

**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

Wednesday, October 23, 2019, 12:30 p.m.

Video or Telephone Conference Connection from the
Meeting Site to: System Administration, Reno, Nevada
2601 Enterprise Road, Main Conference Room

And

Great Basin College, Elko, Nevada
1500 College Parkway, McMullen Hall 102

Members Present: Regent Amy J. Carvalho, Chair
Regent Carol Del Carlo
Regent Sam Lieberman
Regent John T. Moran
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)
VP & Chief HR Officer Ericka Smith (UNLV)
Officer Jim New (TMCC)
Business Officer Jean Vock (UNLV)
NSHE CFO Andrew Clinger
NSHE Vice Chancellor Crystal Abba

Members Absent: Student Robert Lemus (NSC)

Other Regents Present: Regent Donald Sylvantee McMichael Sr.

Others Present: Zelalem Bogale, NSHE Deputy General Counsel for System
Administration

Chair Amy J. Carvalho called the meeting to order at 12:30 p.m. with all
members present except Robert Lemus.

1. Information Only-Public Comment – Amy Pason, Associate Professor of
Communications Studies, UNR, spoke about her experience with inadequate
compensation as it relates to high faculty turnover and the inability to recruit and hire
faculty. She noted that about 60% of courses are taught by adjuncts, thereby increasing

the amount of service required by tenure and tenure track faculty. She related her personal experience of having worked hard for six years to earn her first promotional raise, only to find out she was making just slightly more than a newly hired assistant professor who was just starting out.

John Nolan, lecturer in the College of Business, UNR, and member of the Nevada Faculty Alliance, thanked the task force for their important work and noted the unified support for solving the compensation issue shown by all stakeholder groups across NSHE. He expressed disappointment that the governor and legislature did not take action on SB214 this past legislative session and noted the false perception that faculty are overpaid. He relayed how student success is affected by low faculty retention and low morale, a low sense of belonging, and a negative culture caused by inadequate and unfair compensation, as shown in a recent campus climate survey at UNR.

Kent Ervin, faculty member, UNR, and member of the Nevada Faculty Alliance, reported that while the NFA state board will not have official positions until specific proposals are introduced by the task force, the board supports the task force in solving the problems of salary compression and performance pay funding. He noted that although SB214 failed, NSHE can still update the salary structure and transparency reporting on its own. He pointed out that there are only two funding sources -- state funds and student fees -- and the question is how the costs of COLA and performance pay increments should be portioned between them. In spring 2018, the AB202 Committee asked all NSHE teaching institutions to participate in the annual AAUP Faculty Compensation Survey, but only UNLV and UNR participated. He encouraged all NSHE institutions to participate in the current AAUP survey, especially the community colleges that lack good salary comparisons.

2. Information Only-Opening Remarks – Chancellor Thom Reilly thanked the members of the task force for agreeing to serve and noted the importance of competitive compensation to attract high quality faculty to serve NSHE’s students and institutions. In addition to performance pay, there is the important issue of salary compression, resulting from a lack of systematic merit adjustments for academic and administrative faculty. To that end, he recommended the creation of the task force to work together for a solution.

Chancellor Reilly charged the task force with reviewing historical and current funding levels for merit increases to identify funding options for future performance increases that may include recommendations for addressing the System’s salary compression issue. He encouraged the task force to review funding options for performance pay in the context of preserving college affordability. He also tasked the group with reviewing current Board of Regents policies and institutional protocols that govern pay increases and ultimately, to make recommendations to the Board for revision as needed. He encouraged the task force to collect information and data from outside experts and thanked WICHE President Demaree Michelau and Vice President Patrick Lane for providing a regional perspective.

While there are no legislators on the task force as originally intended, Chancellor Reilly reminded the group that the governor and legislature are stakeholders in this discussion. He emphasized that there are no clear-cut answers to the situation, so flexibility is key. He expressed confidence in the task force in finding a solution to this challenge.

Chair Carvalho thanked Chancellor Reilly and everyone for participating in this very important task force. She acknowledged the difficulty in speaking about salaries and expressed hope that the group can work collaboratively with the governor and legislature to find a solution that is amenable to all.

