

**BOARD OF REGENTS
BRIEFING PAPER**

Handbook Revision, Annual Professional Performance Pay Awards

BACKGROUND & POLICY CONTEXT OF ISSUE:

The 2013 Session of the Nevada State Legislature was the last session in which the State appropriated funds for professional merit for FY 2015. In 2015 and 2017, the state legislature did not approve professional merit funding and took the additional step of including language in the Appropriations Act that prohibited the use of appropriated General Fund dollars to support expenditures related to professional merit salary increases. Further, in 2019 the state legislature also did not approve professional merit funding but did not include the merit pay restriction language in the Appropriations Act. As a result of the lack of legislatively appropriated funds to support merit increases for faculty and staff, in 2019 the Board of Regents established the NSHE Task Force on Performance Pay Administration and Support. The [final report](#) of the Task Force was presented to the Board at its March 5-6, 2020, meeting at which the recommendations of the Task Force were ultimately adopted.

The Task Force recommended revising the Board of Regents' *Handbook* to authorize the institutions to award merit on an annual basis within the institutions' state supported operating budgets. The intent of mandating an annual professional performance pay pool is to reduce the occurrence of further salary compression and inversion and provide all professional employees with regular and predictable salary adjustments by ensuring that all formula and non-formula budgets appropriately allocate for salary adjustments through an annual performance pay pool. Effective no later than fiscal year 2024, institutions will establish a performance pay pool of at least one percent calculated on salaries for all existing professional positions. Further, the Task Force recommended deleting references in the *Handbook* and *Procedures and Guidelines Manual* to legislative appropriations triggering merit adjustments.

SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Amend Title 4, Chapter 3, by adding a new Section 50 requiring the institutions to set aside a portion of the state-supported operating budget for the purpose of awarding merit (performance pay) on an annual basis effective no later than fiscal year 2024. Further, amend Title 4, Chapter 3, Section 25 of the Board *Handbook* and Chapter 3, Sections 3 and 5 of the *Procedures and Guidelines Manual* deleting references to legislative appropriations triggering merit adjustments.

IMPETUS (WHY NOW?):

This recommendation is brought forward as recommended by the Task Force on Performance Pay Administration and Support and following the 2021 Session of the Nevada State Legislature whereby no language prohibiting NSHE to establish its own performance pay pool with state operating dollars was adopted.

CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:

- Access (Increase participation in post-secondary education)
- Success (Increase student success)
- Close the Achievement Gap (Close the achievement gap among underserved student populations)
- Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)
- Research (Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile)
- Not Applicable to NSHE Strategic Plan Goals

INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

n/a

BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

The intent of mandating an annual professional performance pay pool is to reduce the occurrence of further salary compression and inversion and provide all professional employees with regular and predictable salary adjustments by ensuring that all formula and non-formula budgets appropriately allocate for salary adjustments through an annual performance pay pool.

POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None have been brought forward.

ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

No alternatives have been brought forward.

RECOMMENDATION FROM THE CHANCELLOR’S OFFICE:

The Chancellor’s Office supports the recommendations of the Task Force as adopted by the Board at its March 5-6, 2020, meeting.

COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____

Amends Current Board Policy: *Title 4, Chapter 3, new Section 50; Title 4, Chapter 3, Section 25*

Amends Current Procedures & Guidelines Manual: *Chapter 3, Section 3.c and 4.a; and Chapter 5 Section 5*

Other: _____

Fiscal Impact: Yes No _____

Explain: *A one percent performance pay pool will cost approximately \$5.9 million based on FY 2020 approved budgets for all professional positions. Self-supporting budgets, which will also be impacted by this recommendation, are not included in the \$5.9 million estimate.*

POLICY PROPOSAL

Title 4, Chapter 3, *new* Section 50

Annual Professional Performance Pay Awards

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

Section 50. Annual Professional Performance Pay Awards

Effective no later than fiscal year 2024, on an annual basis all institutions and System Administration and its units shall establish a performance pay pool of at least one percent (1.0%) for the purpose of awarding salary adjustments based on meritorious performance in the prior performance evaluation year for professional employees. The Presidents, in consultation with the Chancellor, shall establish institutional procedures for awarding performance pay, including how award amounts will be determined and awarded. The provisions of this section may be suspended for an individual institution or the system as a whole. Requests for suspension of the provisions of this section must be presented to the Board with justification and require approval of the Board. Institutions will report annually to the Board on how the provisions of this section have been met.

POLICY PROPOSAL
Title 4, Chapter 3, Section 25
Annual Professional Performance Pay Awards

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

Section 25. Professional Salary Schedule

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3. [~~NSHE professional employees shall be eligible to be considered for merit awards during fiscal years when a merit pool appropriation is provided.~~] Each NSHE institution shall develop written policies and criteria by institution and/or unit for the recommendation of merit awards for both academic faculty and administrative faculty. Merit awards are subject to the approval of the institutional President, or the Chancellor as the case may be, except as provided in Section 28 of this Chapter.

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NSHE Procedures and Guidelines Manual
CHAPTER 3, SECTION 3.c and 4.a
Community College Academic Salary Schedule

Additions appear in ***boldface italics***; deletions are [~~stricken~~ and bracketed]

Section 3. Community College Academic Salary Schedule

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- c. Merit Awards. [~~Academic faculty shall be eligible to be considered for merit awards during fiscal years when a merit pool appropriation is provided.~~] Each community college shall develop written policies and criteria by institution for the recommendation of merit awards. The written policies and criteria shall be drafted by the faculty senate and approved by the president, and shall be set forth in institutional bylaws. Until the adoption of institutional bylaws governing merit awards, faculty who has received a satisfactory evaluation, will be awarded an equal share of merit. Merit awards are added to base salary.

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4. Other Salary Considerations

- a. All individuals employed on administrative faculty contracts that are eligible to receive [~~legislatively appropriated~~] merit and who are not on the academic faculty salary schedule will be given consideration for merit increases and will receive cost-of-living increases.
- b. All individuals employed on non-tenure track, Range 0 contracts that are eligible to receive [~~legislatively appropriated~~] merit and who are not on the academic faculty salary schedule will be given consideration for merit increases and will receive cost-of-living increases.

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NSHE Procedures and Guidelines Manual

CHAPTER 3, SECTION 5

**Merit Procedures for Community College Faculty at the Top
Of Their Salary Range**

Additions appear in ***boldface italics***; deletions are [~~stricken~~ and bracketed]

Section 5. Merit Procedures for Community College Faculty at the Top of Their Salary Range (formerly CM 96-2)

All faculty should be eligible for consideration for [~~legislatively approved~~] increases in salary earned through meritorious performance. Consideration should be based upon performance evaluation. An addition to the Board of Regents policy governing community college faculty salary schedule implementation [~~was approved by the Board of Regents November 14-15, 1996. The policy~~] allows for merit consideration for faculty who are at the top of their salary range.

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