

Compensation for Recruitment and Retention of High Quality Faculty: Investing in Higher Education

**presentation for the
Interim Committee to Conduct a Study
Concerning the Cost and Affordability of Higher Education
(AB202)**

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Nevada Faculty Alliance

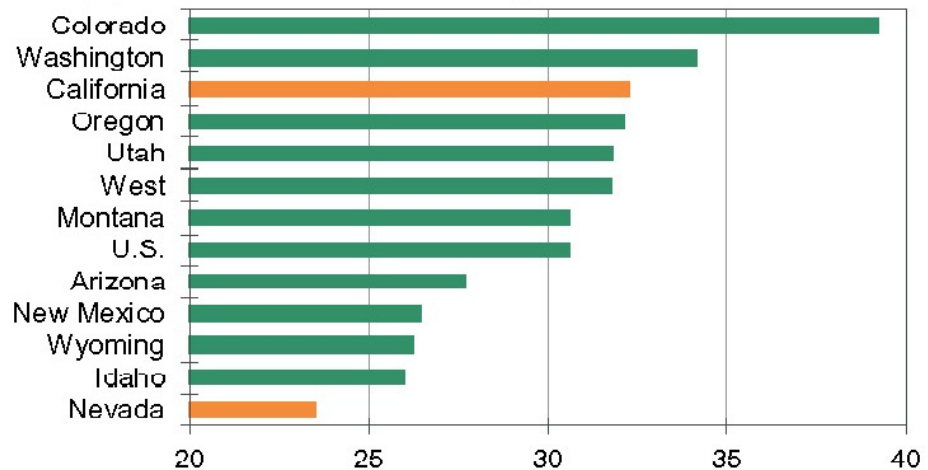
Affiliate of the American Association of University Professors
Representing the faculty of the Nevada System of Higher Education

NSHE and our faculty support workforce and economic development

- State of Nevada strategic priority is for workforce development toward a new Nevada economy.
- Currently, Nevada has low levels of enrollment and attainment in post-secondary education.
- Strategic goal to increase the number of Nevadans with a post-secondary degree, certificate or credential.

Chart 4: Workforce Presents a Challenge

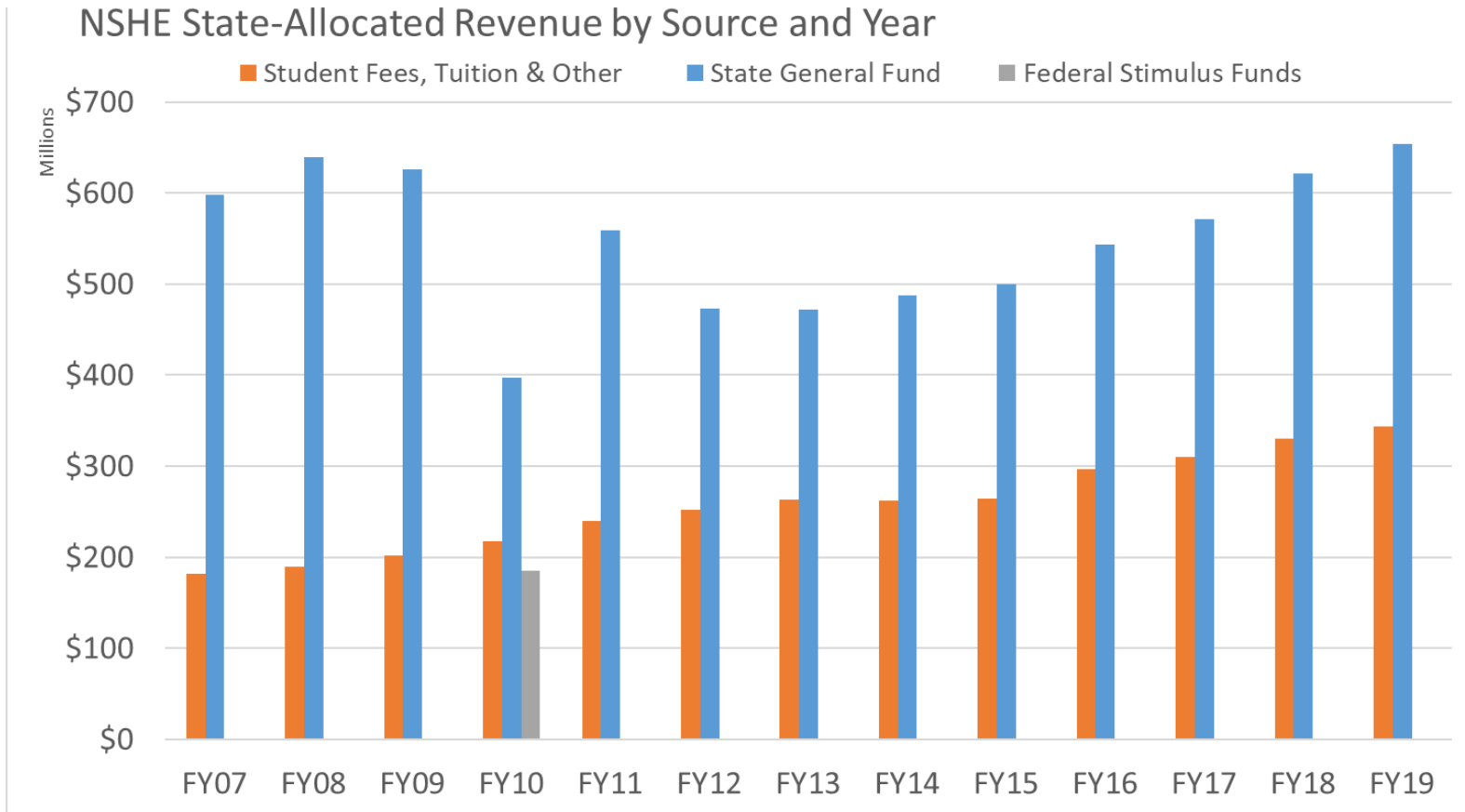
% of population with a bachelor's degree, 2015



Moody's Analytics report to Economic Forum Dec. 2016

Increasing college enrollments and preparing students for careers in the new Nevada economy requires investment in colleges and universities and their faculty.

