



NEVADA FACULTY ALLIANCE

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Date: January 24, 2019

From: Kent M. Ervin, NFA Legislative Liaison (kent.ervin@nevadafacultyalliance.org)

To: Legislative Commission Budget Subcommittee 1/24/2019

Subj: NSHE Budget Overview, Agenda Item III

The Nevada Faculty Alliance (NFA) is the independent statewide association representing faculty at all eight NSHE institutions. Our national organization is the American Association of University Professors.

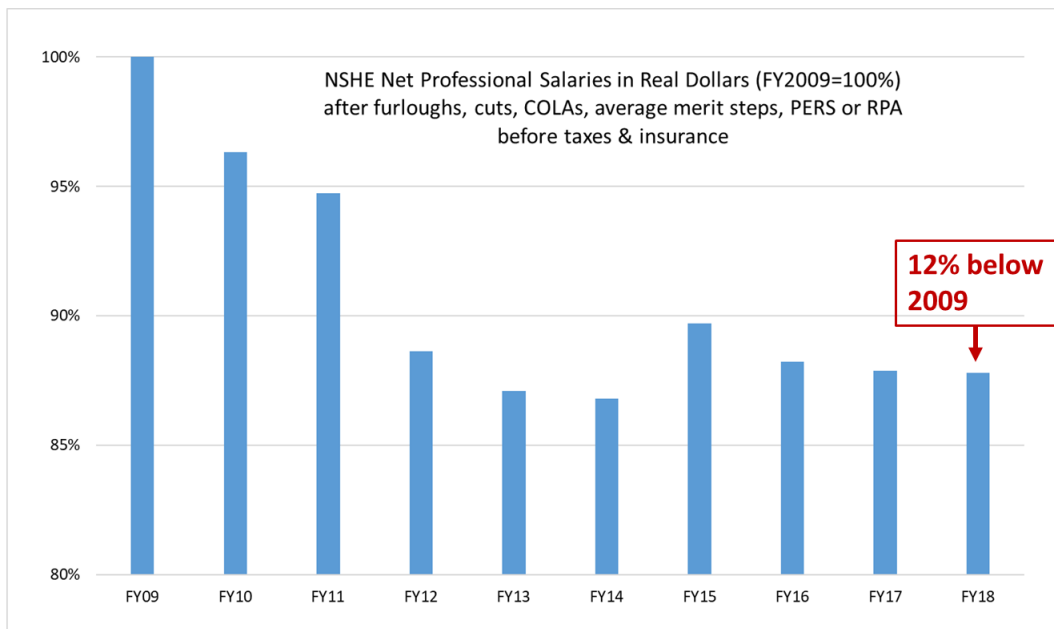
As the Legislature considers the budgets and programs of the Nevada System of Higher Education now and during the legislative session, NFA members want you to know that we fully support the five strategic NSHE goals of Student Access, Student Success, Closing the Achievement Gap, Workforce Development, and Research to Create Solutions. Those NSHE goals are faculty goals. Making progress on the strategic goals requires not only our dedication and hard work, but also investments by the State in the students, the institutions, and the faculty workforce.

Governor Sisolak's recommended budget provides substantial support for NSHE including covering enrollment growth through the Weighted Student Credit Hour formula and capacity enhancements to expand programs targeted at workforce development throughout the State. These items allow institutions to hire new faculty to teach courses and carry out research in important economic development areas such as healthcare, advanced manufacturing, teacher training, and career and technical education. We strongly support these items as well as the funding of state scholarships and the UNLV medical school ramp-up.

We do need to draw your attention, however, to budget requests by NSHE that are also high priorities but did not make it into the executive budget. In addition to the items that could be included in the regular NSHE budget request through the executive branch process and outlined today, the Board of Regents wrote a letter to the Governor's Office (attached with highlights) requesting funding for impactful non-formula programs that have not received adequate funding since the financial crisis, and also to address the most serious issue of faculty salary compression. The AB202 interim Committee to Conduct a Study of the Cost and Affordability of Higher Education examined how faculty compensation affects the recruitment and retention of high-quality faculty. The AB202 Committee has made its own recommendations to the Governor and to the Legislature (letter attached with highlights) on addressing the problems of faculty salaries and compression resulting from a decade with no regular system of in-rank salary advancements.

Without regular raises based on performance, salaries for loyal continuing faculty have stagnated. The chart below shows that net salary, after inflation and legislatively

approved COLAs and adjustments, for a continuing faculty member has decreased by 12% from FY2009 to FY2018. In the meantime, new faculty hires are brought in at or near market salaries because of the highly competitive national academic market, although we have difficulty recruiting the most qualified candidates with the salary offers we can make. Still, the salaries of new hires can match or exceed those of faculty members who have been in the system through the era of budget cuts. That's "salary compression or inversion". Our star faculty members can seek and do seek better offers from other academic institutions. Sometimes an ad hoc retention package can keep them in Nevada, but this process is waste of time and productivity, negative for faculty morale overall, and often we lose faculty members after they have achieved success and recognition here in Nevada.



