

**BOARD OF REGENTS\* and its  
NSHE TASK FORCE ON PERFORMANCE PAY  
ADMINISTRATION AND SUPPORT**

System Administration, Las Vegas, Nevada  
4300 South Maryland Parkway, Board Room

Thursday, December 19, 2019, 10:30 a.m.

Video or Telephone Conference Connection from the  
Meeting Site to: Desert Research Institute, Reno,  
2215 Raggio Parkway, Stout Conference Room A  
and  
Great Basin College, Elko, Nevada  
1500 College Parkway, Berg Hall Conference Room

Members Present:           Regent Amy J. Carvalho, Chair  
                                  Regent Carol Del Carlo  
                                  Regent Sam Lieberman  
                                  Student Robert Lemus (NSC)  
                                  Student Andrew Sierra (CSN)  
                                  Student Nathaniel Waugh (UNLV)  
                                  Senate Chair Dr. Serge Ballif (NSC)  
                                  Faculty Senate Chair Dr. Brian Frost (UNR)  
                                  Faculty Senate Chair George Kleeb (GBC) *via phone*  
                                  VP & Chief HR Officer Dr. Ericka Smith (UNLV)  
                                  Officer Jim New (TMCC)  
                                  Business Officer Jean Vock (UNLV)  
                                  NSHE CFO Andrew Clinger  
                                  NSHE Vice Chancellor Crystal Abba

Members Absent:           Regent John T. Moran

Others Present:            NSHE Chief General Counsel Joseph Reynolds

Chair Amy J. Carvalho called the meeting to order at 10:33 a.m. with all members present except Regent Moran.

1. Information Only-Public Comment – Kent Ervin, faculty member, UNR, and member of the Nevada Faculty Alliance, thanked the task force for its work and asked that the following recommendations be considered: 1) Fully fund COLAs for all state employees to keep up with inflation; 2) Delete Handbook language that prohibits professional merit without explicit legislative funding; 3) Don't mandate a fixed percentage for a performance pay pool without identifying a funding mechanism; 4) Tie the resident Weighted Student Credit Hour formula funding as well as student fees and tuition to inflation as

measured by the Higher Education Price Index; 5) For legislative budget enhancement requests, emphasize the need to achieve 350-to-1 student-to-advisor ratios, 18-to-1 student-to-faculty ratios at the universities, and appropriate student-to-faculty targets for two- and four-year colleges; and 6) Don't neglect performance pay funding for the non-formula budget programs. He emphasized the need for long term, sustainable solutions and a unified approach from NSHE, the Regents and faculty groups.

John Nolan, lecturer in the College of Business, UNR, and member of the Nevada Faculty Alliance stated that the performance pay, compression, inversion and COLA are the most pressing issues to each institution for long-term sustainability. He described how faculty felt demoralized and betrayed after not being supported by the legislature in this past legislative session. The main goal of the NFA is to create an environment where all NSHE institutions succeed and compete with the best institutions across the country, but the current work environment is very troubling due to the faculty pay issue. On behalf of the NFA he asked the task force to: 1) fight to ensure COLAs are fully funded by legislature; 2) fix the NSHE code to allow performance pay; and 3) work toward a long-term, sustainable funding mechanism without putting an increased burden on students.

Jean Jeon, associate professor in the College of Business, UNR, said having started at the university in 2012, she is of the new generation of faculty who have never received performance pay. She noted COLA hasn't kept up with the increasing cost of housing, childcare and groceries. While her children are happy in Nevada, she must make a decision as to what is in the best interest of her family. In her eight years at UNR, she's seen lots of new buildings and updates to campus infrastructure, but no progress on faculty pay. She wonders why is there money for new administrators and buildings but no concern for rank and file faculty? Institutions should show they value the faculty who provide service and educate students.

Hannah Patenaude, CSUN student body president, UNLV, relayed the resounding student sentiment that they fully support faculty and are in complete agreement that faculty pay issues need to be resolved, but not on the backs of students. As discussed in the past three Nevada Student Alliance meetings, a new student fee is not the solution. It takes the responsibility off the legislature and puts it solely on students. She added that, not only is it unfair to students, a new student fee is not a long-term or sustainable solution.