Background: State support vs. other revenue

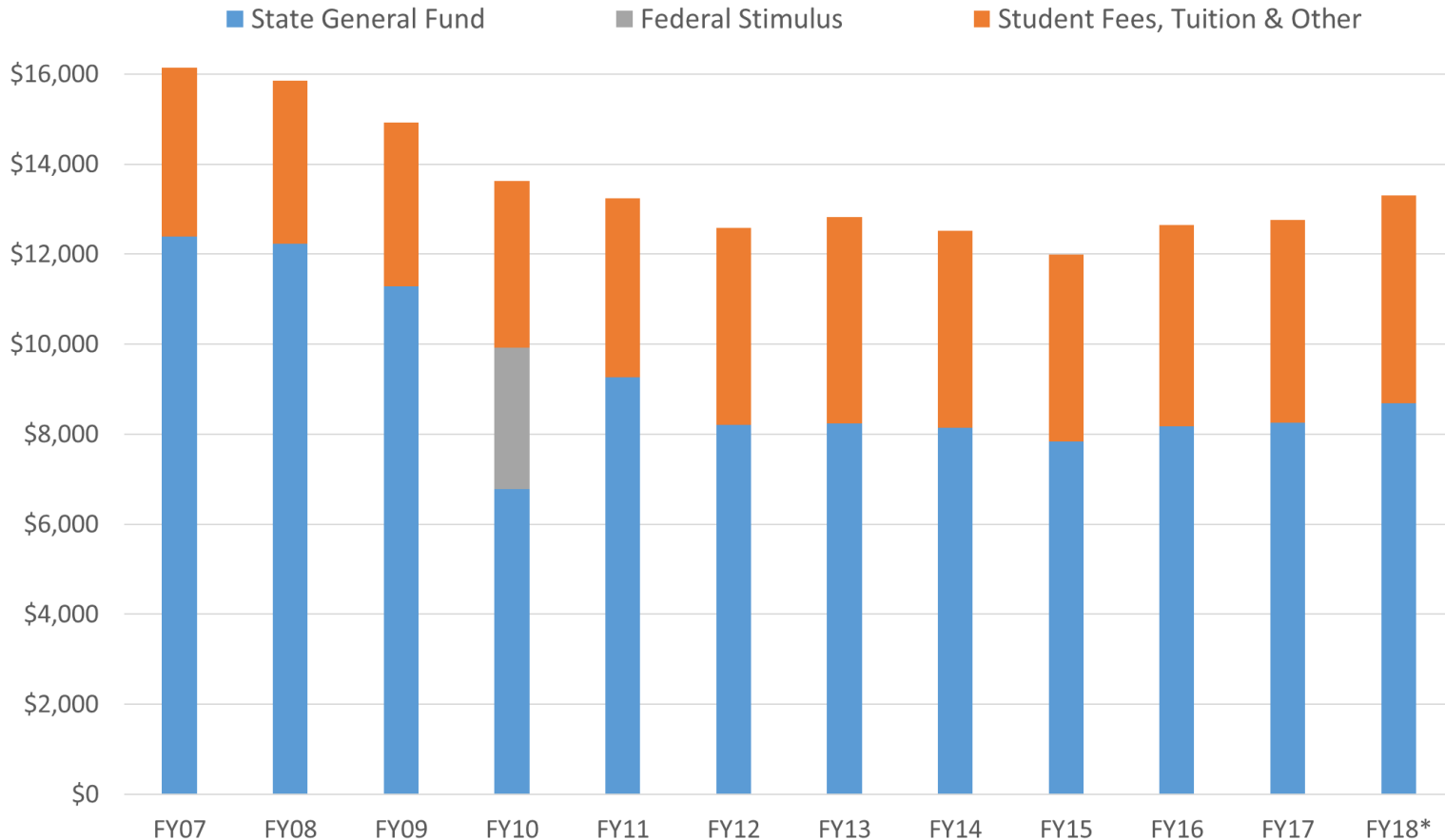


Source: NSHE budgets. State allocated funding only—does not include self-supporting budgets, grants, contracts, or clinical.

- FY19 state general support of NSHE in raw dollars just catches up with FY08, **not** adjusted for growth in enrollment or inflation
- General fund support of instructional budgets declined from **77%** in FY2008 to **65%** in FY2018 & FY2019. Student fees, tuition, and other revenues are now **35%**.

Doing more with less: Lower state support of higher education per student, increased student tuition.