3. Information Only-Faculty Perspective on COLA, Merit, and Compression – Dr. Brian Frost, Chair of the Faculty Senate Council of Chairs introduced himself and explained his teaching journey mirrors that of other faculty -- moving around the country, working many years as adjunct or temporary part-time at embarrassingly low wages before finally landing a full time position. He is in his 18th year at UNR. He thanked Chancellor Reilly for pushing creation of the task force, the Board of Regents for approving it, Chair Carvalho for her leadership and the task force members for giving of their time and energy. He also thanked his fellow Senate Chairs and Human Resource Officers for contributing data for use in his presentation and Vice Chancellor Crystal Abba and CFO Andrew Clinger for their assistance.

Dr. Frost expressed his hope that together, the task force can work to move the needle on performance pay and reverse some of the negative consequences of inadequate salary and salary compression, including low faculty morale, failed searches and high turnover which all have an impact on student success. His presentation will provide context within the faculty perspective to which he is speaking for 7000 faculty across the System who all agree on the need for an effective and stable compensation system, including performance pay. He spoke to the university's R1 designation and other successes in recent years and expressed concern about institutions losing gains made over the past 30+ years if the compensation system remains broken. He noted merit pay was returned to all state workers except faculty which affected the morale of academic and administrative faculty. He pointed out the System has hired an entire generation of faculty who have never seen performance pay. Faculty are disheartened and many are leaving for greener pastures.

Dr. Frost said his presentation aims to give an overview of the history of performance pay and to dispel the notion that faculty are highly paid. He presented slide #1 which provided numbers of academic and administrative faculty across NSHE and pointed out that most of the 3300 academic faculty have terminal degrees. With slide #2, he described what constitutes a robust compensation system including competitive starting salaries, regular COLAs that keep up with inflation and a stable performance pay/promotion structure. He explained that without merit increases, academic faculty at universities have only two opportunities to increase their salary over the course of their

entire career (when promoted from assistant to associate professor and then when promoted to full professor). Performance pay has only been funded once in 12 years and COLA has been sporadic. Academic faculty at the community colleges have even less promotions available. Dr. Frost then shared some personal experiences from faculty who were hired on with the promise of merit only to find that year after year it has not been funded. One NSC faculty member shared with him the reality that faculty contribute to student success and help the college grow by serving on many committees, producing scholarship and publications, and acquiring national, multi-year grants and sponsored projects. Yet, he felt it is hard to retain this passion and commitment without monetary compensation, which he described as “demoralizing.” For slide #3, Dr. Frost emphasized that performance pay is a vital incentive and retention tool and maintains competitive salaries when coupled with COLA to keep salaries above the rate of inflation.

Dr. Frost presented slides #4 and #5 which provided a history of the faculty merit pool. The merit system was created in the mid-1980s for “rank and file” academic and administrative faculty (not administrators) in order to elevate institutions to salaries that were competitive with other institutions and it was very successful. He noted faculty compensation is critical for recruiting and retaining faculty, and to increase faculty morale and reward/encourage excellent performance. Up until 2008, the state funded, in most years, COLA and a 2.5% professional merit pool but no merit from FY10-FY14 and faculty performance pool was funded only once since FY 2009. He calculates a 2.5% merit pool today would cost approximately \$10-12 million dollars.

Dr. Frost explained the data on slides #6 and #7 show how this has affected faculty pay. Over the past 16 years, the inflation rate has averaged 2.2% per year while COLA has only averaged 1.5%, so faculty have lost an average of .7% per year for the past 16 years. Merit was restored in 2014 for classified, but not for faculty, so while classified pay has increased 12% since 2009, faculty pay has gone down 15% below that of 2009.

Slides #8 and #9 covered the history of faculty performance (merit) pay which, Dr. Frost noted, had previously elevated NSHE’s institutions and laid the groundwork for the successes NSHE has today, such as R1 status for its universities. Dr. Frost observed that once performance pay was taken away, salaries stagnated and retaining faculty became a problem. A recent climate survey at UNR revealed over 55% of academic faculty and 56% of administrative faculty have “seriously” considered leaving and cites the main reason as salary, followed by workload.

