



NSHE Performance Pay Task Force: The history of faculty compensation and where we go from here—the faculty perspective



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University of Nevada, Reno



UNLV

Who are the Faculty at our institutions?

- ~6500+ Faculty across the Nevada System of Higher Education
 - ~3300 Academic Faculty
 - Vast majority have terminal degrees (generally PhDs)
 - ~3500 Administrative Faculty
 - professional employees, advisors, etc.
- These are the individuals who teach and support the ~100,000 undergraduate and ~9,000 graduate students across NSHE
- The Faculty come from all over the country and across the globe

What constitutes a robust compensation system?

- Competitive starting salaries
- Regular cost of living adjustments (COLA) that keep up with inflation
- High quality and secure benefits (PEBP)
- Stable performance pay/promotion structure
 - Academic faculty at the 4 year colleges have only two promotions available
 - Assistant Professor to Associate Professor and Associate Professor to Professor
 - Academic Faculty at the Community Colleges have no promotions available
 - Grade determined by academic preparation (Chapter 3 section 3 of the CODE)
 - Administrative Faculty—limited promotional structure
- What does this mean?
 - Faculty salaries, in general, only increase due to COLA or performance pay
 - COLA has been sporadic and not kept up with inflation
 - Performance pay has been funded once over 12 years

What is performance pay and why is it important?

- Performance pay used to reward the most productive and highest performing employees
 - Incentivizes employees to perform better
 - Retention tool—however when rolled out sporadically can have the opposite effect
 - Maintains competitive salaries
- When coupled with COLA the salary of employees with high performance would increase somewhat above the rate of inflation

