



University of Nevada, Reno

2015-16 Executive Board

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PUBLIC COMMENT: NSHE BUDGET

As Chair of the Faculty Senate of the University of Nevada, Reno, I wish to make public comment on the NSHE budget which is coming before you Tuesday February 28, 2017. While I am in support of the NSHE budget, I really need you to consider the fact that a sustainable compensation package is critical to hire and maintain the quality employees we need in the state of Nevada. At this point we do not have such a package.

I have been an employee of yours for more than 20 years. I have seen the good budgets and the bad. I have helped hire new employees and I have served on committees that had to terminate programs and the fire tenured faculty and staff under them. As we come out of the great recession we need to evaluate where we are and where we should be headed with regards to our compensation packages for state employees.

I am attaching the resolution from the Faculty Senate of the University of Nevada, Reno. This resolution discusses Merit Pay, or performance based raises. You will also see a joint resolution from all of the campuses regarding Health Benefits presented by the Chair of Chairs of the Faculty Senates of NSHE separately. These along with COLA's are critical to setting up an appropriate compensation plan for your employees.

Some will argue that there should not be Merit packages for NSHE employees. But to single out this group without providing direction on how compensation should be dealt with is demoralizing and has already led to other companies and states making great offers to our best and brightest and cherry picking them away. The Governor's budget already has steps for classified worker (their verbiage for merit) so the Faculty in the NSHE institutions are being singled out in this area. If you believe that this is true and non-classified employees should not receive merit, then I urge you to be consistent and consider one of the last bills of the legislature that traditionally comes to you regarding compensation increases for the Governor's/State exempt staff and argue whether they should receive merit for doing a great job in their positions.

I would love to be presenting this public comment in person but I have a 60 student class to teach during this hearing and therefore cannot attend.

Sincerely,

Frederick C. Harris, Jr.

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February 16, 2017

Resolution on Merit

WHEREAS:

- Nevada has the lowest percentage of the population with a bachelor's degree among western states and low attainment of post-secondary education overall.
- Governor Sandoval has established a strategic priority to chart the course toward a new Nevada economy. Education and workforce development goals include ensuring a highly skilled and diverse workforce, specifically increasing to 60 percent the number of Nevadans with a post-secondary degree, certificate or credential by 2025.
- The projected increase in post-secondary education requires expanding our NSHE institutions to serve these new students. Past growth has led to high faculty to student ratios at the NSHE institutions. Projected growth will lead to even higher student-to-faculty ratios, well above national average and standards.
- All eight institutions of NSHE have met their performance goals set by the Legislature and Regents.
- NSHE institutions must compete nationally and internationally to recruit and retain faculty members of the highest quality, and must meet market salary and benefits when hiring new faculty.
- The stated highest budget priority of the NSHE Board of Regents for this biennium is compensation for NSHE faculty, specifically that faculty should be treated the same as other state employees for funding of both Cost of Living Adjustments (COLAs) and merit pay raises.
- Best practices in compensation include both COLAs and performance-based raises, serving the different functions of maintaining the purchasing power of salaries relative to inflation and competing employers (COLAs) and of rewarding excellence to retain employees and providing career advancement within the organization (merit).
- NSHE merit pay raises for faculty, when funded, are based directly upon annual performance evaluations, holding faculty members accountable.
- From the mid-1980s until 2015, the faculty merit pool was always funded by the Nevada Legislature whenever step raises for state classified steps were funded. The merit pool of 2.5% of salaries for faculty (below the level of Deans/Directors) was set to be approximately equivalent to the funding of state classified merit steps (3.2% to 4.9% steps for the first 9 years in a job class).
- Both COLAs and performance based raises were suspended after the budget crisis, with only one year of the faculty merit pool funded in FY2015.
- Merit steps were restored for state classified staff in FY2015, FY2016, and FY2017 and are included in the Governor's budget for 2017-2019, but were not funded for NSHE

faculty members in the 2016-2017 state budget or in the Governor's proposed 2017-2019 budget. Singling out NSHE rank-and-file employees to not receive equal treatment compared to other state employees is discouraging for faculty and in direct opposition to the stated number one priority for the NSHE Board of Regents.

- Full funding of 2.5% merit pool for faculty was requested by the NSHE regents (\$32.7M for the next biennium), but not included in the executive budget.
- The percentage of state funding of the higher education instructional budgets has declined from 77% in FY2008 to less than 65% in 2015-2017, with the remainder provided primarily by student fees and non-resident tuition. The percentage of state funding ranges from 53% at UNR to 75% at GBC.
- On average, the take-home pay of continuing faculty members has declined 10% in real dollars since 2010 as inflation, lack of merit raises, and higher retirement plan contributions have taken their toll. In addition healthcare benefits have been reduced and employee premiums have been raised.
- The salaries of full-time teaching faculty at UNLV and UNR are substantially below national averages for doctoral institutions according to the 2015-2016 salary study of the American Association of University Professors, at 12% lower on average for all ranks. Community college faculty salaries lag behind the universities.
- The salaries for many administrative faculty positions that provide crucial infrastructure to facilitate teaching and learning, such as information technology positions and advisors, lag far behind private sector salaries for comparable jobs.
- Because new faculty hires must be offered nationally competitive salaries, recently hired faculty have higher starting salaries than those hired before the recession. Without merit raises for excellent performance, severe salary compression and inversion have occurred.
- Excellent faculty members have left NSHE institutions due to receiving better compensation and benefits offers from other higher education state institutions. This wastes the large investment NSHE has made in hiring excellent new faculty and in funding the startup costs of their research programs.
- In the development of the new formula using Weighted Student Credit Hours (WSCH) for instructional budgets, there was never a public discussion that COLAs and merit pay would not be continued, per historical precedent, since the mid-1980s. Flat-dollar funding per WSCH from the state general fund gives no room for COLAs or merit pay raises without direct funding.
- Statewide programs funded through NSHE that have no student fee or tuition income or WSCH formula funding are especially hard hit by static budgets and the lack of salary growth.
- With limited available funding, if NSHE institutions are asked to fund merit themselves, funding will have to be taken either from new positions that are desperately needed due to student growth or from core institutional missions.

THEREFORE BE IT RESOLVED THAT:

- The Faculty Senate of the University of Nevada, Reno respectfully yet strongly requests that NSHE faculty be treated equally in regards to the funding that other state employees receive for both COLAs and the merit pay pool for 2017-2019. The Legislature should fund COLAs and the merit pool as necessary core investments to maintain high quality faculty to enhance the education of the workforce for the new Nevada economy.
- The Legislature and Regents should work together to identify the means to fund COLA and faculty merit pool for this legislative session and to define a long-term strategy for faculty compensation. Securing a mechanism for annual COLAs and merit pools is critical for supporting the recruitment and retention of excellent faculty.
- Because the percentage of state support of the instructional budgets from the general fund has continued to decline, it might be reasonable to ask NSHE institutions to share in the funding of the faculty merit pool in proportion to their state funding (65% overall, the remainder of instructional funding comes from student fees and tuition). However, the Legislature should be aware that internal institutional funding would come primarily from student fees and non-resident tuition, and this would lead to a loss of level of service for NSHE students as money must be redirected.