Dr. Frost shared one dean’s frustration with the inability to retain the highest performing faculty, particularly faculty of color, due to the broken compensation system. Even if the department can make a counteroffer to retain a faculty member, this creates a compression or inversion issue that creates inequity across the ranks. The housing prices have increased in

northern Nevada, so the low faculty salaries cannot keep pace. A recent Reno Gazette-Journal article states a household income of \$80K is now required to afford a home in the area. It is at a point where a single-income faculty member cannot afford to buy a home.

The data on slides #9 through #11 show the median salaries of academic and administrative faculty. Dr. Frost noted UNLV, UNR, and NSC median faculty salaries are not high, with one-quarter of academic faculty at UNR making less than \$75K per year in 2017, while median household income in Nevada in 2017 was \$58K - \$68K per year. Community college salaries are based on a step system with hiring grades based on academic preparation (master's Ph.D., etc.) and the data also points to around half making \$75K or less.

Chair Carvalho asked where the data came from and Dr. Frost replied it came from each institution's Human Resources office and is a combination of nine- and 12-month contracts.

To illustrate the compression/inversion issue, Dr. Frost relayed the experience of one TMCC professor who left in 2012 for an Arizona institution after salaries in Nevada became stagnant. He instantly made \$20K more than he was making at TMCC. Upon returning to Nevada four years later, he was hired back on at TMCC making \$13K more than when he left, but still less than in Arizona.

Dr. Frost summarized the three slides as showing that faculty are not highly paid or overly compensated and pointed out that it's even harder to keep administrative faculty as their skills can be used anywhere.

Showing slide #12, Dr. Frost reiterated the issues that arise from lack of performance pay, mainly stagnating salaries leading to compression and inversion. He noted inversion occurs when new hires make more than existing faculty, which is easy to identify. Identifying compression is more difficult and it would need to be determined at what percentage salaries should be increased to prevent this. He suggested that if the System were to identify funding for performance pay, it should consider whether a fraction could also be used to address these issues. He emphasized that funding to address compression and inversion is desired, but without fixing the structural issues related to lack of performance pay, the problem will reoccur.

With slide #13, Dr. Frost discussed potential solutions going forward, starting with the realization that the old way of asking the legislature to fund a merit pool has not worked in over a decade. Going forward, the task force might want to discuss if a merit pool of 2.5% is the right number? Should it be funded as a split between the state and the institutions (meaning student fees)? Where could funding come from? He estimates a 2.5% merit pool is approximately \$10-12 million per year but would appreciate a more accurate number from CFO Clinger.

Dr. Frost reminded the task force in slide #14 and #15 that there are only two sources of funds – state appropriations and student fees/tuition – so going forward, where else could funding come from? A decade ago, institutions were funded 80% by the state and 20% from student fees, but since the recession, that ratio is 65/35, with tuition increasing significantly. Since the share paid by students has already increased, how can the System fund performance pay while keeping the cost to students low?

Slide #16: He suggested one possible option would be mandatory salary savings which are returned each year to the state, but perhaps NSHE would be able to keep the mandatory salary savings and utilize these funds for performance pay and/or to balance compression.

Chair Carvalho asked about the likelihood of the state doing this. CFO Andrew Clinger explained the state builds the System's budget based on the total, with the mandatory vacancy savings factor from turnover taken off the top and he thinks the legislature is not likely to stop doing this. Vice Chancellor Abba clarified the reduction is taken off the top and are not real funds to use for something else.

Dr. Frost stated that while the priority for the task force is to identify funding sources, slide #17 briefly covers preferred mechanics of distribution should a performance pool be created. He said ideally, institutions would have some autonomy with funds in performance pool which he said should be performance based and reported transparently to the Board of Regents and the legislature. He suggested that should performance pay be funded, a portion of it should be used for a period of time to solve compression/inversion, perhaps for 4 to 6 years.