Adrian Havas, NFA president and professor, CSN, stated that nearly a decade ago, community college professors were moved off the step system to a merit system, but it has never been funded. While grateful for the attempt, this was not the solution to the huge salary inequities that senior community college faculty now face. He encouraged the task force to consider the option of restoring steps, as well as supporting the bargaining process to solve salary issues.

Nichole Thomas, graduate student, UNLV, spoke against any proposition to increase student fees to support faculty pay increases. She pointed out that students are already struggling, and additional fees will make higher education even less accessible. Instead of making students carry the burden, she asked that institutions be made to find it in their budgets.

Robert Manis, professor, CSN, stated that back when the community colleges were on the step system it was funded 90% of the time, but since they were switched to a merit pay, it has never been funded. He asked the task force to work to find a way for the legislature to fund merit pay. He noted that the legislature always funds steps for classified workers, so it seems the legislature understands and support steps, as well as collective bargaining.

Syeda Jamshed, undergraduate student and CSUN senator for the College of Liberal Arts, UNLV, relayed the collective student opinion that a solution to the faculty pay issue should not be a student fee. Students love their faculty, but this would take the responsibility away from the state and put it on students who are already struggling financially.

Naser Heravi, professor in the Computing and Information Technology Department at CSN, said the fact that he's been teaching for over 22 years and holds a doctorate and two master's degrees is not reflected in his low salary. Student success requires that he keep up with changing technology through constant professional development, which is also not reflected in his pay. He reported that his department is trying to hire a new faculty member, but the salary they have to offer is not competitive enough to recruit someone with a Ph.D. or even a master's degree, and they will have to drop down to the level of a bachelor's degree. While increasing student fees is not the answer, something needs to be done.

Luis Ortega, faculty member, CSN, said that while the recession that began in 2007 is over, the majority of faculty feel they are still in a recession and there has not been any recovery. Salary studies are important, but not when salaries and workload are compared to colleges that are not comparable to CSN. He encouraged the Board of Regents and chancellor to support COLA, merit and base pay because institutions can't recruit excellent faculty if their salaries are not competitive. Many faculty have left CSN because they do not feel compensated. While the discussion is about salaries, it is really about the future of our state. He challenged the Board of Regents and chancellor to publish a survey to determine the reason why faculty must take overloads every semester – it's not because they're overcompensated.

Stacy Walters, faculty and vice president, NFA chapter, CSN, reminded the task force that CSN has been negotiating a collective bargaining contract for over three years and are at an impasse over base salary increases. The moderator's recommendations from a fact-finding hearing in July were favorable to CSN faculty. The moderator found that CSN faculty are

underpaid and CSN does have the funds for a base salary increase. The CSN NFA agreed to withhold the report on the promise of a base salary proposal by CSN administrators, but no proposal was offered. Faculty deserve fair wages and a fair contract, but CSN administrators are hesitant to prioritize the well-being of CSN faculty. She said that after three years, negotiations are essentially back to where they started, with the same issue – salary.

Olivia Cheche, undergraduate student and CSUN senator for the College of Liberal Arts, UNLV, expressed concern about a possible student fee to cover faculty pay increases. She feels faculty deserve an increase, but students shouldn't have to pay for it, especially since most are already struggling to pay. Solving the faculty pay issue with student fees only trades one problem for another and would create a barrier to UNLV's diverse student body, negatively affect higher education, and ultimately affect the entire state.

Joshua Padilla, 3<sup>rd</sup> year civil engineering student and CSUN chief of staff, UNLV, said increasing student fees would set a bad precedent and would only serve as a "band-aid fix" that would harm students and cause bigger issues down the road. Higher education doesn't receive the support it needs from the state and it would simply take pressure off the state and put it on the students. He asked that the Board of Regents and chancellor to continue pressuring the state to change its stance on higher education and suggested students would be willing to rally at the legislature if needed. He encouraged the System to continue to pressure the legislature, not the students.

Daniel Gutierrez, ASCSN student body president, CSN, spoke on behalf of the students and conveyed a message of support for faculty and support for a solution to the pay issue that benefits all parties involved. However, he emphasized this is not a burden for the students to carry. Additional student fees would hurt all students, but especially low-income students and those already struggling. He said students would be willing to rally at the legislature and ask the state to do its part, but they're not willing or able to pay to fix the issue themselves.