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

With the Nevada economy now in strong recovery, it is time to fix the broken faculty compensation system at NSHE. The Gallagher consultant report commissioned by NSHE and presented to the AB202 Committee analyzed faculty salaries and found a serious compression problem, which they quantified as \$90M. That amount is clearly unaffordable all at once, having resulted from a decade of deficiencies. The Regents have requested, and NFA strongly endorses, funding to partially address the faculty compression problem this biennium with \$20M in state funds and \$10M in NSHE institutional funds. That would address the most severe cases.

As the legislative session progresses, we hope for the opportunity to present more completely our concerns about NSHE faculty compensation and salary compression, both through the budget process and through implementation of the AB202 Committee recommendations for restructuring the NSHE faculty compensation system (BDR-382). Thank you for this opportunity to start this critical discussion.

Nevada System of Higher Education

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August 24, 2018

Honorable Brian E. Sandoval, Governor, State of Nevada
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

Re: Nevada System of Higher Education (NSHE) Supplemental Budget Request

Dear Governor Sandoval:

All of the NSHE institutions have been working hard since last November to quantify and prioritize their budget enhancement requests as to ensure they are both working to support the educational and economic goals for Nevada that have been articulated by your administration, as well as address the five strategic goals for higher education that were promulgated by the Board of Regents earlier this year. The Budget guidance provided by your staff has been invaluable to all of our campuses to focus on initiatives that provide the greatest return on investment and have the most positive impact on our varied stakeholders, while at the same time recognizing the fiscal realities facing our state.

In June the Board of Regents approved a budget outline that will request approximately \$120 million in additional funding as compared to the fiscal year 2018 baseline. This funding is a mix of budget maintenance items such as enrollment/caseload growth, as well as a couple of enhancement requests. As enrollment continues to grow at the majority of our institutions, we will be requesting approximately \$41.3 million to support this growth, within the parameters of the NSHE funding formula. Leading this growth is Nevada State College, which is seeing growth exceeding 25% per year. The Board also approved continuing the capacity building enhancement initiative, which was presented as a 4-year program in the 2017 session and year one was funded for fiscal year 2019. We will be requesting continuing to fund this initiative for years two and three at a cost of \$40.65 million. This is less than was requested in 2017 for those years, and realizing the fiscal realities, the Board of Regents elected to stretch out the program and fund it over 5 years vs. 4 as was originally proposed.

The Board also voted to request funding to continue the ramp-up of the UNLV School of Medicine. It is envisioned that an additional \$14.3 million will be needed as the school comes up to full operation. Lastly, the Board approved requesting funding for two new initiatives, both of which will significantly enhance the application of the current NSHE formula funding model first used in 2013. We will be requesting \$15.4 million to partially fund enlarging our summer school programs at all campuses for STEM and career and technical education and \$7.5 million for a new performance-based incentive program that will incentivize our institutions to perform above and beyond the baselines in the current NSHE performance plan. The current NSHE

performance plan essentially carves out 20% of the NSHE base operating budget for all of our teaching institutions and requires them to earn back the funding through a series of performance metrics. While we feel this model has worked well since being incorporated in 2013, beyond increasing the standards by a minimum amount per year, the model does not provide any meaningful incentives to perform above and beyond that year's minimum standards. The Board would like to provide a series of stretch goals centered around persistence and graduation and this program would provide an incentive to tackle those goals.

We also plan on working with the Treasurer's Office to seek the necessary funding to continue to administer and grow the Nevada Promise program that was approved by the 2017 Legislature. The Promise Scholarship is just the latest way the state legislature and NSHE are working to increase access to higher education for Nevada student, including through the Governor Guinn Millennium Scholarship, the Silver State Opportunity Grant and campus-based access funds.

All of these programs are vitally necessary to continue the momentum we have in seeing record numbers of graduates from Nevada institutions receiving degrees and workforce certifications, including record numbers of high school students receiving associate degrees through our dual enrollment programs.

While the Board of Regents made some difficult trade-offs in approving a budget request that is within the overall budget framework that was provided to NSHE, there were a number of very important initiatives that could not be funded. We would like to bring to your attention two of these initiatives that we would like to be considered for funding in the event that additional funding for higher education is identified through either the budget or economic forum processes. The first of these two initiatives is funding for faculty and staff compensation to address compression and equity issues that have been growing since before 2008 and were recently quantified by a compensation study performed by Gallagher Benefit Services and was reported to the Legislative (AB 202) Committee to Study the Cost and Affordability of Higher Education. The second initiative(s) is a series of non-formula funding enhancements for 4 of our institutions, UNLV, UNR, CSN and DRI.

