



# **NSHE Task Force on Performance Pay Support and Administration**

*Report on Task Force Recommendations*

**March 5-6, 2020**

# Task Force Membership and Charge

- **Representatives from the institutions**
  - Chaired by Regent Amy J. Carvalho
  - Members: Faculty, Students, Business Officers, Human Resources, Regents, and System Administration
  - Institutional representatives selected in consultation with the Presidents
  
- **Charge of the Task Force** (September 2019 BoR mtg)
  - Review funding sources for performance pay; and
  - Review the current Board policies and institutional protocols governing performance increases
  - Make recommendations to be considered by the Board of Regents

# General Approach of the Task Force

- Tight deadline with recommendations due to the Board six months after Task Force was created
- Two meetings held
  - Fact-finding/exploration meeting on October 23, 2019; and
  - Work Session on December 19, 2019
- Support from the Western Interstate Commission on Higher Education (WICHE)
  - Regional survey of western state practices in awarding performance pay and funding sources

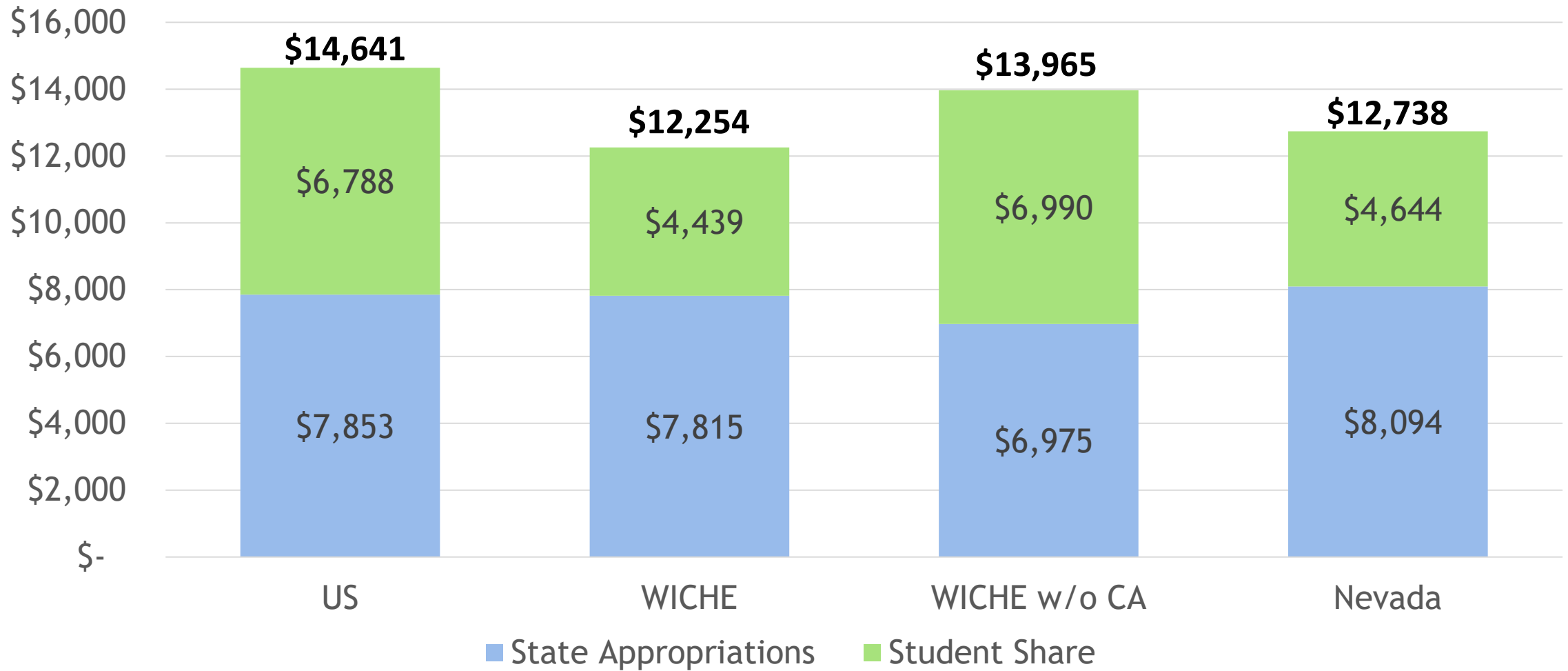
# October 2019 Meeting: Fact-Finding

- **Faculty perspective and history provided**
  - Salary data
  - Compression/Inversion issues
  - Funding source considerations: state dollars and student fees
  - *1990 Study of the Merit Pay Program of the University of Nevada System (LCB Bulletin No. 91-15)*

# October 2019 Meeting: Fact-Finding

- **WICHE Research: Faculty Compensation in the West**
  - Approach
    - ✓ Reviewed available background data and research; and
    - ✓ Surveyed and interviewed state and system-level higher education finance officers in the West
  - SHEEO Finance Data

# Total Education Revenue per FTE, FY2018



Source: State Higher Education Executive Officers, State Higher Education Finance Report, accessed at <https://sheeo.org/project/state-higher-education-finance/>.

# October 2019 Meeting: Fact-Finding

- **WICHE: Faculty Compensation in the West**
  - Survey and Interview Findings
    - ✓ Unable to find another state where performance pay awards are contingent on direct state appropriation
    - ✓ Generally, institutions prioritize funds and allocate appropriately for performance pay awards

# October 2019 Meeting: Fact-Finding

## ■ NSHE Presentation: History Merit

- FY2015 – last time state appropriated funds for professional merit since FY2009
- 2015 and 2017 Appropriation Acts explicitly prohibited the use of appropriated General Fund dollars for merit compensation
- 2019 Appropriations Act excluded language prohibiting use of General Fund dollars for merit awards, but did not fund merit compensation



# October 2019 Meeting: Fact-Finding

## ■ NSHE Presentation: History on COLA

### ○ Cost of Living Adjustments

- ✓ 2019 funding of COLA reduced from historical 80 percent to 64 percent

# December 2019 Meeting: Recommendations

- **Recommendation – Cost of Living Adjustments**
  - Restoration of COLA from 64 percent to 80 percent
  - Appropriate COLA funds to NSHE instead of Board of Examiners
  - Include COLA allocation for NSHE classified employees with the allocation for all state classified employees

# December 2019 Meeting: Recommendations

## ■ Recommendation – Performance Pay

- Request transitory language in the Appropriations Act authorizing the use of General Fund dollars for performance pay, compression and inversion

*It is the intent of the Legislature that the amounts appropriated by this act for the Nevada System of Higher Education may be allocated by the Nevada System of Higher Education to support expenditures related to professional performance pay increases and for salary adjustments for salary compression and inversion for academic and administrative faculty.*

# December 2019 Meeting: Recommendations

## ■ Recommendation – Performance Pay (cont'd)

### ○ *Handbook* revisions

- ✓ Effective FY2022, mandate performance pay pool of at least 1%;
- ✓ Require Presidents to establish procedures for awarding performance pay
- ✓ Suspension provision upon Board approval
- ✓ Annual reporting requirement to the Board
- ✓ Remove all *Handbook* references to legislative appropriations triggering compensation adjustments

# December 2019 Meeting: Recommendations

- **Estimated fiscal impact of establishing 1% performance pay pool**
  - For state supported operating budgets it is estimated that a 1 percent performance pay pool will cost \$5.9 million or 0.57% of the total State-Supported Operating Budget (based on FY2020 SSOB figures)
  - Self-supporting budgets will also be impacted by recommendation

# Questions ?