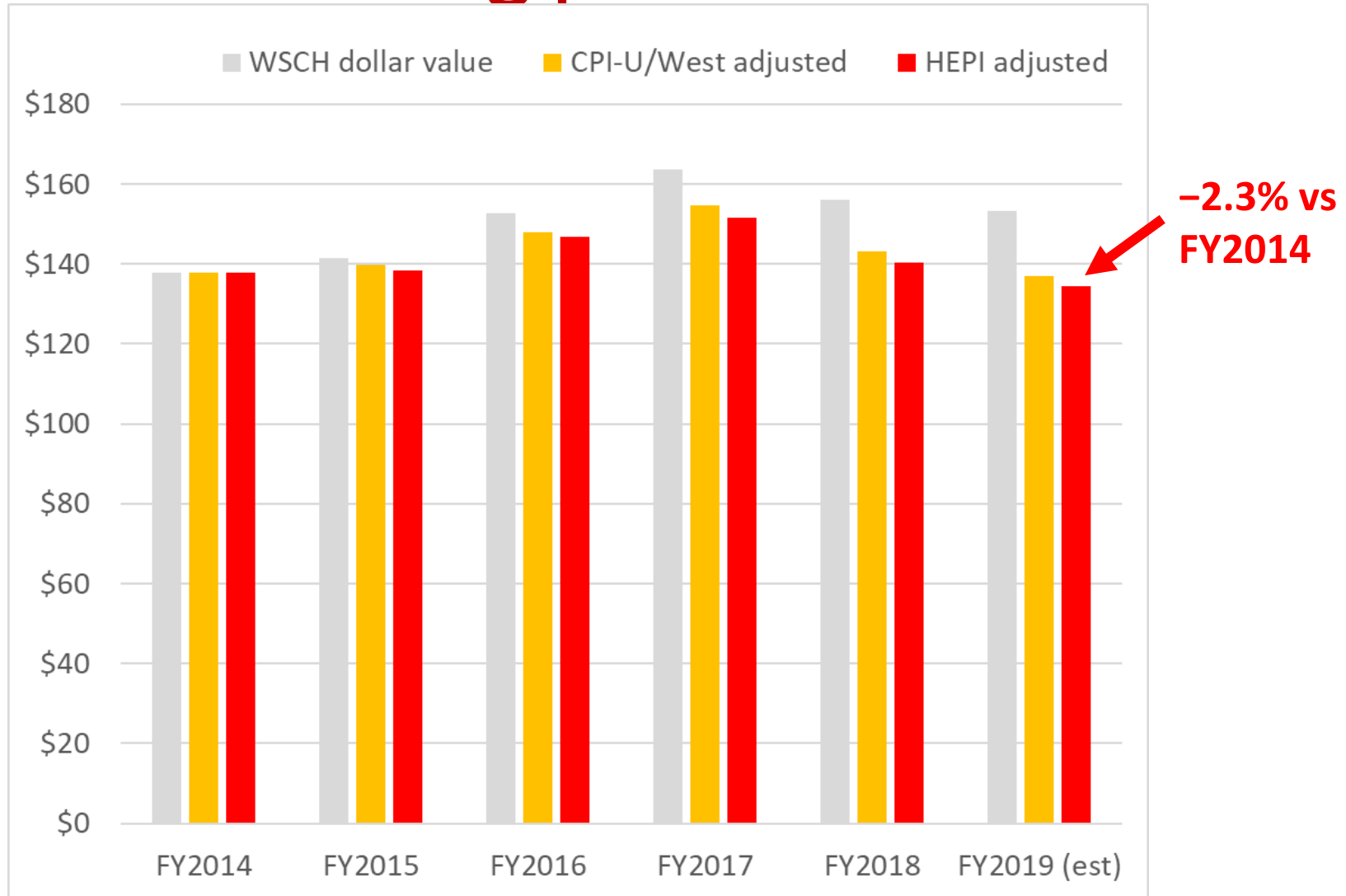
Total NSHE State-Allocated Revenue per Student FTE
by Source and Year, inflation-adjusted (2017 dollars)



Sources: NSHE Annual Operating Budget Reports. NSHE Average Annual Full-Time-Equivalent Student Counts (*FY18-19 estimated).
Adjusted by Higher Education Price Index (in FY17 dollars, FY18 estimated). Prepared by Nevada Faculty Alliance. Updated 4/2018.

In inflation-adjusted dollars: 14.7% less per student full-time-equivalent, FY18 vs FY07. Consequences include high student-to-faculty ratios, lower faculty salaries, and reliance on part-time instructors.

State funding per formula WSCH



Adjusted for inflation, lower funding per WSCH in FY2019 than in FY2014, at beginning of new formula and after recession-related budget cuts.

Who are the NSHE professional employees?

- Nearly 6000 rank-and-file employees who work directly with students and run educational programs
- **Academic Faculty**
 - Assistant, Associate, and full Professors
 - Lecturers
- **Administrative Faculty, a.k.a. professional staff**
 - Counselors, advisors, tutoring program staff, admissions, etc.
 - Advanced scientific and technical staff
- Separate from but work alongside Classified clerical, maintenance, technical, and public safety employees (about 2600 at NSHE).
- Not included for this discussion: NSHE Executives and Administrators; research faculty and clinical faculty not funded on state-allocated budgets.*
- Not part of State Classified/Unclassified/Nonclassified structure.*

*See Appendix for further details.