Maria Schellhase, business professor and faculty senate chair elect, CSN, expressed support from all faculty for finding a solution. She noted that the issue boils down to a simple value perception and the question, "How much do you value your faculty?" The faculty pay issue not only affects recruitment and retention, it affects morale, especially when there's regular announcements of new administrators hired with six-figure salaries and yet there's no money for faculty. She pointed out that 66% are adjunct faculty and all the extra work by full-time faculty goes unnoticed and uncompensated. Many faculty members, including herself, have had to take second jobs to prepare for retirement. She said she is against increases in student fees and challenged the Board of Regents and chancellor to deal with the problem head on and find a long-term, viable solution that is a win-win for the community, the institutions, the students, and the faculty that serve them.

2. Approved-Minutes – The task force recommended approval of the minutes from the October 23, 2019 meeting with the following changes brought forth by Dr. Brian Frost:
  - a. Page 4, paragraph 3: Change 2009 to 2014 so last sentence reads, “Merit was restored in 2014 for classified, but not for faculty...”
  - b. Page 6, paragraph 1: Change ratio from 65/20 to 65/35.

Regent Lieberman moved approval of the minutes from the October 23, 2019 meeting with amendments. Regent Del Carlo seconded. Motion carried. Regent Moran was absent.

3. Information Only-Opening Remarks – Chancellor Reilly thanked the task force and said he recognizes today’s work session reflects their hard work. He appreciates the attention to all of the suggestions, recommendations and input received, especially from faculty and students. He commended Chair Carvalho in her organization of the October meeting, seeking outside information from WICHE, which acknowledged the fact that Nevada is the only state where performance pay is contingent on a state appropriation specifically for that purpose. He noted that it served NSHE well when the appropriations were granted, but it has harmed us in the long run. In the absence of such appropriations, merit adjustments did not occur, contributing to NSHE’s salary compression and inversion issues.

He said he appreciates how the task force also utilized the first meeting to understand the history of performance pay and COLA adjustments through CFO Clinger’s presentation. He feels that, in a meaningful and productive way, the two presentations set the stage for today’s work session, in which the task fore will make a recommendation to the Board of Regents.

Chancellor Reilly said it’s clear that most have come to the reality that the state is no longer willing to directly fund merit adjustments for NSHE and he concurred that it’s highly unlikely the 2021 legislative session will be any different. He believes strongly that NSHE institutions can and should prioritize performance pay increases for administrative and academic faculty within their existing budgets. He said that in many cases, this will mean prioritizing funding for existing faculty over creating new positions, but he feels it’s a reasonable approach that aligns with practice in other states and systems. Based on his conversations with presidents from other states, he found it unusual that NSHE has based its ability to compensate its faculty directly to an appropriation from the state. This does not occur anywhere else and is not a system that is sustainable.

He recalled that the matter of performance pay for faculty was one of the most daunting challenges he faced as he began his tenure as chancellor, so he is grateful to the task force for coming up with a viable solution. While not necessarily easy, he feels it is one that ensures NSHE will invest in its faculty who are so critical to the System's and students' success. He feels it is a fundamental recommendation and change about how NSHE does business. He reiterated that the approach tying compensation directly to state appropriations hasn't worked for the past 20 years and all indications and conversations show it is not something that will work in the future.

Chancellor Reilly said the work of the task force and the recommendation the Board of Regents will consider is very significant. It's a fundamental change and a realization that part of NSHE's business is that it consider compensation for faculty a priority. He said that's how every other organization operates – in the private sector, for profit and other colleges and universities – it's just part of doing business. He recognized that for the smaller institutions, such as Great Basin College and Western Nevada College, funding performance pay within already lean budgets will not be easy, so he'll have separate discussions with the Board and legislature on adjusting the small institution factor, providing some relief to the strain a merit pool will cause on the smaller institutions.

Regarding the problem with COLA funding from the 2019 session, Chancellor Reilly said he fully supports the recommendation to restore COLA funding to 80% and the technical changes noted in the task force's work session documents for the current meeting. He said this has been an ongoing conversation NSHE has been having with the governor's office and legislators addressing the issue of COLA.

Chancellor Reilly concluded by emphasizing that NSHE now has the opportunity to make the decision to operate the System like every other state does – with the understanding that the ability to compensate and keep our wonderful faculty is an ongoing operational issue and not something that should be done only when appropriated by the legislature.