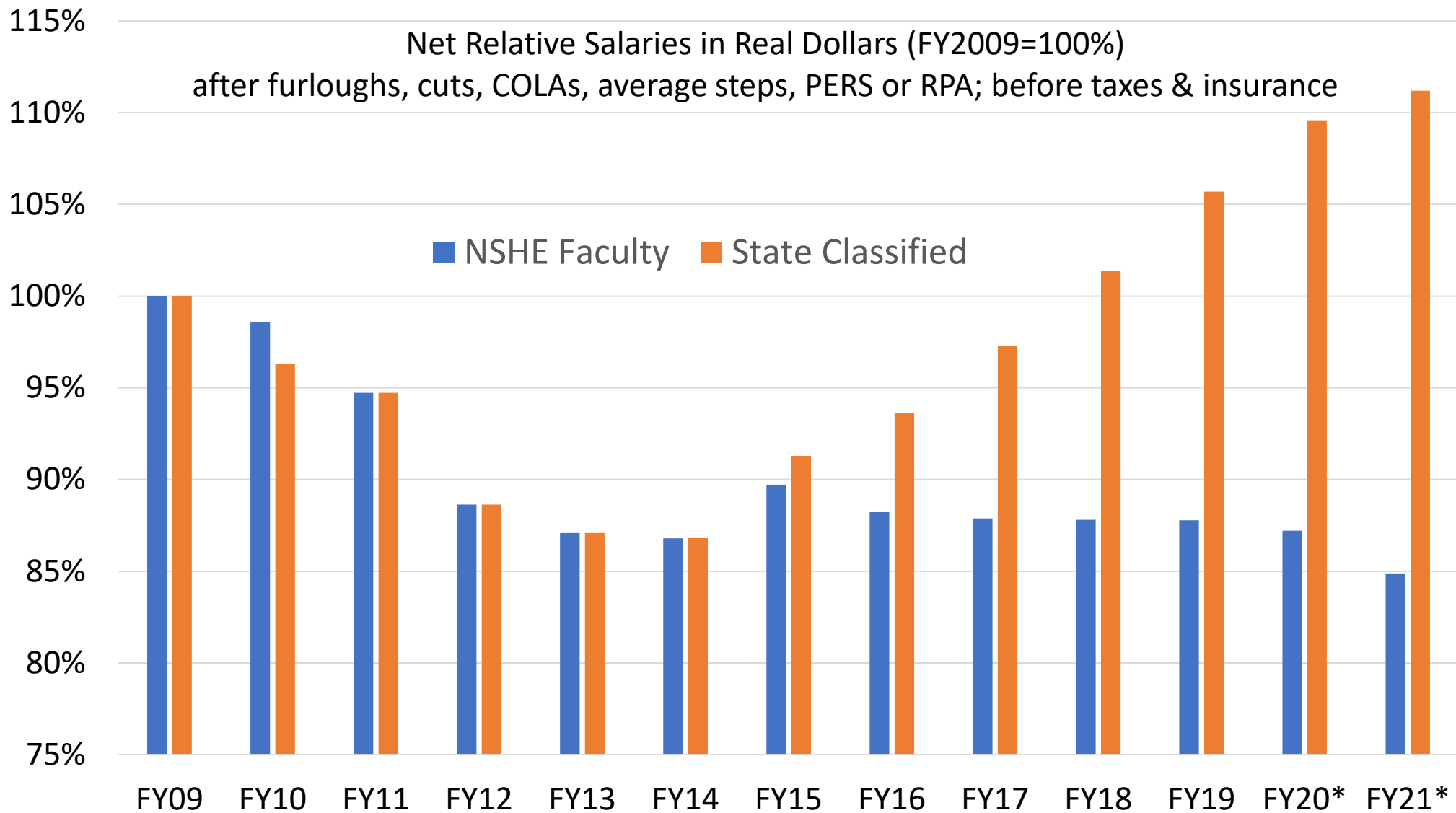
History of faculty merit pool

- Prior to the mid 80's merit funding was ad hoc and mostly non-existent
 - Led to faculty salaries far below peer institutions
- In mid 80's Jim Richardson and others worked with Gov. Bryan and the legislature to establish a faculty merit system
 - Comparable to classified merit steps
 - Faculty merit pool was set at 2.5% of salaries (excluding deans and above) to be "equivalent" to the classified steps of ~5% but topped out at 10 years.
- Merit pool only includes "rank-and-file" academic and administrative faculty— not administrators (Deans/Directors/etc.)
- For historical details the 1990 Bulletin No 91-15 is included (supplementary information)

History of faculty merit pool

- From the mid-1980s to 2008: the state funded, in most years, COLA and a 2.5% professional merit pool
- Bad budget years with no COLA were the exception until the financial crisis of 2010-2014
- From the mid-80's until FY16 whenever the state funded classified merit steps they also funded the faculty merit pool
 - No merit or classified steps from FY2010 to FY14
 - Classified step increases resumed in FY2015
 - The Faculty performance pool has been funded only once since FY2009 (FY2015)

FY	Effective date	Performance pay (0.78%/yr)	Cost	COLA (1.53%/yr)	Cost	Inflation (2.2%/yr)
FY06	7/1/05	2.5%		2.0%	\$9.47 MM	3.6%
FY07	7/1/06	2.5%		4.0%	\$19.45 MM	3.1%
FY08	7/1/07	2.5%		2.0%	\$10.29 MM	3.5%
FY09	7/1/08	2.5%		4.0%	\$21.19 MM	1.3%
FY10	7/1/09	0.0%	\$0	0.0%	\$0	0.6%
FY11	7/1/10	0.0%	\$0	0.0%	\$0	1.7%
FY12	7/1/11	0.0%	\$0	0.0%	\$0	2.7%
FY13	7/1/12	0.0%	\$0	0.0%	\$0	1.8%
FY14	7/1/13	0.0%	\$0	0.0%	\$0	1.6%
FY15	7/1/14	2.5%		0.0%	\$0	1.5%
FY16	7/1/15	0.0%	\$0	1.0%	\$4.53 MM	1.6%
FY17	7/1/16	0.0%	\$0	2.0%	\$8.36 MM	2.4%
FY18	7/1/17	0.0%	\$0	3.0%	\$13.43 MM	3.1%
FY19	7/1/18	0.0%	\$0	3.0%	\$13.17 MM	2.4%
FY20	7/1/19	0.0%	\$0	3.0%	\$12.74 MM	1.7% through Aug
FY21	7/1/20	0.0%	\$0	0.0%	\$0	NA ⁷



Inflation: Consumer Price Index/Urban Western (Bureau of Labor Statistics); *FY20 & FY21 projected at 2.75%.