Goals of a Faculty Compensation System

- Recruit high quality faculty
- Retain high quality faculty
- Promote and reward excellence
- Promote loyalty to institutions and Nevada

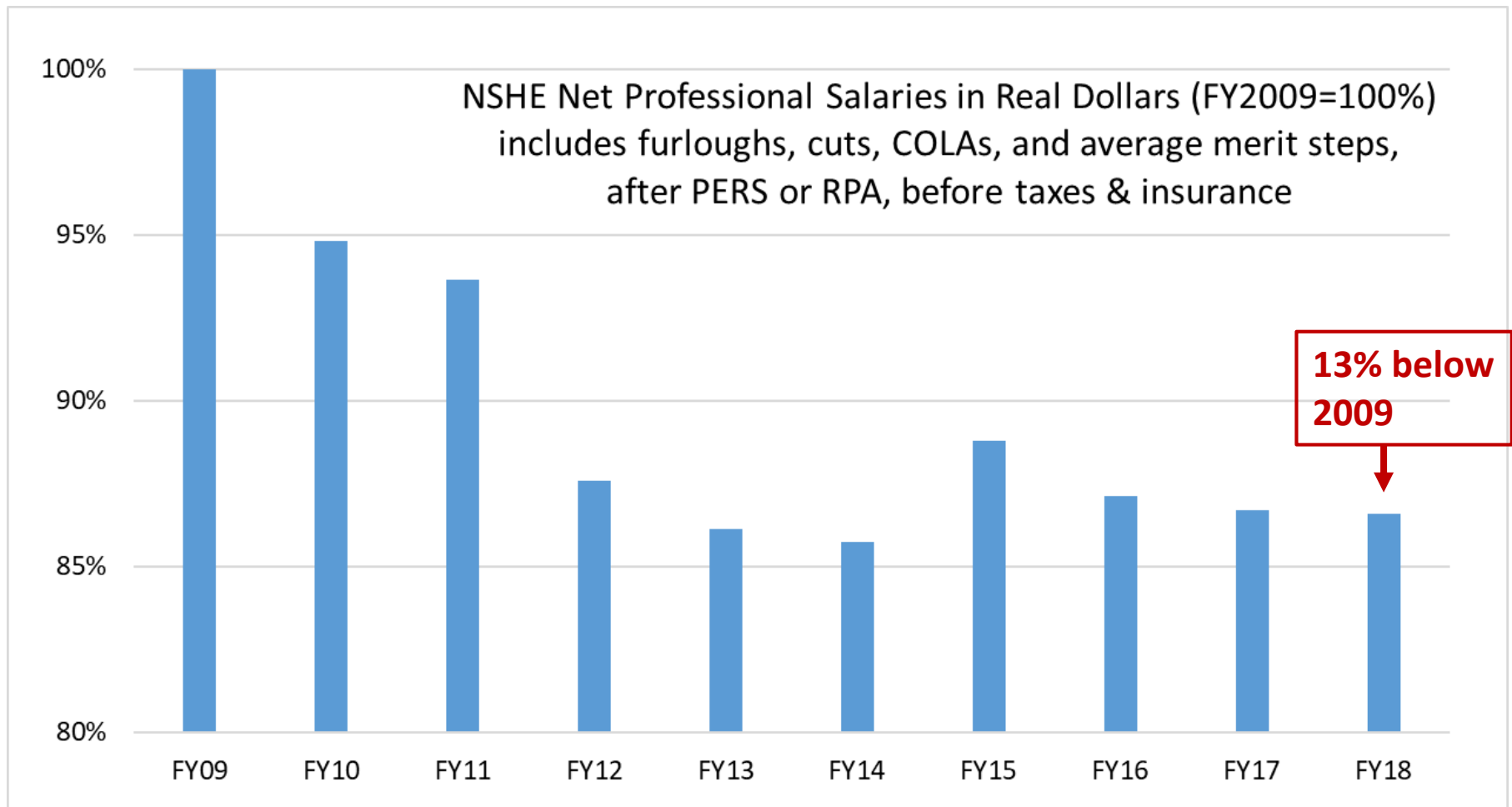
NSHE Faculty Compensation System Problems

- Lagging salaries vs. national competition
- Salary compression and inversion (new hires at market salaries above current faculty)
- No regular in-rank advancement opportunities
- Increasing reliance on ad hoc “retention packages”
- Difficulty recruiting against national competition

