, and/or guidelines, and recommend to the Board any revisions that may be warranted. And this applies not only to Presidential compensation, but to other high level administrative positions as well. As part of this process, we will be asking the leaders of our governance bodies to meet periodically with the Annual Review Subcommittee to provide perspectives, questions, and advice as this work is done.

This is important work, as the Board needs to have an ongoing handle on national trends, market forces, and internal policies that are carefully and deliberately developed and implemented. But

make no mistake: The inescapable fact is that we must be competitive at all levels of the institution to be able to recruit talented individuals to UVM.

Now, I recognize that Presidential compensation has been on people's minds lately in light of Dan Fogel's resignation and severance arrangements. Certainly I have heard a significant amount of anger, frustration, and second-guessing around this situation, and I completely understand the reasons for those views. I recognize that it's a lot of money, but in the national marketplace for university presidents it is not at all out of line. The Board made a very careful, deliberative business decision in the best interests of the University, which is our fiduciary responsibility. We had contractual obligations to honor, including taking into account that our agreement in March called for Dan to be paid through June, 2013. Even so, our revised agreement reduced that obligation by six months, and is still modest in terms of Presidential severance agreements nationally.

In the end, weighing all of the factors we had before us, we made a decision that accommodated changing circumstances, considered an exceptional set of achievements, and addressed the unusual personal circumstances we all know about. I recognize and accept that this outcome has been controversial, but the Board made a rational business decision with strong and widespread support of its members.

I apologize for such a long statement. I will first take questions from the Board, and after we adjourn I will be happy to take questions from the media or others who are here.