NSHE in-rank performance step 2.5% average in FY15 only. Classified average in-grade steps of 4.3% FY15—FY21.
 Classified employee: only 11% ahead of 2009 after 12 years in grade. Seven steps FY15-FY21
 Faculty: 15% below 2009. Only merit raise in 12 years (FY15)

History of Faculty Performance (Merit) Pay

- Senator Bill Raggio and others pushed for merit pay in the 80's
 - This was always performance pay—not longevity pay—there were significant discussions about the maximum percentage of faculty that could receive merit
 - For historical details the 1990 Bulletin No 91-15 (supplementary information)
- One stated goal was to elevate our institutions
 - This has worked!
 - The introduction of performance pay in the 80's altered our institutions and laid the ground work for the successes we have today (such as R1 status for UNR and UNLV)

History of Faculty Performance (Merit) Pay

- Faculty come from all over the country and the world
 - Faculty compensation is critical...
 - for the recruitment and retention of high quality faculty
 - to increase faculty morale and reward/encourage excellent performance
- Retaining faculty is a problem—in the recent climate survey done at UNR more than 55% of faculty (academic and administrative) had “seriously” considered leaving the institution in the past year!
 - #1 reason was salary
 - #2 was workload

Academic Faculty Salaries: UNR, UNLV, and NSC

	# UNLV	UNLV Median ¹	# UNR	UNR Median ²	# NSC	NSC Median
Lecturer ³	100	\$52,119	171	\$64,293	7	\$73,000
Assistant Prof	395	\$72,100	363	\$80,855	19	\$73,594
Associate Prof	250	\$93,946	242	\$95,137	40	\$75,504
Professor	303	\$135,993	234	\$129,461	38	\$96,392
Total	1048		1010		104	

1 UNLV median salaries excluding the medical and dental school

2 UNR median salaries excluding the medical school

3 For simplicity the lecturer ranks (I, II, III, and IV) have been grouped together

Academic Faculty Salaries: TMCC, CSN, GBC, WNC

	# TMCC	TMCC Median	# CSN	CSN Median	# GBC	GBC Median	# WNC	WNC Median
Instructor	6	\$74,875	48	\$60,372	39	\$66,380	26	\$56,398
CC Professor Grade 1	5	\$49,866	7	\$58,540	1	\$66,986	-----	-----
CC Professor Grade 2	10	\$75,280	8	\$55,794	2	\$65,443	-----	-----
CC Professor Grade 3	38	\$75,686	167	\$67,647	8	\$76,612	-----	-----
CC Professor Grade 4	39	\$85,024	124	\$78,947	9	\$70,173	27	\$81,057
CC Professor Grade 5	61	\$96,160	208	\$84,587	13	\$82,272	-----	-----
Total	159		562		72		53	

Administrative Faculty Salaries:

Grade	UNLV	Median \$	UNR	Median \$	NSC	Median \$
A	114	\$47,870	49	\$39,259	18	\$42,487
B	619	\$60,789	510	\$60,187	36	\$46,150
C	363	\$81,954	372	\$82,668	36	\$63,654
D	240	\$108,105	136	\$117,109	15	\$91,183
E	84	\$180,250	64	\$181,280	15	\$121,540
	1420		1131		120	

Grade	TMCC	Median \$	WNC	Median \$	GBC	Median \$
A	14	\$40,379	4	\$36,857	10	\$40,918
B	80	\$61,805	14	\$53,771	17	\$52,450
C	21	\$78,266	30	\$66,051	22	\$64,250
D	26	\$94,140	21	\$95,504	15	\$82,483
E	11	\$139,922	2	\$120,799	4	\$117,905
	152		71		68	

Salary Issues Arising from the Lack of Performance Pay: Compression and Inversion

- Lack of performance pay has meant faculty salaries have stagnated leading to compression and inversion
- New hires receive nationally competitive salaries—needed to recruit in a national academic market
 - Results in salary inversion as new faculty are making more than existing faculty
 - Inversion and compression are directly linked to the recent lack of performance pay
- Compression and inversion are real—as indicated by the Gallagher study and from looking at salary data for a given institution
- Funding to address compression and inversion is desired but without fixing the structural issues with the lack of performance pay the problem will reoccur
 - Establishing an in-rank salary advancement system, such as suggested in SB214, would be welcome