Sustainable faculty compensation model

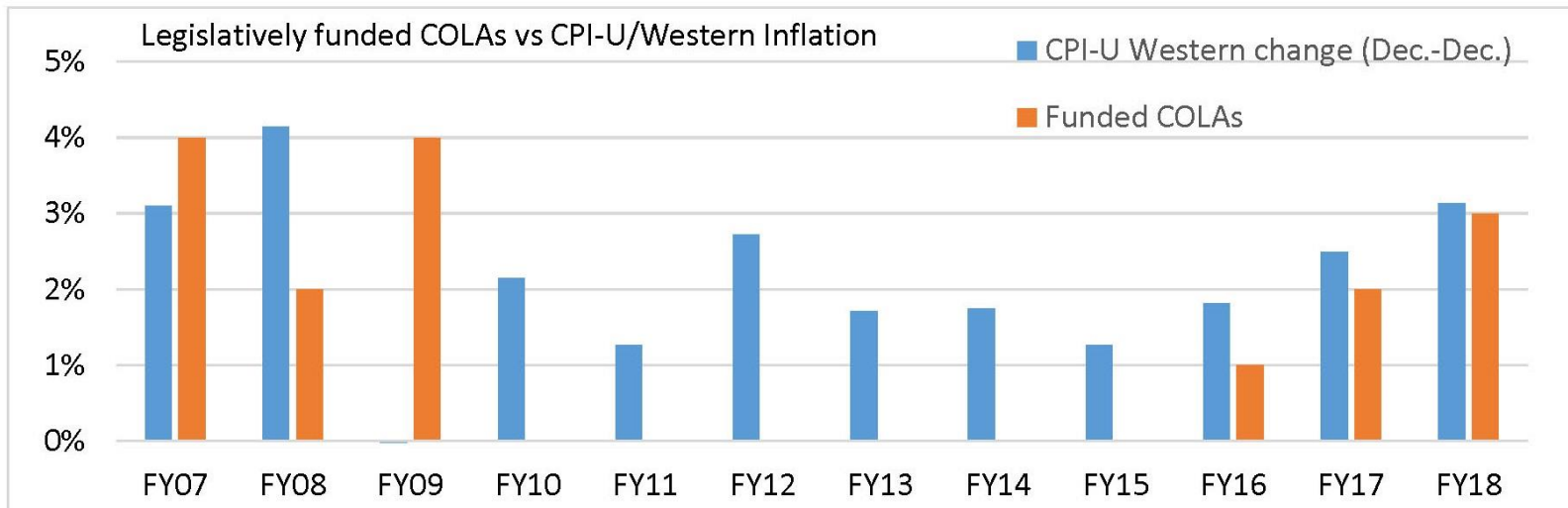
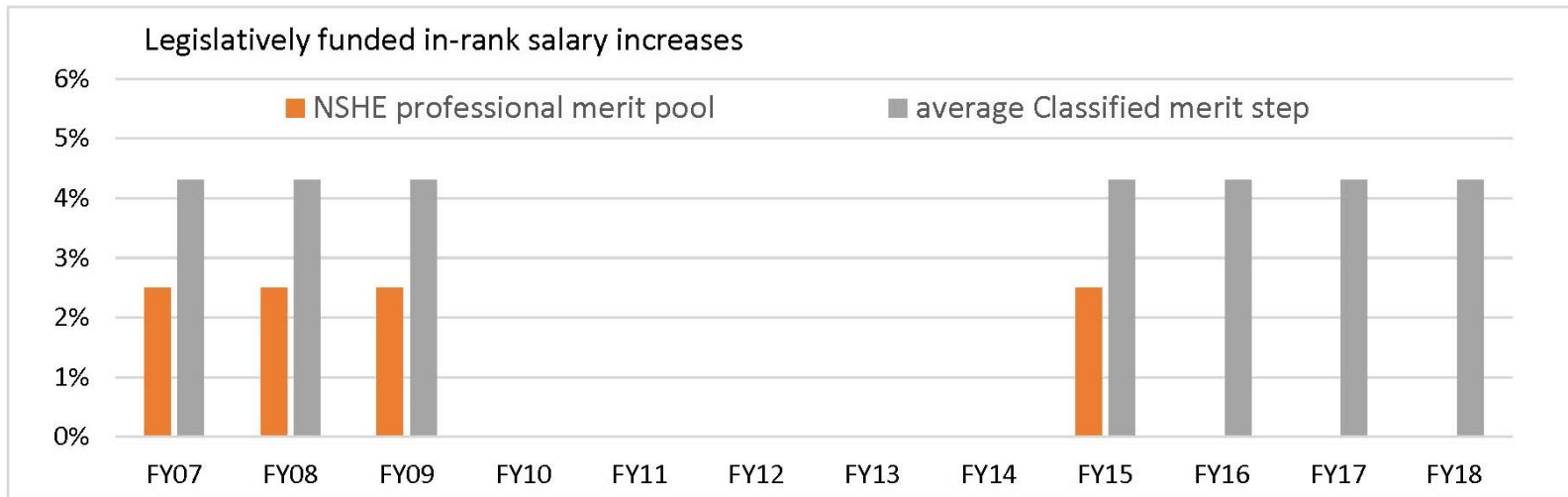
- *Four components are pillars of a sustainable faculty compensation model:*
 - Base salary levels competitive with peer and aspirant institutions.
 - Annual cost-of-living adjustments to keep up with inflation.
 - Annual in-rank salary increases to reward and retain excellent faculty members and to provide for advancement within rank.
 - A strong healthcare and retirement benefits package, without premium increases or benefit reductions.
- *Each component has been stressed since the budget crisis of 2009-2013.*

NSHE faculty net salaries lagging inflation



Represents relative net salary of continuing faculty member since 2009, adjusted for regional inflation rate: CPI-U/Western (Bureau of Labor Statistics).