Chair Carvalho asked is it not possible to have compression within a rank when one faculty member has higher performance evaluations than another? How is that accounted for when estimating compression numbers? Dr. Frost said it is possible and that does complicate identifying compression, however there should be a natural progression in salary with years and performance. Institutions should be working to identify those who are affected, but it's more complicated than just looking at a table of numbers. He said it takes looking at individual salaries and circumstances, identifying those who may be inverted or compressed, and talking to deans to find out why.

Presenting the last slide, Dr. Frost provided suggestions on moving forward. He emphasized transparency is important - institutions should be required to report how performance funds are allocated. He suggests NSHE should run the transparency report that SB214 would have required for both 2019 and 2018, if possible.

Referencing the SB214 transparency report, Chair Carvalho noted it includes position level data but does not include performance evaluation information,

so how to account for the in-rank disparities resulting from the difference in performance? Dr. Frost agreed that while it would show salaries over time, the absence of performance evaluation information complicates looking at longitudinal data. Vice Chancellor Abba added this is one of the main challenges with the Gallagher compression figure because it assumes movement based on years in position without the performance evaluation piece. Also, in SB214, section 1, the requirements don't include years in position. Dr. Frost agreed and said it illustrates why it would be useful to allow the institutions to use some of the funds to address compression should performance pay be returned. Instead of looking at it from a system level, individual institutions can view from a campus level using their evaluation data. Even if it's just a fraction of the performance pool, institutions should be allowed to use funds to address compression.

CFO Andrew Clinger agreed that the performance pay analysis within rank can't be completed by the data NSHE has available, so it must be done on a case-by-case basis by institutions. A portion of the funding should be given to the institutions to solve their compression issues. He noted that the data NSHE provides to the state when submitting its state operating budget includes position-by-position data with titles and salaries for each institution, so the state has this data when it builds NSHE's budget.

Regent McMichael inquired if NSHE can access the state's Rainy-Day Fund? CFO Clinger replied that the Rainy-Day Fund can only be accessed when the state's revenue drops below a certain percentage and is designed to fund state agencies in times of recession, mainly to cushion cuts.

Mr. Nathaniel Waugh asked Dr. Frost if faculty would prefer to be rewarded for longevity or for doing well? Dr. Frost replied community college faculty may prefer a step system, but university and state college faculty prefer merit-based rewards based on performance, mainly to elevate their institutions, but also to ensure those who are not doing well are not rewarded.

4. Information Only-Regional Perspective: Funding Sources for Higher Education Needs, Including Performance Pay – WICHE President Demaree Michelau began her presentation by giving an overview of the Western Interstate Commission for Higher Education, an interstate compact formed in 1953 aimed at creating regional cooperation and resource sharing. Slides #2 through #5 covered WICHE's leadership and mission. She said their presentation is designed to inform the task force on regional trends in both faculty merit compensation and faculty salary compression (slide #6). To accomplish this, she and WICHE Vice President Patrick Lane reviewed available background data and research, surveyed state and system-level higher education finance officers in the West and conducted interviews with finance officers in Western states (slide #7).

Data slides #8 through #14 covered national and regional educational

appropriations per FTE for FY 2018. Ms. Michelau noted Nevada's state appropriations are just above the national average and just above the average for the 16 WICHE states. The total educational revenue, comprised of state appropriations and students' share has shifted both nationally and regionally, with more of the total increasingly being placed on the backs of students. In the WICHE region, the ratio is 64% state input to 36% student input. She pointed out that in Nevada, the student share is lower than the national and WICHE state averages and the state appropriations are notably higher than both the national and WICHE averages. Vice Chancellor Abba stated this is important to know because there are only two funding sources to pull from, the state or the students. The fact that the state is already funding above the national average explains why legislators feel NSHE is already well funded and may not be willing to fund more. She reminded the task force members that the chancellor has charged them with identifying a funding source within the context of student affordability. Dr Frost pointed out that Nevada's enrollment is also trending upward, where nationally it's flattened out. Ms. Michelau agreed and said Nevada's projected enrollment will continue to increase.