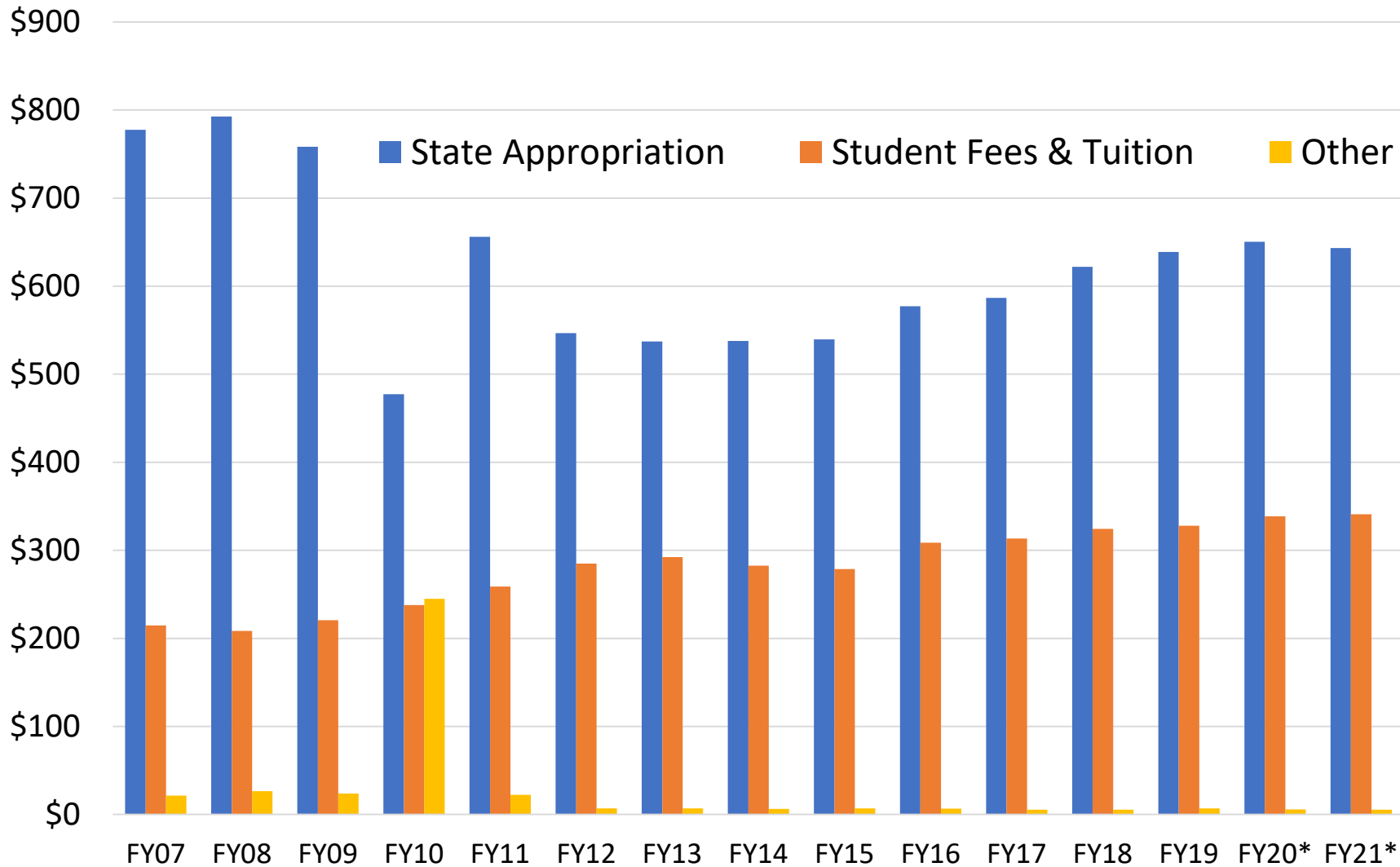
Where do we go from here: Potential Solutions

- Old way—ask Legislature to fund a merit pool of 2.5% of rank and file faculty salaries
 - Has worked once in 12 years
 - Is 2.5% the right number
 - Based on half the ~5% classified staff step
 - ~ half classified staff received steps each year
 - Would a different number be better/more reasonable?
- Need a new path forward—what should that be?
 - Some sort of split between the state and institutions
 - Keep in mind that "institutions" really means student fees
- What is the cost?
 - 2.5% of salaries is ~\$10-12 MM/year

Where could funding come from?