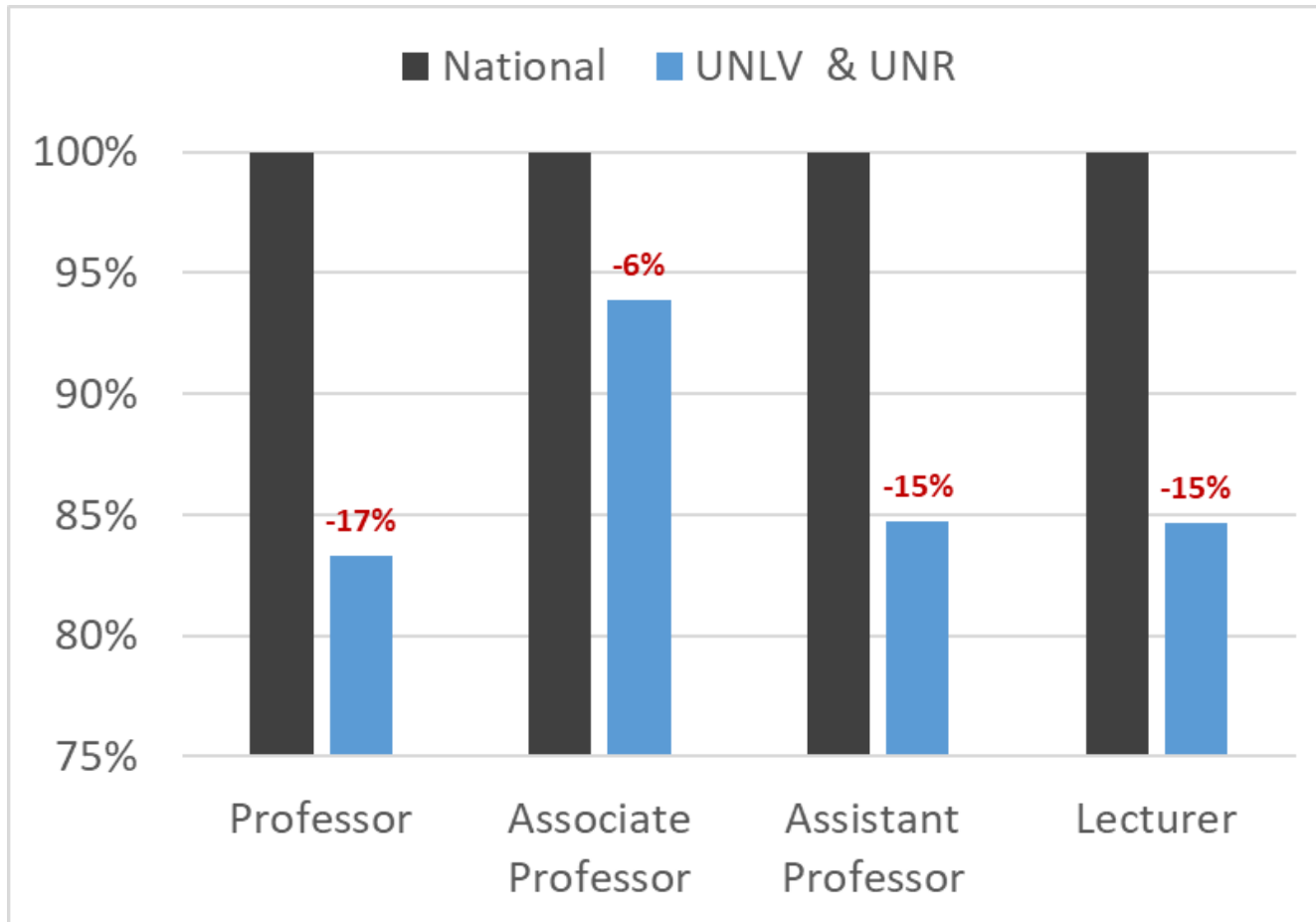
History of COLAs and in-rank salary increases



- NSHE faculty and professional staff singled out as only rank-and-file state employees with no in-rank salary increases since FY2015.
- COLAs not keeping pace with regional rate of inflation

Sub-competitive University Faculty Salaries

Average salaries as percent of Carnegie R1 & R2 doctoral universities nationally, by academic rank



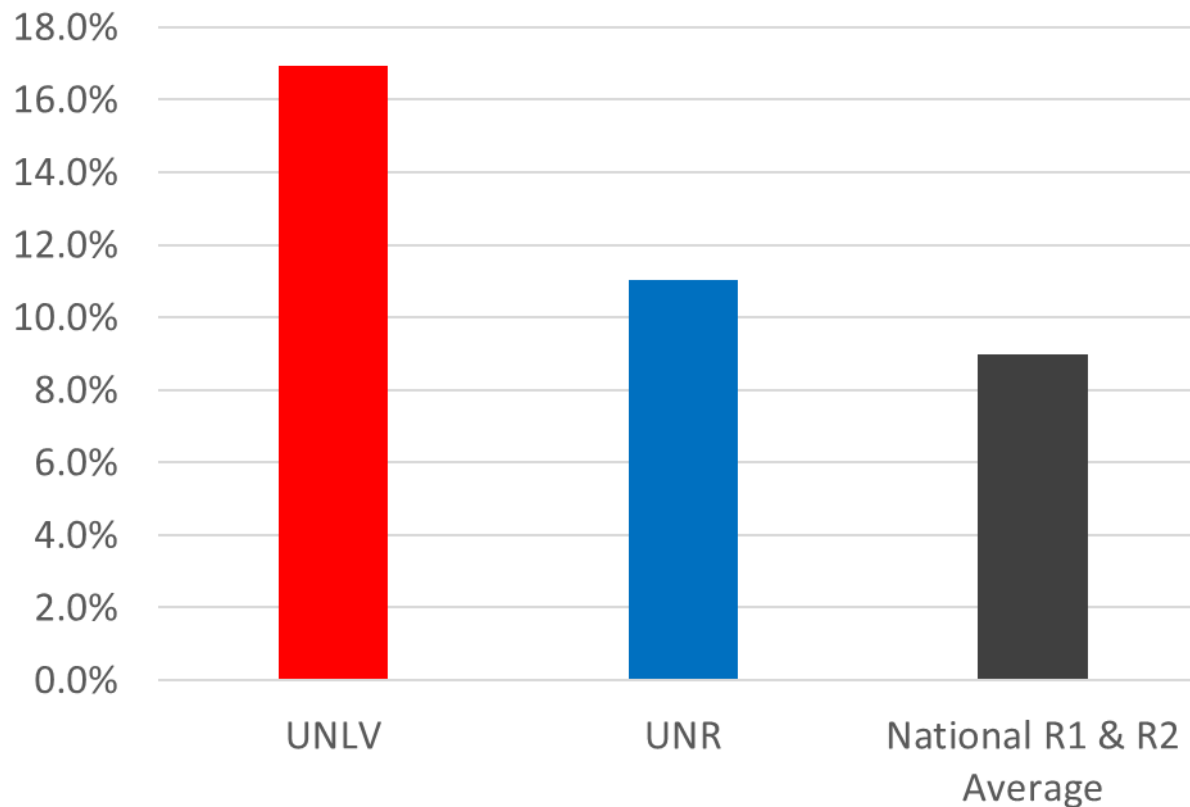
UNLV and UNR rank 89th and 98th in average salary for all faculty out of 113 Carnegie R1 universities.