4. Approved-Work Session: Recommendations for Consideration – Chair Carvalho noted that since Vice Chancellor Abba and CFO Clinger would be leading the task force through the work session, they will both abstain from voting. She also asked CFO Clinger for clarification on President Marc Johnson's letter, in which he suggests a fee increase may need to be adjusted by HEPI plus the cost of faculty compensation. CFO Clinger explained that this past year the regents approved a predictable pricing model for student fee increases based off the HEPI (Higher Education Inflation Index), which is similar to the Consumer Price Index but is an index of costs for colleges and universities. He disagrees with the

suggestion to add to HEPI because it is already made up mostly of salaries, including faculty salaries (35%), administrative salaries (11%) and clerical salaries (18%), as well as service employees and fringe benefits.

Chair Carvalho asked for input from the task force members before starting the work session.

Regent Lieberman said he hopes that: 1) faculty increases will still be a priority for NSHE's legislative agenda; 2) merit pay will be referred to as performance pay instead of merit pay; and 3) NSHE will work with the legislature for initiatives that don't put a solution on the backs of students. He reminded the task force that any recommendation must go to the full Board of Regents, and if approved they will work their colleagues to speak with one voice.

Mr. Waugh thanked students for their commentaries and said that while he has the utmost respect for President Johnson, he is disappointed by the suggestion in the president's letter regarding increasing student fees. He reiterated that he is against more student fees and NSHE needs to stop solving problems by charging students. Students will help rally at the legislature, but students are not an ATM and should not have to pay extra to get quality faculty.

Mr. Lemus agreed that increasing student fees is not the answer, this just requires students to work more, take out more loans, or drop out of college. It is said that the legislature and students are the only options but unfortunately, students don't have the political power. He reminded that students' loans also come with fees to service the debt. Student fees are not a long-term solution and will instead cause a long-term problem. He noted tuition already outpaces the HEPI index, so adding more on top of HEPI does not make sense.

Chair Carvalho thanked the members for their comments and turned the time over to Vice Chancellor Abba and CFO Clinger to lead the task force through the work session.

Vice Chancellor Abba explained how the work session was developed, stating that she and CFO Clinger took all the comments and input from the first meeting and determined that all possible recommendations fall into two categories: COLA and Performance Pay. Regarding the process, she reminded the members that the task force is charged with making recommendations to the Board, but none of the recommendations made are binding, as the policy-making entity is the Board of Regents. Any recommendations adopted today will go into final report that goes to the Board in March, at which time the Board will have the opportunity to

either adopt the recommendations or make revisions. She said whatever is approved may then, to the extent that it's appropriate, be included in the budget process, which means there may be components that go through the 2021 legislative session. Whatever recommendations the Board approves that impact the budget process will then go to CFO Clinger and his team, who will build into the budget moving forward.

Mr. Waugh asked if the task force will have the opportunity to see the report before it goes to the Board. Vice Chancellor Abba replied "yes," and the goal is to get the report to the task force members in early January for comment. She explained the importance of having the final recommendations in writing.

Vice Chancellor Abba then went over the first recommendation, which she noted is listed as 1a and 1b, but not mutually exclusive, so a motion can be made on each individually or collectively. She explained that recommendation 1a is to restore COLA funding from 64% to 80% when COLA is next funded for state employees and requests that should the governor not recommend a COLA that the matter be heard by the legislature. This clearly puts on the record that NSHE asks that COLA be restored and that we have the opportunity to comment on it in a public hearing, as we did not have the opportunity in the 2019 session.

CFO Clinger explained that recommendation 1b asks COLA to be directly appropriated to the System instead of to the Board of Examiners. The stated purpose of including COLA dollars at the state level was to allow NSHE to get up to 100% but since the great recession we've never received greater than 80%, so now it makes sense to have a direct appropriation. Having to go back to justify it to the state creates a high level of administrative burden on the System, so as part of the COLA request it makes sense to restore it back to the old way. We would also ask that NSHE classified be included with all other state classified employees, which creates a bigger pool and more flexibility for the state when allocating those dollars.

Mr. Waugh moved approval of recommendations 1a and 1b as worded in the Work Session document. Dr. Ballif seconded. Motion carried. Vice Chancellor Abba and CFO Clinger abstained. Regent Moran was absent.