- Only two sources of funds
 - State appropriations and/or student fees/tuition
- How can we fund this important aspect of our institutions while keeping the cost to students low?
- What is the balance between state and student funding that is reasonable?
 - Since the last recession the % of institutional funds provided by the state has decreased and the share paid by the students has increased
 - Currently institutions are funded ~65% from the state and ~35% from student fees
 - Significantly different from a decade ago when it was ~80:20
 - Tuition increased significantly following the recession mitigating some of the pain from the drastic loss of state funding
 - Tuition went from very low (near the bottom) of the western region to the midpoint of the region

State funding vs. student fees & tuition (FY18 \$\$)



- Student fees and tuition rose from 20% of total budget in FY08 to 34%
- Ignores enrollment growth

State-allocated funds only--does not include grants, contracts, clinical, or self-supporting budgets.
 Inflation: Higher Education Price Index (CommunFund). FY19--FY21 inflation estimated at 2.6%.

Funding options for performance pay/compression

- Mandatory salary savings are returned each year to the state by each institution
 - What if institutions were able keep the mandatory salary savings and utilize these funds for performance pay or compression (or a split between performance pay and compression)?

Institution	FY16	FY17	FY18	FY19	FY20	FY21
UNLV	(3,225,029)	(3,236,805)	(3,774,088)	(3,878,125)	(3,498,565)	(3,509,508)
UNR	(2,530,636)	(2,539,818)	(2,972,138)	(2,983,187)	(2,813,888)	(2,823,322)
NSC	(161,120)	(161,508)	(202,828)	(203,461)	(122,731)	(123,060)
CSN	(1,571,582)	(1,578,392)	(1,599,231)	(1,606,482)	(1,436,763)	(1,442,850)
GBC	(205,642)	(206,773)	(208,043)	(207,833)	(138,977)	(139,593)
WNC	(208,322)	(209,197)	(220,249)	(221,181)	(128,823)	(129,371)
TMCC	(578,695)	(580,792)	(597,902)	(600,250)	(506,428)	(507,988)
DRI	(109,441)	(110,645)	(96,421)	(96,983)	(20,658)	(20,740)
System office	(637,163)	(639,264)	(465,495)	(466,537)	(141,989)	(142,227)
Total	(9,227,630)	(9,263,194)	(10,136,395)	(10,264,039)	(8,808,822)	(8,838,659)

Mechanics of distribution?

- How would a performance pool of money be distributed?
 - Ideally institutions would have some autonomy to decide how to distribute funds in a performance pool
 - Performance based
 - Reported transparently to the legislature
 - If student fees used should they be involved in process?
- Community Colleges versus 4 year institutions and DRI
 - Significant differences between the types of institutions
 - different distribution model likely desired
 - Community colleges used a Step system for many years
 - Stopped in ~2009 or so just as merit went away
- To address compression it may be desirable to identify some period of time where a percentage of any performance pool funding be earmarked for compression or inversion issues
 - Maybe 50/50 split between performance pay and compression for 4-6 years (2 or 3 biennia)?

Moving forward:

- Transparency is important
- Institutions should be required to report how performance funds are allocated
- We would like NSHE to run the transparency report that SB 214 would have required
 - For both 2019 and 2018 (if possible) as of Oct 1
- This would provide robust salary data from which this Task Force may draw conclusions or make suggestions/recommendations
- Would provide data that the legislature might like to see (transparency)
- Collecting this data regularly will allow for clearly and accurately following the evolution of faculty salaries across NSHE

Vignettes from various institutions

Final thoughts

- Performance pay and/or in rank advancement is a critical component of a robust compensation system
- Such a system is necessary to keep our institutions going in the right direction
- Our institutions have come a long way since the 70's and 80's
 - Legislators and Regents recognized that performance pay was a critical part of improving the institutions across the state
 - Let us not go backwards—but continue forward
- Help us bring back a performance pool and fix our broken compensation system