Average salaries of full-time teaching faculty by rank, excluding medical school faculty, as percentage of national faculty average at 187 doctoral universities with Carnegie R1 (highest research) and R2 (higher research) rankings. Source: [AAUP 2017-18 Faculty Compensation Survey](#).

Note: Comparison data not available for 2- and 4-year colleges.

Losing High Quality Faculty

Attrition Rate, Full Professors, AY17 to AY18



- High cost to replace faculty at market-competitive salaries plus start-up costs (e.g., labs in STEM fields).
- “Retention packages” increasingly used when faculty get offers elsewhere.
- Also losing full-time faculty at 2- and 4-year colleges.

Source: AAUP Faculty Compensation Surveys, 2016-17 and 2017-18, calculated from number of reported number of continuing full-time teaching Professors versus prior year total

History: Faculty merit pool

- In the mid-1980s, Nevada faculty salaries were far below peer institutions.
- The Nevada Faculty Alliance worked with Governor Bryan and the Legislature to establish a faculty merit raise system similar to the Classified grade and step system.
- Annual faculty merit pool at 2.5% set to be comparable to classified steps (then 5% steps for 10 years in grade)
- Interim legislative study in 1990-91 established rules for performance-based faculty merit raises. Eligible faculty included rank-and-file academic faculty and 'administrative faculty' (professional employees such as IT staff and advisors), but not Executives or Administrators (Deans/Directors and above).
- Accountability: At universities, merit raises were tied directly to annual performance evaluations. Traditionally community colleges used a grade and step system, but were converted to performance-based raises.
- From mid-1980s through FY2015, every time the state was able to fund classified merit steps, the state also funded the faculty merit pool.
- Faculty merit pool was not funded for FY2016 through FY2019, although Classified steps were funded. No policy reasons have been officially articulated.

Cost-of-Living-Adjustments are necessary, but not a substitute for in-rank salary advancement

- Percentage COLAs are designed simply to keep pace with inflation.
- Annual raises allow advancement in rank.
- Rewards for performance motivate excellence and help retain faculty.
- *Consistent* annual in-rank raises prevent salary compression and inversion—now a severe problem.

Estimated cost of in-rank salary advancement

Options for annual in-rank faculty compensation increases (in millions, estimated)

	<i>State General Fund</i>			<i>NSHE Portion</i>		
	FY20	FY21	Biennium	FY20	FY21	Biennium
2.50% pool, 100% state funding	\$11.9	\$24.5	\$36.4	--	--	--
2.50% pool, proportional funding	\$7.7	\$15.9	\$23.7	\$4.2	\$8.6	\$12.7
2.25% pool, proportional funding	\$7.0	\$14.3	\$21.3	\$3.8	\$7.7	\$11.5

Proportional funding means in proportion to state general fund revenue versus other revenues for each state-allocated NSHE budget, now about 65% from state general fund overall.

Gallagher recommendation for increase from minimum to maximum of the range in 18 to 24 years, using the NSHE faculty salary schedule, would require funding the pool at 3.1% to 4.1% annually.

NFA recommends cost sharing between General Fund and other NSHE revenue sources

Estimated cost of in-rank salary advancement, by NSHE program

State-Allocated Budgets	Percent funded from State General Fund	FY18 Total Professional Salaries* (millions)	Total estimated cost of 2.5% pool (millions)	State Portion (millions)	NSHE Portion (millions)
Universities	56.0%	\$257.3	\$6.43	\$3.60	\$2.83
2- and 4-year Colleges	69.6%	\$124.3	\$3.11	\$2.16	\$0.95
Professional Schools	78.2%	\$48.9	\$1.22	\$0.96	\$0.27
Statewide Programs	86.6%	\$11.0	\$0.27	\$0.24	\$0.04
Desert Research Institute	98.0%	\$3.1	\$0.08	\$0.08	\$0.00
System & Business Admin.	99.2%	\$12.7	\$0.32	\$0.31	\$0.00
Intercollegiate Athletics	100.0%	\$1.8	\$0.04	\$0.04	\$0.00
TOTAL	65.4%	\$459.1	\$11.48	\$7.50	\$3.98

*Estimates for one fiscal year based on FY18 state-allocated budgets. Does not include self-funded budgets, grants, contracts, or clinical. Includes unknown amounts for ineligible executive/administrator positions per prior legislative funding policy.

The way forward— NFA recommendations

- One-time funding for equity, compression, and competitive salary adjustments.
- Establish a sustainable system of annual in-rank salary advancement for faculty funded at level comparable to Classified step system.
- Share costs proportionally to revenues among State General Fund, student fees & tuition, and other NSHE revenue.
- Increase state formula funding per WSCH to keep up with Higher Education Price Index (HEPI) after including COLAs and in-rank increases—to halt further increased reliance on student tuition.
- Provide flexibility for 2-year and 4-year colleges and the universities to implement best practices for awarding in-rank salary increases according to their needs.



Nevada Faculty Alliance

Thank you!

