

REPORT OF THE HOUSE OF DELEGATES COMMITTEE ON COMPENSATION OF THE OFFICERS

The following report was presented by M. Ray Painter, Jr., MD, Chair:

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Reference committee hearing: see report of [Reference Committee F](#).

**HOUSE ACTION: RECOMMENDATIONS ADOPTED
REMAINDER OF REPORT FILED**
See Policy D-605.990

This report by the House of Delegates Committee on Compensation of the Officers recommends no change to officers' compensation for the period July 1, 2016 through June 30, 2017.

BACKGROUND

At the 1998 Interim Meeting, the House of Delegates (HOD) established a House Committee on Trustee Compensation, currently named the Committee on Compensation of the Officers, (the Committee). The officers are defined in the American Medical Association's (AMA) Constitution and Bylaws. (Note: under changes to the Constitution previously approved by the HOD, Article V refers simply to "officer," which includes all 21 members of the Board among whom are president, president-elect, immediate past president, secretary, speaker of the hod and vice speaker of the HOD, collectively referred to in this report as officers). The composition, appointment, tenure, vacancy process and reporting requirements for the Committee are covered under the AMA Bylaws. Bylaw 2.13.4.5 provides:

The Committee shall present an annual report to the House of Delegates recommending the level of total compensation for the officers for the following year. The recommendations of the report may be adopted, not adopted or referred back to the Committee, and may be amended for clarification only with the concurrence of the Committee.

At A-00, the Committee and the Board jointly adopted the American Compensation Association's definition of total compensation which was added to the Glossary of the AMA Constitution and Bylaws. Total compensation is defined as the complete reward/recognition package awarded to an individual for work performance including: (a) all forms of money or cash compensation; (b) benefits; (c) perquisites; (d) services; and (e) in-kind payments.

Since the inception of this Committee, its reports document the process the Committee follows to ensure that the then current officer compensation recommended for approval is based on sound, fair, cost-effective compensation practices as derived from research and use of independent external consultants expert in board compensation. Reports beginning in December 2002 documented the principles the Committee followed in creating its recommendations for officer compensation.

At A-08, the HOD approved changes that simplified compensation practices and increased transparency and consistency of same. At A-10, Reference Committee F requested that this Committee recommend that the HOD affirm a codification of the current compensation principle, which occurred at I-10. At that time, the House affirmed that this Committee has and will continue to base its recommendations for officer compensation on the overarching principle of the value of the work performed, consistent with IRS guidance and best practices as recommended by the Committee's external independent consultant, who is expert in board compensation.

At A-11 the HOD approved aligning the Medical Student and Resident Officer compensation to that of all other officers (excluding Presidents and Chair) because these positions perform comparable work.

Immediately following A-11, the Committee retained Mr. Don Delves, founder of the Delves Group, to update his 2007 research to provide the Committee comprehensive advice and counsel on officer compensation. The Committee asked for this update because it had been four years since the last comprehensive review and because the Committee wanted to continue refining its compensation practices for increased simplification and transparency.

The updated compensation structure was presented and approved by the HOD at I-11 with an effective date of July 1, 2012.

At I-11, Reference Committee F requested that the Committee list the specific benefits, perquisites and in-kind payments provided to the officers and to annually document the taxable value of these benefits. The Committee began reporting this in the A-12 report which documents the values reported to the IRS for the previous taxable year benefits, perquisites, services and in-kind payments.

The Committee's I-12 report referenced discussions and research concerning the Presidents' travel on regional airlines. The A-13 report expanded the travel discussion to include travel on airlines on which the Presidents do not have preferred status. The HOD approved the Committee's recommendation to provide a travel allowance for each President to be used for upgrades, primarily on non-preferred status, because of the significant volume of travel by the President in representing our AMA.

This report recommends no changes to officer compensation for the period July 1, 2016 through June 30, 2017.

FINDINGS

The Committee recommends no change to officer compensation for the period July 1, 2016 to June 30, 2017 because the Committee has commissioned a comprehensive compensation review with an outside consultant expert in Board compensation. It has been five years since the last compensation review and the Committee wants to ensure the officers are compensated appropriately for the work performed on behalf of the AMA. The Committee also continues to be interested in reviewing and refining its compensation practices for increased simplification and transparency.

The Committee has also asked the consultant to review the structure of officer compensation to ensure continued alignment with current trends in public board compensation which had been to move away from paying for each individual board or board committee meeting to one annual fee. To complete the compensation review, the Committee has retained a new consultant, Becky Glantz Huddleston, of Willis Towers Watson. Ms. Huddleston is an expert in Board compensation and the firm she works for is one of the largest, most prestigious and well-respected compensation consulting firms. The Committee decided to conduct a review of its long relationship with Don Delves, which dates back to 2007, and interview other consultants to determine if a fresh perspective was needed. Ms. Huddleston was selected because of her experience in working with both public and non-profit organizations.

The Committee will present its findings and recommendations, effective July 1, 2017, in its I-16 report to the House of Delegates.

RECOMMENDATIONS

The Committee on Compensation of the Officers recommends that the following be adopted and the remainder of the report filed:

That there be no changes to the officers' compensation for the period beginning July 1, 2016 through June 30, 2017.

Appendix - Officer Compensation and Related Definitions

POSITION	HONORARIUM
President	\$279,000
Immediate Past President & President-Elect	\$274,000
Chair	\$269,500
Chair-Elect	\$199,500
Other Officers	\$61,500

Definition of Governance Honorarium Effective July 1, 2012:

The purpose of this payment is to compensate officers for all Chair-assigned internal AMA work and related travel. This payment is intended to cover all currently scheduled Board meetings, special Board or Board Committee meetings, task forces, subcommittees, Board orientation, development and media training, Board calls, sections, councils or other internal representation meetings or calls, and any associated review or preparatory work, and all travel days related to all meetings as noted above.

Definition of Per Diem for Representation effective July 1, 2012:

The purpose of this payment is to compensate for Board Chair-assigned representation day(s) and related travel. Representation is either external to the AMA, or for participation in a group or organization with which the AMA has a key role in creating/partnering/facilitating achievement of the respective organization goals such as the AMA Foundation, PCPI, etc. The Board Chair may also approve a per diem for special circumstances that cannot be anticipated such as weather related travel delays. Per Diem for Chair-assigned representation and related travel is \$1,200 per day.

Definition of Telephonic Per Diem for External Representation effective July 1, 2011:

Officers, excluding the Board Chair and the Presidents, who are assigned as the AMA representative to outside groups as one of their specific Board assignments, receive a per diem rate for teleconference meetings when the total of all teleconference meetings of 30 minutes or longer during a calendar day equal 2 or more hours. Payment for these meetings would require approval of the Chair of the Board. The amount of the Telephonic Per Diem will be ½ of the full Per Diem or \$600.