Slides #15 through #18 gave definitions for merit and COLA increases and salary compression and inversion; provided common compensation considerations; described the idealized compensation system (a general theory of employment); and compared the two conversations around salary compression (across ranks and within ranks). Ms. Michelau noted the importance of keeping clear definitions in mind when discussing these issues. She emphasized that while there can (and should) be instances or individual cases of compression or inversion, it is important to examine the data for trends of systemic compression/inversion and inconsistency with the broader employment market. She recommended that when discussing salary compression, it is important to make sure it's clear whether you're talking about issues within or across ranks. It is important to have a clear and agreed-upon definition of the problem(s) that is informed by data. Be clear about the problem you're trying to solve.

Slides #19 through #21 covered the American Association of University Professors (AAUP) mission and its findings on salary compression across ranks, as well as a snapshot of the average compression nationally compared to Nevada's universities. Ms. Michelau noted national comparable data on faculty compensation is scarce and AAUP is the leading organization for looking at this. Using its \$5000 indicator of compression, AAUP found 99 of 892 reporting institutions (11%) have evidence of salary compression, but no compression at UNR and UNLV. She noted this is calculated across ranks, not within. Dr. Frost asked how AAUP came up with its \$5000 indicator of compression and Ms. Michelau said she would ask AAUP. Chair Carvalho thanked her and asked her to report back with the answer. Regent Del Carlo also asked if Dr. Frost's data and WICHE data can be

presented side-by-side using the same method, whether average or median, as long as they're the same.

Patrick Lane, WICHE Vice President for Policy Analysis and Research presented slides #22 through #30, reporting results of WICHE's survey of regional trends in merit funding for use in this presentation. Eight WICHE states/systems responded and Nevada was not surveyed. He noted this was more of an information gathering effort than an actual scientific survey and included one demographic question and seven simple questions, of which only the following five were highlighted in Mr. Lane's presentation:

1. Does your state or system have a statute, policy and/or procedure in place that provides for annual merit increases for full-time faculty?
Survey found states have a combination of governance instruments to allow for merit increases, including legislative authorization, collective bargaining agreements and institutional budgeting authority.
2. Does your state or system have a statute, policy and/or procedure in place that provides for annual COLA increases for full-time faculty?
Responses were similar to question #1 with a combination of governance instruments including COLAs set by legislative authorization, collective bargaining agreements and market/geographic surveys that incorporate inflation.
3. How are merit pay increases for full-time faculty funded in your state or system?
Seven states split between state appropriation and tuition/registration fees.
4. Comparing the current fiscal year with FY2000, how has state funding for the purpose of full-time faculty merit increases changed?
States had mixed responses, but overall have maintained merit funding.

Mr. Lane summarized that generally, most responding states have supported merit increases for faculty since the recession and while these increases almost always involve legislative action, he emphasized that other policy levers are important. He noted Nevada is unique in that other states do not put "all their eggs in one basket" as Nevada does – there are other policy and practices levers involved. He added that collective bargaining agreements are often a key vehicle for salary adjustments.

He concluded with the following key takeaways: Overall, Nevada state appropriations have been generous, while the state's tuition and the student share remain lower than the national average. Nevada needs to settle on a clear definition of the problem, and while it should be informed by data, it should not be governed by data. He suggested the task force should first ask

if Nevada has an issue across, within ranks, both, or neither? There needs to be an appropriate margin between ranks.

Mr. Lane emphasized that structural issues are likely causing more problems than necessary (i.e., legislation appropriation trigger). He stated that Nevada is the only state that has policy barriers in place, such as the Board policy that says merit pay can't be given without a legislative appropriation, and other states have flexibility within institutions to fund merit increases. It may be possible to solve merit issues over time with the resources that are available, but it can't be done overnight. The alignment of appropriations, tuition, and financial aid remains key.

Dr. Frost asked if the data in the slides presented on national and regional educational appropriations is adjusted for inflation. Mr. Lane replied that it is adjusted for inflation using the Higher Education Cost Adjustment (HECA) which recognizes the uniqueness of higher education budgets going mainly to salaries, as well as the Enrollment Mix Index and cost of living adjustments.