Referring to item #2 in the Work Session document, CFO Clinger reminded the task force that in 2015 and 2017, the Appropriations Act included back language that prohibited using state funds to award merit pay, but in 2019 there was no language regarding merit. He explained that

item 2 is a recommendation to include transitory language in the 2021 Appropriations Act that explicitly states that NSHE can use state appropriated dollars for a professional performance pay increase. He noted the text in the Work Session document refers to it as “merit salary,” but, as previously discussed, the text should be changed to say “performance pay” instead.

Vice Chancellor Abba explained that the second part of item 2 concerns revisions to the Regents’ Handbook which adds a new section 54 to Title, 4, Chapter 3 concerning professional merit awards. She explained that it has an effective date of FY2022 because the 2020 and 2021 budgets have already been built. The new section states that “institutions shall establish a merit pool of at least XX percent” which she explained would mean institutions would be required to provide a merit pool, with the minimum percentage to be discussed by the task force and added to the recommended Handbook language. This would be based on a person’s performance evaluation for the prior year and using the term “at least” will allow institutions to go above that amount.

Vice Chancellor Abba noted one charge that the task force was given was to evaluate the process for providing merit, but this was not discussed at length due to time constraints. However, the recommended handbook language addresses this by stating, “The Chancellor, in consultation with the Presidents, shall establish a procedure for awarding merit...” This allows for a deliberate conversation regarding the process, should the language be adopted. She added that due to the possible effect this requirement may have on smaller colleges, the last sentence allows for suspension of the provisions with approval by the Board. The language is intentionally broad so that institutions can request suspension for any reason they see fit.

Referring to the recommended change on page 2 of the Work Session document, Chancellor Abba explained this would delete references in the Regents’ Handbook and Procedures and Guidelines Manual that require legislative appropriation for merit adjustments.

CFO Clinger referred to the table on page 2 of the Work Session document which estimates the initial fiscal impact for state supported operating budgets and includes both formula-funded and non-formula accounts. He explained the column for “Total State Operating Budget” includes state appropriations and the portion of student fees and tuition that is directed to the State Operating Budget. The calculations are based on FY2020 approved budgets and uses 30% for fringe benefits and a merit pool of 1% for ease of calculation. He said the figures are calculated in a conservative manner because the table includes all professional positions, as pulling out non-eligible positions would be too labor intensive. To put it in context, the far-right column shows what 1% equals as a total of the State Operating Budget.

CFO Clinger addressed the idea that the state should fund merit, stating that the legislature already increased NSHE's budget by 7.6% over last year's budget, which amounts to an additional \$50 million in funding from FY19 to FY20. The legislature is funding NSHE, just not providing a separate earmark for merit. He stated the legislature and the Governor's office feel the system already receives enough and we need to figure out merit with what we have. The reality is that they perceive NSHE to be well funded and will not fund merit.

Dr. Frost asked how much of the new money is for caseload growth and how much was identified for specific enhancement projects. CFO Clinger replied that \$21 million was for caseload growth but that is system-wide, and it really should be looked at by institution as some received an increase while others received a decrease. He gave the example of Great Basin College, which had a reduction of 6.7% and emphasized the importance of including broad language for smaller schools to opt out of the merit pool.

Mr. New thanked CFO Clinger for pointing out the concern for small institutions and feels that would apply across the board to all the community colleges, even those that received an increase. For example, TMCC received about \$1 million but it is a capacity enhancement that has direct requirements preventing it from being used elsewhere in the college's budget. He suggested the HEPI index be applied to state allocations the same way it's used for student fees, otherwise the burden will continue to be shifted to students. He pointed out student registration fees only account for 30% of our State Operating Budget. He suggested NSHE should look at reallocating how its state allocation comes to the institutions at some level, perhaps some sort of a carve out of the formula or ask the state for the money. He realizes the state will push back, but still feels we should ask.

Ms. Vock relayed a message from UNLV President Meana that she would still like NSHE to request the funding from the state but perhaps identify it as a match, with the institutions matching what the state puts forth.

Regent Lieberman said that while NSHE has asked the legislature repeatedly, and has been told no each time, he still feels we should ask again. He thinks it might work if NSHE focuses on how it makes the ask, in such a way that staff and the Board are united. The question is how much to ask for.

Dr. Frost noted that the recommendations in the Work Session document comprise three sections and should perhaps be discussed individually.

In reply to Mr. New's suggestion, CFO Clinger said indexing the funding formula to HEPI is a separate conversation from what this task force is tasked with. Indexing the funding formula is something that is already being looked

at and may even be discussed at the March Board meeting.