On the faculty salary compression issue, we are requesting approximately \$20 million in enhancement funding as a down payment on what was identified as a nearly \$90 million issue. As both UNR and UNLV drive toward attainment of Carnegie R-1/top tier research status, they are facing increasing pressure to retain tenured and highly qualified faculty. Since NSHE pay was essentially frozen from 2009 through 2015, we are seeing situations where new faculty members are making the same, or in some instances, more than some of our most valued long-term employees. Attached is a white paper which outlines the issue as well as a proposal for addressing it over the next three legislative sessions.

For the so-called non-formula funding enhancements, which include statewide programs such as the UNR cooperative education program and enhancing the DRI mission, the Board approved 8 initiatives as candidates for supplemental funding. Those initiatives are attached in priority order along with the amount requested and an explanation of how they will further educational and economic goals in our state.

The Board of Regents and all of our institutions very much appreciate the support your administration has shown for Higher Education in Nevada. The record increase in funding approved by the 2017 legislative session is already paying dividends at a number of our institutions. We would like to express our appreciation in advance for your consideration of our budget request, including the supplemental initiatives outlined in this letter. If you or your staff have any questions or concerns relating to any of these requests, we stand by ready to meet at your convenience.

Kevin J. Page
Chairman,
Board of Regents

Thom Reilly
Chancellor,
Nevada System of Higher Education

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State of Nevada Assembly

November 5, 2018

The Honorable Brian Sandoval
Governor of the State of Nevada
101 North Carson Street, Suite 1
Carson City, Nevada 89701-4786

Dear Governor Sandoval:

I am writing on behalf of the Committee to Conduct a Study Concerning the Cost and Affordability of Higher Education to express its support for certain matters related to the budgeting for higher education in Nevada.

You play a very important role in the state budgeting process relating to higher education, and we sincerely appreciate your consideration of our recommendations relating to the following issues: (1) compensation for the faculty of the Nevada System of Higher Education (NSHE); (2) the Governor Guinn Millennium Scholarship (GGMS) Program; (3) the Regents' Service Program; and (4) grant writing.

At the Committee's meeting and work session on June 4, 2018, the Committee approved sending letters you as follows:

1. To encourage the development of plans and options to:
 - a. Support the Board of Regents' efforts to revise the faculty compensation structure, creating a competitive but sustainable compensation system that addresses salary compression and provides for in-rank salary advancement;
 - b. Support the allocation of State General Fund appropriations to address professional compensation, including in-rank salary adjustments, in addition to student registration fees, miscellaneous student fees, nonresident tuition charges, and state-allocated revenues;

- c. Support regular funding in every fiscal year (FY) for in-rank salary advancement for NSHE professional employees at a level comparable, as a percentage of the total personnel budget, to funding for the in-grade steps for classified personnel in the state; and
 - d. Fund a one-time base-pay salary adjustment in FY 2020 to partially address equity and salary compression and inversion issues. It should be noted that an independent study was conducted for the Board of Regents, and the findings of the study were later presented to the Committee during its May 8, 2018, meeting. Gallagher Benefit Services, Inc. testified the one-time costs to address this issue could total as much as \$38.4 million for administrative faculty and \$49 million for academic faculty.
2. To highlight the need for dedicated, permanent funding for the GGMS Program and support its continuation. The Committee heard testimony that indicated the GGMS Program will require an appropriation of approximately \$42 million for the 2019–2021 Biennium to remain solvent. Specifically, projections indicate a shortfall in funding of \$11.7 million for the spring semester of 2020 and \$30 million for FY 2021. The amount is based on projections assuming 6.5 percent growth annually; however, the program experienced 8 percent growth from FY 2017 to FY 2018. The Office of the State Treasurer discussed the need to dedicate a permanent funding stream for the GGMS Program in addition to the tobacco settlement funds and unclaimed property transfers, which account for approximately \$15.7 to \$15.8 million and \$7.6 million each year respectively.
3. To express the Committee’s support for increased funding for the Nevada Regents’ Service Program, which is the only state-supported work study program in NSHE. The Board of Regents established the Nevada Regents’ Service Program to provide meaningful work for students while they make a contribution to the critical needs of the community. The following table shows the last three years of available recipient data as provided by Renée Davis, Director of Student Affairs, NSHE:

Academic Year	Dollars Disbursed	Number of Recipients
2015–2016	\$877,731	361
2014–2015	\$1,081,684	358
2013–2014	\$1,045,907	367

4. To express support for the concept of an increased/shared grant writing and management infrastructure for Nevada’s community and state colleges for the purpose of obtaining private and federal grant funding.

The Honorable Brian Sandoval

Page 3

November 5, 2018

Thank you for your consideration of these issues. Please contact me or Jennifer Ruedy, Committee Policy Analyst (jruedy@lcb.state.nv.us or 775/684-6825) if you have any questions or would like additional information.

Sincerely,



Assembly Member Amber Joiner, Chair
Committee to Conduct a Study Concerning
the Cost and Affordability of Higher Education

AJ/jr:W181845

Distribution:

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