5. Information Only-NSHE Presentation on the History of Merit and COLA from the State – Chief Financial Officer Andrew Clinger provided a presentation on the policy history of merit and cost of living adjustments (COLA) funded by the state. He began by clarifying that while the topic overlaps somewhat with Dr. Frost's presentation, it differs in that he will use his past experience working as the governor's finance director to put it in the context of the state's perceptions and budget challenges.

CFO Clinger stated for slide #1 that the purpose of his presentation is to review the state's policy history of merit and COLA, to discuss the decline in state support for professional merit, as well as the need for performance pay funding flexibility.

Slides #3 through #7 covered Nevada's history of COLA and merit from 1999 to present and CFO Clinger noted most of the information presented comes from a state appropriations report that can be found online on the Legislative Counsel Bureau's website. He stated the policy history shows decline in support that chipped away at merit funding for professionals, beginning with the legislature reducing and deferring merit funding, before it stopped funding merit altogether after the Great Recession. Policy also changed for COLA, particularly in 2005 when the legislature moved NSHE professional salary adjustment funds to the Board of Examiners Salary Adjustment Account instead of going straight to the System. Language was included in the 2015 and 2017 Appropriations Act that forbids NSHE from using any appropriations for professional merit increases. CFO Clinger pointed out that in 2019, the legislature again failed to fund professional merit, however it did NOT include the merit

pay restriction language in the Appropriations Act. He feels this is the first step in giving NSHE flexibility within the resources it has.

He explained that in 2019, the legislature only funded NSHE at 64% for COLA instead of 80% with the rationale that since the System is only funded 2/3 with state dollars and 1/3 with student fees, the state would pay 2/3 of the 80%. He said this is the same as is done for other state agencies. He suggested NSHE should point out to the legislature that this puts the rest of the COLA funding on the backs of the students. He also feels that NSHE should go back to the legislature and really push to get it back to 80% or undo the 2005 decision and give the System professional COLA funds directly. It is important to have flexibility with the funding we have.

CFO Clinger emphasized a key takeaway is the need for flexibility. The state gave NSHE 11% more than last biennium, so there is a low likelihood for the state funding merit. He referred to the WICHE data which shows NSHE is funded above average by the state, so there is the perception that we are well funded and no likelihood that state will fund merit. The amount of money the state has to give has decreased due to competing priorities, such as Medicaid expansion.

He stated one of the main challenges to the task force moving forward is the state's perception that NSHE is very well funded, which leads to the misconception that NSHE employees are overpaid. There's also a perception that the System is not transparent and has a lack of accountability because it doesn't submit self-supporting budgets to the legislature.

CFO Clinger suggested the task force should focus on the flexibility issue, especially now that the legislature has removed the appropriation restrictions on merit and it should examine barriers, such as the Board Handbook policy that disallows merit without state appropriations to fund it.

Dr. Serge Ballif asked about the rationale behind excluding faculty when merit was reinstated. CFO Clinger replied that it was due to the state's perception of faculty having high salaries and the perception that NSHE has resources internally to take care of it.

Mr. Nathaniel Waugh asked to what extent are these changes "muscle flex" (state vs. NSHE) and is collective bargaining a factor? In other words, would the state be more sympathetic if NSHE had to pay based on collective bargaining agreements? CFO Clinger pointed to AJR5 as the ultimate muscle flex for more control over NSHE, but the System did a good job by having the restrictive language removed. This is a good first step. The collective

bargaining issues will continue to evolve and grow unless the issues can be solved.

Regent McMichael asked, in light of the restriction being eliminated, does NSHE have the funds now to solve the issues? CFO Clinger replied that it's a complex answer and NSHE has complicated it by putting restrictions in the Board Handbook. The question needs to be considered that if NSHE wants to prioritize merit, can it be accomplished within its budget? There are competing priorities, but merit needs to be weighed in a more holistic fashion than has been done in the past. NSHE must quit waiting for the state to provide an appropriation for merit.