Mr. Lemus said that if NSHE fails to tell the legislature that it's not stepping up and instead puts it on the backs of students then it sends the message that the students need to step up, which is wrong because they are already carrying the burden.

Dr. Ballif asked if adding the transitory language might close the door and allow the legislature to feel absolved of the issue. He wonders what the pros and cons are for adding the language.

Ms. Vock agreed with Regent Lieberman that NSHE has not done effective messaging and asked to clarify Dr. Frost's suggestion to discuss the three sections individually. Dr. Frost said the three components he was referring to are the legislative back language and the two Handbook revisions. Ms. Vock suggested that within the proposal for Section 54 she sees three components: 1) Mandate (hard to issue a mandate without a specific funding force and do we want to put an unfunded mandate in policy?); 2) the percentage; and 3) the process. She pointed out that the institutions are all unique, with different structures and business models, and it would be more appropriate to state that the presidents will establish the merit policy for their institution, not the chancellor.

Dr. Frost noted that a portion is already funded by the HEPI increase on students, 80% of which is salaries. He and the senate chairs agree that it is important for institutional flexibility in how merit is distributed, so institutions do need to be involved with establishing a policy for merit pay, but he's not sure if the chancellor needs to be involved.

Vice Chancellor Abba said the transitory language is only a suggestion to the legislature and ultimately the Legislative Counsel Bureau will draft the final language. She said NSHE is asking them to include the language, but it could be changed during the session due to circumstances during the session. This recommendation is to ask the legislature to include language in the Appropriations Act and provides them with suggested language, but they could change it. The second motion deals with the Handbook revisions, removing the appropriations triggers and adding in a mandate for professional merit, with whatever percentage the task force suggests.

Mr. Waugh likes the back language and agrees with the mandate in the new Section 54, otherwise institutions will put it on the back burner when it should be a priority. He also agrees that it should be called performance pay instead of merit. He likes the idea of the chancellor and the presidents working together to establish the procedure for awarding merit because it will keep it consistent and equitable among institutions.

Mr. New expressed concern regarding the disparity between large and small institutions and stated there is a growing wealth gap between the universities and the community colleges. Although the last sentence allows the smaller colleges to suspend merit pay, it runs the risk that smaller institutions with fewer resources will be at a greater disadvantage when hiring faculty than their larger counterparts.

Dr. Frost said the senate chairs fear adding the legislative back language might backfire and wonders if it should be removed.

Mr. Lemus likes the institutional flexibility and the mandate compelling institutions to fund performance pay but wants protection from student fees funding the mandate.

Regent Carvalho asked for a motion on the back language. Ms. Vock asked if it is necessary. CFO Clinger pointed out that although the legislature removed the prohibitive language from the 2019 Appropriations Act, adding the transitory language establishes legislative intent that NSHE can do this and gives the legislature a “win” by giving us that flexibility.

Vice Chancellor Abba also replied to Ms. Vock’s question, stating that while it is difficult to predict, providing back language would give NSHE an opportunity to create goodwill with the legislature. It says to the legislature that NSHE wants to solve its own problem and is proposing a solution.

Mr. Waugh motioned to approve the back language. General Counsel Reynolds asked to clarify if his motion included the suggested edit, changing the words “merit salary” to “performance pay” and Mr. Waugh confirmed that it did.

Mr. Waugh moved approval of the transitory language in item 2 of the Work Session document with the words “merit salary” amended to “performance pay.” Regent Del Carlo seconded. Motion carried. Vice Chancellor Abba and CFO Clinger abstained. Regent Moran was absent.

Regarding voting on the Section 54 revision to the Regents’ Handbook, Vice Chancellor Abba advised the task force to first consider whether they want to include the revision, and if so, select a base percentage. She reminded them that any reference to merit should be changed to performance pay.

Regent Del Carlo noted that someone in the first meeting had asked if 2.5% is the right amount and she asked if any research has been done since the last

meeting to determine what is the right amount. CFO Clinger replied that it's hard to determine what the right amount is and there's no right answer. The 2.5% came from 1990 when 2% was for merit and .5% was for bonus. However, its up to the task force to come up with a percentage.

Dr. Ballif said that while the HEPI index is looking backward and not forward, his calculations using HEPI for 2019 equates to .091.

