

**BOARD OF REGENTS
BRIEFING PAPER**

Agenda Item Title: Handbook Revision, Clarification of Provisions Requiring Board or Chancellor Approval of Executive Salary Increases - Title 4, Chapter 3, Sections 25, 28 and 29

Meeting Date: June 5-6, 2014

1. BACKGROUND & POLICY CONTEXT OF ISSUE:

Vice Chancellor for Legal Affairs Brooke Nielsen recommends the following clarifications of Sections 25, 28 and 29 of Title 4, Chapter 3 of the Handbook:

- Correction of section cross-references in Sections 25.2, 25.4, 29.4 and 29.5.
- Delete requirement for chancellor approval of vice president salary adjustments in Section 28.b to conform to current practice.
- Amend Sections 29.4 and 29.5 to make it clear that for the chancellor and board secretary, salary adjustments above merit increases require Board approval as set forth in Section 28. (Merit increases are limited by Section 29.2 to no more than a 1 percent increase in years in which a cost-of-living adjustment is made for all NSHE professional employees, and to no more than 2.5 percent in years in which there is no cost-of-living adjustment for NSHE professional employees.)

2. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

The Board of Regents is requested to approve the proposed amendment to Sections 25, 28 and 29 of Title 4, Chapter 3, to correct cross-references, and to clarify the current policy regarding approval of salary increases.

3. WHY NOW?

Corrections to section cross references and clarification of existing policy will provide clarity in the policy consistent with current application.

4. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Cross-references in Section 25 must be corrected.
- Section 25.b must be corrected to conform to current practice because although the chancellor does approve initial salary placement for vice presidents, he does not approve on-going salary adjustments.
- Salary adjustments, including merit should approved by the presidents and reported to the chancellor.
- Section 29.2 provides a maximum limit of a 1% merit increase when COLA adjustments are made, and 2.5% when there is no COLA adjustment for executive staff merit awards.
- Sections 29.4 and 29.5 require approval of salary increases for the board secretary and chancellor.
- The phrase “other than merit increases” is added to each section to make it clear that salary increases above the merit award limit require a Board personnel session and approval as set forth in Section 28.
- These amendments are needed to make it clear that all executive staff are subject to the same merit procedure and apply to all current contracts.

5. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None.

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

- Do not adopt the proposed amendments to Sections 25, 28 and 29

7. COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title #_ Chapter #_ Section #__

Amends Current Board Policy: Title #4 , Ch. 3 , Secs. 25, 28 and 29.

Current Procedures & Guidelines Manual: Chapter #__ Section #__

Other:

Fiscal Impact: Yes____ No X

Explain: _

PROPOSED REVISIONS – Board of Regents HANDBOOK
TITLE 4, POLICIES
Chapter 3, Section 25, 28 and 29

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

Section 25. Professional Salary Schedule

1. Title 2, Chapter 5, Section 5.5 of the Code contains provisions for professional salary schedules.
2. The institutional president or the chancellor, as the case may be, shall establish the initial placement of professional employees on the salary schedule at the time of appointment. The president or chancellor shall also establish any subsequent adjustment in salary or contract conditions, except that individuals whose initial appointments require Board approval shall also require such approval for salary adjustments and changes in contract conditions, exclusive of COLA, as stipulated in Section [~~27~~] **28** of this chapter.
3. The universities and state college shall be permitted to adopt the salary step pattern of their choice between the lowest and the highest base point salary figures adopted within each rank, range, or other category. A single Community College Faculty Salary Plan shall be adopted by the Board of Regents for the community colleges. The initial placement and movement of professional employees on the community college salary schedule is established in Section [~~34~~] **36** of this chapter.
4. 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 [~~24~~] **28** of this Chapter.
5. Performance bonuses or commissions are generally not permitted for NSHE professional staff, regardless of the source of funding.
 - a. On a case-by-case basis, limited exceptions based on prevailing labor market practices may be requested in writing by the institution president. In such limited cases, if approved by the chancellor, the employment contracts that specify a bonus or commission must meet the following conditions:
 1. The terms of the bonus or commission must be approved in advance by the president and reported to the chancellor. This authority may not be delegated to any other institutional officer.
 2. The bonus or commission must be in conformity with state and federal laws and regulations.
 3. The bonus or commission must be tied to specific measurable standards that are documented in writing as part of the employment contract.