For questions or further information:

Dr. Kent M. Ervin, NFA Legislative Liaison

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775-453-6837

Appendix

COMPARISON OF COMPENSATION FOR STATE EMPLOYEE GROUPS IN NEVADA

EMPLOYEE TYPE	Est. number (2016-17)	Overtime Eligible or Exempt	COLA when funded	In-Rank Salary Raises*	EMPLOYMENT SECURITY
Classified	19375 (State) 2617 (NHSE)	Both	Yes	Most years through FY09, and FY15–present	30-day notice for layoffs, 10-day for cause
NSHE Academic Faculty	2986	Exempt	Yes	Most years 1980s–FY09, and one year in FY15	Contract, notice depends on tenure status
NSHE Administrative Faculty (professional staff)	2805	Both	Yes	Most years 1980s–FY09, one year in FY15	Contract, notice depends on length of employment
NSHE Executive, Administrators & Over-range	220	Exempt	Yes	Not funded by State	Contract or At-will
State Unclassified	1309	Exempt	Yes	Pay level discretionary, up to maximum in pay bill	At-will
State Non-Classified (Executive, Judicial, LCB)	709	Both	Yes	Steps for some LCB & Judicial staff	Varies

*In-Rank Salary Raises: Steps or performance-based raises. In the case of Classified service and some LCB and Judicial staff, employees move one step within grade on a salary schedule if rated “meets standard” or higher for the year, and if they are not at the top of their grade. NSHE academic faculty and administrative faculty (professional staff) were granted an annual performance increase, when the merit pool was funded, if evaluated as meritorious (Commendable or Excellent) performance, with the amounts varying according to level of performance; no increase for non-meritorious (Satisfactory or Unsatisfactory) performance.

Per 1987 Letter of Legislative Intent (Raggio & Sedway), the NSHE merit pool funding (when funded) by the legislature does NOT include Executive employees or administrators at or above the level of assistant or associate Dean, assistant or associate vice president, or assistant or associate vice provost and equivalent positions. The merit pool funding also does not include salaries over the maximum of the salary range for any faculty position.

Prepared by K. Ervin, Nevada Faculty Alliance, 4/2018. Disclaimer: Information obtained from a variety of sources for comparison purposes and might not include all variations in state employment conditions.

LCB statement on NSHE faculty positions within the State employee system

Interim Committee to Study the Salaries of Certain Positions in the Unclassified and Nonclassified Service of the State (SCR 6, 2017 Legislative Session)

Meeting of January 31, 2018. Agenda item IX. Discussion of Unclassified Positions and Salary Structures within the Nevada System of Higher Education. Presentation by Mr. Jeff Ferguson, Senior Program Analyst, Legislative Counsel Bureau (quotation taken from video recording, emphasis added):

“Thank you, Mr. Chair. As far as this agenda item, with regard to the Nevada System of Higher Education and the salaries there, I would point out in NRS 284.140 subsection (4)--and this is indicating the positions that are considered Unclassified--(4) indicates that “except as otherwise provided by the Board of Regents of the University of Nevada pursuant to NRS 396.251, officers and members of the teaching staff and the staffs of the Agricultural Extension Department and Experiment Station of the Nevada System of Higher Education, or any other state institution of learning, and student employees of these institutions,” those would be Unclassified positions. However, in speaking with LCB legal staff as well as representatives from NSHE, specifically I spoke with Christine Casey at NSHE, which is the senior director for human resources, the Board of Regents of the University of Nevada do take the responsibility for setting the salaries of NSHE positions. **So as far as State Personnel is concerned, those really aren’t Unclassified positions.** The Division of Human Resource Management does not have any data on those positions; that is all kept internally within NSHE. **So essentially the part of the statute that indicates ‘except as otherwise provided by the Board of Regents’ is applicable in this case. NSHE does not consider any of their positions as unclassified, they are typically administrative faculty, professional faculty, and things along those lines. So they are really not Unclassified positions** in the sense of the types of positions that this Committee would take a look at.

“I would also point out that last session Assembly Bill 202 was passed by the Legislature, and this sets up the Committee to Conduct an Interim Study Concerning the Cost and Affordability of Higher Education in the state. I would indicate there is a provision within that bill that directs that interim committee to examine whether the system of compensation for faculty at each institution in the Nevada System of Higher Education is appropriate in order to recruit and quality faculty that further programs of higher education and research. So it appears that a study of some of the faculty salaries would be something that is under the purview of that interim committee under AB202 of last session. **So the NSHE positions as far as this committee is concerned appear to not really fall under the definitions of an Unclassified position or a Nonclassified position.** And there is a means to study those in the interim committee associated with AB202. So it is staff’s opinion that this committee does not need to concern itself with NSHE positions at this time. . . .”

WILLIAM J. RAGGIO

Senator

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Nevada Legislature

SIXTY-FOURTH SESSION

June 17, 1987

1987 Letter of Intent
on eligibility for faculty merit
pool funds

Daniel J. Klaich, Chairman
Board of Regents
University of Nevada System
405 Marsh Avenue
Reno, NV 89509

Dear Dan:

The Senate Finance Committee and the Assembly Ways and Means Committee in closing the various budgets of the University of Nevada System jointly agreed to extend the eligibility for merit pool funds to other professional positions within the system in addition to instructional positions for which the current merit pool is available. It was the intent of the money committees in this joint action, however, that certain positions be excluded from participation in merit pool funds. The group of positions to be excluded from participation in the merit pool includes all professionals whose appointments and salaries are subject to approval of the Board of Regents including the chancellor, vice-chancellors and legal counsel in the chancellor's office; the directors of the computing center and the university press; presidents and vice-presidents of the universities, community colleges and desert research institute; all deans; administrators who are equivalent to dean in the community colleges; the heads of the centers at the Desert Research Institute and the directors of the ICA programs.

The Senate Finance Committee and the Assembly Ways and Means Committee requested that the University System carefully follow the intent of the merit pool concept as approved by the Nevada Legislature. Attached is a listing of those positions intended to be excluded.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Raggio".

William J. Raggio, Chairman
Senate Finance Committee

A handwritten signature in black ink, appearing to read "M. M. Sedway".

Marvin M. Sedway, Chairman

29. Assembly Ways and Means Committee

87D/dj
Attachment