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presented side-by-side using the same method, whether average or median, as long as they're the same.

Patrick Lane, WICHE Vice President for Policy Analysis and Research presented slides #22 through #30, reporting results of WICHE's survey of regional trends in merit funding for use in this presentation. Eight WICHE states/systems responded and Nevada was not surveyed. He noted this was more of an information gathering effort than an actual scientific survey and included one demographic question and seven simple questions, of which only the following five were highlighted in Mr. Lane's presentation:

1. Does your state or system have a statute, policy and/or procedure in place that provides for <u>annual merit increases</u> for full-time faculty?

2. Does your state or system have a statute, policy and/or procedure in place that provides for <u>annual COLA increases</u> for full-time faculty?

3. How are merit pay increases for full-time faculty funded in your state or system?

4. Comparing the current fiscal year with FY2000, how has state funding for the purpose of full-time faculty merit increases changed?

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Mr. Lane summarized that generally, most responding states have supported merit increases for faculty since the recession 0/TT3 1 (d)]sto if Nevada has an issue across, within ranks, both, or neither? There needs to be an appropriate margin between ranks.

Mr. Lane emphasized that structural issues are likely causing more problems than necessary (i.e., legislation appropriation trigger). He stated that Nevada is the only state that has policy barriers in place, such as the Board policy that says merit pay can't be given without a legislative appropriation, and other states have flexibility within institutions to fund merit increases. It may be possible to solve merit issues over time with the resources that are available, but it can't be done overnight. The alignment of appropriations, tuition, and financial aid remains key.

Dr. Frost asked if the data in the slides presented on national and regional educational appropriations is adjusted for inflation. Mr. Lane replied that it is adjusted for inflation using the Higher Education Cost Adjustment (HECA) which recognizes the uniqueness of higher education budgets going mainly to salaries, as well as the Enrollment Mix Index and cost of living adjustments.

5. Information Only – NSHE Presentation on the History of Merit and COLA from the State – Chief Financfd1 (to.)-2 (e)4 (nt)-2 (M)-1 (i)-2 w MO
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the 64% came about at the last minute and he reiterated the need to go back to the legislature to request funding at 80%.

Mr. Nathaniel Waugh agreed the focus should be on advocating to the legislature and said he hopes the focus won't be on balancing the System budget on the backs of students. He feels the problem is much deeper than that with regard to the state's personnel policies.

Ms. Jean Vock reminded the task force that it all goes back to the funding mix with only two sources – state and student payments. If a larger burden is to be placed on the students, then financial aid must be increased. Nevada is very low compared to other states with regard to financial aid. She noted that Nevada is a young state, and that low tuition is due, in part, to low college graduation rates, so the System needs to look at increasing graduates

Dr. Serge Ballif asked how are new funds rolled into the budget? CFO Clinger said once they are added they are included for each year.

Mr. Jim New noted that absorbing the cost increases will put the community colleges at more of a disadvantage than the universities, as community colleges take in less from student fees and therefore, don't have the ability to absorb the increases. If the burden is shifted onto student registration fees, then it takes a bigger bite out of community colleges' operating budgets. He feels NSHE should continue to ask the state to fund. Dr. Frost pointed out NSHE has been asking the state for a decade and a half with no luck and feels it's time to look elsewhere. Mr. New agreed, but feels it will take more than just changing handbook language – provisions will need to be made for the community colleges. CFO Clinger agreed that it is difficult for the community colleges to absorb the cost, which is why it must be looked at holistically.

Mr. George Kleeb suggested a more systematic approach with Regents looking at budget priorities. Perhaps the funds are there, but the System needs to reprioritize for a reallocation of those funds.

Mr. Andrew Sierra stated that when it comes to increasing tuition/fees, many students are dealing with transportation issues, as well as housing and food code for more flexibility. He noted another misconception by legislators that self-supporting budgets can be used for merit and NSHE needs to remind them it isn't so. Regarding years of service, he noted equity studies do consider other factors. He also suggested bringing in compensation experts to determine what percentage for merit is appropriate.

The meeting adjourned at 4:04 p.m.

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