4. The financial terms and measurable standards for the bonus or commission must be reviewed by the vice chancellor of legal affairs and approved by the president prior to the preparation of the employment contract. In the case of employment contracts that must be forwarded to the Board of Regents per System policy, the bonus or commission must be approved by the chancellor and the Board of Regents.
 5. The bonus or commission cannot be paid with state-appropriated funds.
 6. The bonus or commission shall not become part of the employee's base salary.
- b. A bonus or commission is not to be confused with a special, one-time monetary award that may be presented to professional staff in recognition of length of service or as part of a competitive award program to recognize superior accomplishments in teaching, research, creative activity, service, or advising.

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Section 28. Ongoing Review and Approval of Executive Salaries

After initial placement on the appropriate executive salary schedule, executive salaries shall be reviewed and approved as follows:

- a. Deans: Any proposed salary adjustments for deans (executive directors at DRI) at the member institutions, exclusive of COLA, shall be recommended by the appropriate Vice president, approved by the president, and forwarded for information to the chancellor annually. If any recommended salary falls outside the Board-approved salary range for that position, it must be approved by the chancellor.
- b. Vice Presidents: Any proposed salary adjustments for vice presidents at the member institutions, exclusive of COLA, shall be [~~recommended~~ **approved**] by the president [~~approved by the chancellor annually~~] **and reported to the chancellor.**
- c. Presidents: Any proposed annual salary adjustments for presidents, exclusive of COLA, shall be approved by the chancellor in consultation with the Board Chair and based on performance criteria assessed in an annual evaluation. The chancellor's recommendation must conform to guidelines set by the Board of Regents and be reported to the Board. The report shall provide the chancellor's rationale for the salary adjustment, including information on the manner in which the president's performance exceeded his or her performance program and goals.
 - (1) Periodic salary adjustments for presidents may be recommended by the Board Chair, based on performance criteria assessed in a periodic evaluation, and approved by the Board of Regents as part of its deliberations to renew contract terms and conditions.
- d. System Executive Staff: Any proposed annual salary adjustments for vice chancellors exclusive of COLA, shall be approved by the chancellor based on performance criteria assessed in an annual evaluation. The chancellor's recommendation must conform to guidelines set by the Board of Regents and be reported to the Board. The report shall provide the chancellor's rationale for the salary adjustment, including information on the manner in which the individual's performance exceeded his or her performance program and goals.

- e. Board Officer: Any proposed annual salary adjustments for the secretary to the board, exclusive of COLA, shall be recommended by the Board Chair, based on performance criteria assessed in an annual evaluation, and approved by the Board of Regents. The Board Chair's recommendation must conform to guidelines set by the Board of Regents.
- f. Chancellor: Any proposed annual salary adjustments for the chancellor, exclusive of COLA, shall be recommended by the Board Chair, based on performance criteria assessed in an annual evaluation, and approved by the Board of Regents. The Board Chair's recommendation must conform to guidelines set by the Board of Regents.

(1) Periodic salary adjustments for the chancellor may be recommended by the Board Chair, based on performance criteria assessed in a periodic evaluation, and approved by the Board of Regents as part of its deliberations to renew contract terms and conditions.

Section 29. Policies for Executive Salary Increases.

The following policies shall govern deliberations by the chancellor and the Board, as the case may be, in recommending merit increases for the chancellor, presidents, vice chancellors and the secretary to the board:

1. Any recommendation for an annual merit increase must be based on meritorious performance, documented in a written annual evaluation, which substantially exceeds the individual's performance program and goals for the year and has dramatically moved and shaped the individual's department and/or institution.
2. In years in which a cost-of-living adjustment is made for all NSHE professional employees, the chancellor and the Board may, at their discretion, recommend no more than a 1 percent increase in salary for meritorious performance. In years in which there is no cost-of-living adjustment for NSHE professional employees, the recommendation shall not exceed a 2.5 percent increase in salary for meritorious performance. In either case, the recommendation will take into consideration any budgetary constraints in the fiscal year in which the salary increase will take effect.
3. Increases in salary for meritorious performance may not be awarded across the board to the executives governed by this section.
4. Salary increases, ***other than merit increases as governed and limited by the provisions of subsection 2***, approved by the chancellor in accordance with the provisions contained in Section ~~[27]~~ **28** of this Chapter must be reported to the Board. The report shall provide the chancellor's rationale for the salary adjustment, including information on the manner in which the individual's performance exceeded his or her performance program and goals.
5. Salary increases, ***other than merit increases as governed and limited by the provisions of subsection 2***, recommended by the Board Chair in accordance with the provisions contained in Section ~~[27]~~ **28** of this Chapter must be approved by the Board. The recommendation shall provide the Board Chair's rationale for the salary adjustment, including information on the manner in which the individual's performance exceeded his or her performance program and goals.