Dr. Frost asked which Board policy is complicating things? Vice Chancellor Abba clarified that it is Title 4, Chapter 3, Section 25, Subsection 4, which states merit can only be given when a merit pool appropriation is provided. This has created a systemic barrier where the System is waiting for appropriations to fund merit.

6. Information Only – Task Force Dialogue - Chair Carvalho invited all members of the task force to share feedback, comments or questions.

Regent Lieberman noted students think tuition is too high, but it is lower than the national average, while faculty think they deserve higher compensation. He feels we need to continue to cultivate communication with the legislature and ask for flexibility with the funds they give us, so we can work with what we are given. He suggested that when faculty go to the legislature, they should make this one of only one or two issues they bring up, not ten issues.

Mr. Nathaniel Waugh said he gets a sense that students perceive tuition is too high and if students see any kind of increase as paying for faculty salaries, then that would be a hard sell and would become a “students vs. faculty” conversation. He feels NSHE should work with what it has but avoid making it a conversation about raising fees for students.

Regent McMichael said it seems as if the legislature is asking NSHE to revise its handbook language so it can use the funds it has. Vice Chancellor Abba agreed that it is clear the handbook will require some sort of revision regarding the appropriation requirement for merit and that the task force needs to come up with a recommendation for flexibility from the state.

Ms. Jean Vock noted that, in consultation with its students, UNLV directed all increased tuition funds to directly impact students and the student experience. Because there was the expectation that COLA would be fully funded, the conversation with students was that none of the funds were going to faculty. She feels that if the expectation is now that NSHE will fund merit, then the conversation with students will need to be revised. CFO Clinger agreed that

the 64% came about at the last minute and he reiterated the need to go back to the legislature to request funding at 80%.

Mr. Nathaniel Waugh agreed the focus should be on advocating to the legislature and said he hopes the focus won't be on balancing the System budget on the backs of students. He feels the problem is much deeper than that with regard to the state's personnel policies.

Ms. Jean Vock reminded the task force that it all goes back to the funding mix with only two sources – state and student payments. If a larger burden is to be placed on the students, then financial aid must be increased. Nevada is very low compared to other states with regard to financial aid. She noted that Nevada is a young state, and that low tuition is due, in part, to low college graduation rates, so the System needs to look at increasing graduates.

Dr. Serge Ballif asked how are new funds rolled into the budget? CFO Clinger said once they are added they are included for each year.

Mr. Jim New noted that absorbing the cost increases will put the community colleges at more of a disadvantage than the universities, as community colleges take in less from student fees and therefore, don't have the ability to absorb the increases. If the burden is shifted onto student registration fees, then it takes a bigger bite out of community colleges' operating budgets. He feels NSHE should continue to ask the state to fund. Dr. Frost pointed out NSHE has been asking the state for a decade and a half with no luck and feels it's time to look elsewhere. Mr. New agreed, but feels it will take more than just changing handbook language – provisions will need to be made for the community colleges. CFO Clinger agreed that it is difficult for the community colleges to absorb the cost, which is why it must be looked at holistically.

Mr. George Kleeb suggested a more systematic approach with Regents looking at budget priorities. Perhaps the funds are there, but the System needs to reprioritize for a reallocation of those funds.

Mr. Andrew Sierra stated that when it comes to increasing tuition/fees, many students are dealing with transportation issues, as well as housing and food insecurity. He reminded the task force that even small increases can negatively affect students who are struggling.

7. Information Only – New Business – Chair Carvalho reminded the task force that the next meeting is December 19th and stated NSHE staff will put together a summary document of possible recommendations brought forward from this first meeting.
8. Information Only-Public Comment – Kent Ervin, faculty member, UNR, and member of the Nevada Faculty Alliance said he supports revising handbook

code for more flexibility. He noted another misconception by legislators that self-supporting budgets can be used for merit and NSHE needs to remind them it isn't so. Regarding years of service, he noted equity studies do consider other factors. He also suggested bringing in compensation experts to determine what percentage for merit is appropriate.

The meeting adjourned at 4:04 p.m.

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