Mr. New asked for clarification of the language. When talking about establishing a base percentage for merit pool, he asked if it means taking a percentage of the salary budget or establishing a percentage for the award. Vice Chancellor Abba said it is the percentage for the pool only, based on existing salaries, but an institution can choose to go higher. CFO Clinger added that the pool is based on those positions an institution identifies as being eligible for merit, so the pool would be the percentage multiplied by their salary, plus fringe.

Dr. Ballif said it would be wise to set the floor low to accommodate the smaller institutions and recommended setting it at half of a percent (.5%).

Dr. Frost said he would like a target number included. He agreed that the floor should be set low but feels it would be good to also have another larger number that institutions can strive for. Additionally, institutions should be required to report to the Board of Regents what their pool will be each year to provide for transparency and accountability. Mr. Kleeb strongly agreed that there should be a reporting mechanism.

Ms. Vock reiterated her belief that this is an unfunded mandate and noted the HEPI index could be flat in any given year. She doesn't feel this contributes to giving institutions flexibility but instead ties their hands. She feels that while presidents will prioritize this, it should not be a mandate. She made a motion to approve but change the wording from "shall" to "may," remove the reference to the percentage, and add a reporting component and a higher target to strive for that's not mandated.

Dr. Frost pointed out that institutions have had the ability to prioritize this in the past and have shown an inability to do so, therefore it would be very disappointing to faculty if the outcome is no mandate and no base percentage. – and it would mean that the task force accomplished nothing. This is an opportunity to make a difference and having a mandate, no matter how small, shows faculty that something has been done. Mr. Kleeb and Regent Del Carlo agreed the mandate is vital and the word "shall" should remain.

CFO Clinger said the wording of the last two sentences provides a relief valve and were made intentionally broad based on his conversations with the institutional business officers and their concern about the ability to fund this

mandate in the event of changing circumstances.

Given the discussion, Ms. Vock said she'd like to modify her motion to leave in the word "shall," set the percentage at 1%, and allow the presidents to establish the procedure, but with a reporting mechanism to the Board.

Mr. Kleeb suggested simply switching the two words so Section 54 would read, "...the Presidents, in consultation with the Chancellor, shall establish a procedure..."

Ms. Vock agreed and amended her motion to include a 1% minimum, to transpose "Chancellor" and "Presidents, change the word "merit" to "performance pay," as well as the references previously covered in the discussion. Chief General Counsel Reynolds asked Ms. Vock to confirm that her motion is to adopt the language as written to include 1%, and to amend the language to say "...the Presidents, in consultation with the Chancellor," to modify the word "merit" to "performance" and for Vice Chancellor Abba and CFO Clinger to draft language regarding a reporting requirement back to the Board. Vice Chancellor Abba added that it should also include the recommendation to delete all references to the appropriations trigger in the Handbook and Procedures and Guidelines manuals. Ms. Vock confirmed that is her motion. Chief General Counsel Reynolds recommended a roll call vote.

Ms. Vock moved to adopt the Handbook language as written in the Work Session document to include 1%, to amend the language to say "...the Presidents, in consultation with the Chancellor," to modify the word "merit" to "performance" and ask Vice Chancellor Abba and CFO Clinger to draft language for a reporting requirement to the Board, as well as delete all references to the appropriations trigger in the Regents' Handbook and Procedures and Guidelines Manual. Mr. Lemus seconded. Motion carried. Vice Chancellor Abba and CFO Clinger abstained. Regent Moran was absent.

5. Information Only – New Business – None.
  
6. Information Only-Public Comment – Kent Ervin, faculty member, UNR, and member of the Nevada Faculty Alliance thanked the task force for their work and said it is valuable to put into NSHE policy that faculty performance pay is a priority. He reiterated that a long-term solution might include matching weighted credit hours with HEPI. He noted it was only in recent years that merit pay was no longer part of the base budgeting process and became an enhancement. He suggested NSHE continue to go to the legislature to make sure budgets grow in order to attract and retain high quality faculty.

The meeting adjourned at 12:50 p.m.

Prepared by: Christine Haynes  
Executive Coordinator,  
Government &  
Community Affairs

Submitted for approval by: Crystal Abba  
Vice Chancellor for  
Academic & Student  
Affairs

**Approved by the Board of Regents at its March 5-6, 2020, meeting.**