



ACADEMIC POLICY

# Academic Faculty Merit Pay Policy (HR 5.1)

## POLICY STATEMENT

The Nevada State University (NSU) Academic Faculty Merit Pay Policy supports the University's commitment to rewarding excellence. Merit Pay is awarded to recognize and retain high-performing faculty who make significant contributions to the mission and goals of NSU in the areas of Teaching and/or Other Professional Duties, Scholarship, and Service.

Merit Pay is awarded to Academic Faculty members based on their contributions, accomplishments, and ongoing high levels of performance. The ability to earn Merit Pay serves as an incentive for faculty to perform well. A fundamental premise of an equitable Merit Pay system is that it is built upon a sound and valid performance management system, one that is perceived as being fair, equitable, measurable, and objective. This policy is pursuant to the preservation of transparency in Merit Pay awards.

This policy defines a University-wide framework for Academic Faculty Merit Pay determination, in compliance with Chapter 6, Section 10 of the NSU Bylaws and NSHE Handbook Title 4, Chapter 3, Section 50.

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## DEFINITIONS

**Academic Faculty:** Defined in Section I.I(a) of the NSHE Code and Title 4, Chapter 3, Section 2(1)(b) of NSHE Board of Regents Handbook, and generally consists of those professional staff members who specifically create and disseminate scholarly information through teaching, or providing counseling or library services closely and directly supportive of teaching and research (Nevada System of Higher Education CODE, Chapter 7, Section 7.2.1.; and Chapter 3, Section 2(a) and Section 3(a) of the NSU Bylaws.

**Eligible Academic Faculty:** Academic Faculty with a start date no later than September 30 of the Fiscal Year. Part-time instructors and temporary Academic Faculty are excluded.

**Fiscal Year:** Period beginning July 1 of one year and extending through June 30 of the next year.

**Institutional Base Salary (IBS):** The annual compensation paid by the University for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties stipulated in the employee's basic appointment.

**Merit Pay:** Addition to base pay earned by Eligible Academic Faculty with high levels of performance in the categories of Teaching/Other Professional Duties, Scholarship, and Service, as documented in the annual evaluation report. Merit Pay must be earned each year.

**Other Professional Duties:** Assigned job duties that are evaluated in lieu of Teaching for promotion and tenure. May be a short-term or long-term assignment. Does not include service or scholarship duties.

**Merit Pool:** Total funds allocated as a designated percentage of NSU's annual budget.

**Share:** Portion of the Merit Pool available to Academic Faculty based on "excellent" and "commendable" ratings in their annual evaluations.

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## PROCEDURES

### I. Introduction

Nevada State University will establish a performance pay pool of at least one percent (1.0%) of all Academic position salaries for the purpose of awarding salary adjustments based on meritorious performance in the prior performance evaluation year for professional employees. The President, in consultation with the Chancellor, shall establish institutional procedures for awarding performance pay, including how award amounts will be determined and awarded.

The award of Merit Pay is intended to recognize, reward, and reinforce exemplary performance in Teaching and/or Other Professional Duties, which can serve to enhance retention. Merit Pay must be earned each year. Merit Pay is awarded to Academic Faculty who receive at least a "commendable" rating in Teaching and/or Other Professional Duties. Faculty members will not be eligible for Merit Pay if they receive a rating of "unsatisfactory" in any category.

Merit Pay is added to Institutional Base Salary when calculating the salary for the new Fiscal Year. Any Cost of Living Adjustment (COLA) is calculated after the Merit Pay increase.

This policy is administered by the Provost's Office upon recommendations by Department Chairs (as applicable), Deans, and the Library Director. The President makes the final determination of the award and the amount to each eligible faculty member, upon recommendation by the Provost.

### II. Criteria for Academic Faculty Eligible for Merit Pay

The annual evaluation report provides the basis for consideration of annual Merit Pay increases. Merit Pay is awarded to Academic Faculty who receive a rating of "commendable" or "excellent" in Teaching or Other Professional Duties on their annual evaluation reviews. Faculty are eligible for Merit Pay if they receive a rating of "satisfactory" or higher in Scholarship and/or Service.

Because annual evaluation reports are the basis for Merit Pay increases, those records are considered confidential and not a matter of public record. Once awarded, the amount of the Merit Pay increase is a matter of public record.

A. *Ineligibility:* Academic Faculty members are not eligible for Merit Pay if they receive a rating below "commendable" in the area of Teaching/Other Professional Duties or a rating of "unsatisfactory" in Service and/or Scholarship. In addition, Academic Faculty who would otherwise be considered eligible for Merit Pay are ineligible in the following circumstances:

1. Academic Faculty who are not continuing employment at NSU for the next Fiscal Year.
2. Newly-hired faculty who begin employment at NSU after September 30 of the Fiscal Year.

B. *Exclusions:* This policy does not apply to:

1. Administrative Faculty;

2. Part-time instructors.

### **III. Award Process for Academic Faculty Merit Pay**

Merit Pay salary increases will be awarded once annually. Merit Pay increases go into effect July 1 and first appear on August paychecks. This policy, the available Merit Pool, the number of shares to be distributed, and the value per share will be provided no later than July 1 of each year.

The annual performance evaluation will provide the basis for consideration of the annual Merit Pay increase. While specific policies may differ by unit, all Annual Evaluation Reports should provide sufficient information to allow for full and fair evaluation of faculty, pursuant to Chapter 5, section 8 of the NSU bylaws.

Teaching and/or Other Professional Duties is considered the key criterion for the award of Merit Pay, and its contribution to the Merit Pay determination will have greater weight than the other two areas. To be eligible for Academic Faculty Merit Pay, an Eligible Academic Faculty (tenure-track) member must receive at least a “commendable” rating in Teaching or Other Professional Duties and at least a “satisfactory” in Scholarship and/or Service. An Eligible Academic Faculty member (lecturer) must receive at least a “commendable” rating in Teaching or Other Professional Duties and at least a “satisfactory” in Service.

The Chairs, Deans of the Schools, and/or Library Director will submit annual evaluations of Academic Faculty to the Provost. Merit Pay is based on the annual performance evaluation. If an Academic Faculty member fails to submit self-assessment materials for evaluation, the faculty member is ineligible for Merit Pay based on that year’s evaluation. If a supervisor fails to complete an annual evaluation, the Academic Faculty member may submit their self-assessment to the supervisor’s direct supervisor for evaluation; that evaluation rating will then be used to determine eligibility for Merit Pay.

The Senior Vice President of Finance and Business Operations and/or Director of Human Resources is responsible for calculating the amount of Merit Pay awarded per Share. This amount is calculated by adding up the total number of Shares, then dividing the Merit Pool by the number of Shares.

The calculation will include both self-supporting and state-supported positions. Grant, contract, and other self-supporting funding sources should be used to pay their Share of professional merit pay and the associated fringe costs. If grant, contract, or other self-supporting funding does not support a budget revision to include the merit increase, a merit increase will not be provided to associated positions.

#### *A. Determining the Academic Faculty Merit Pool:*

1. The Merit Pool for Academic Faculty is calculated based on the Institutional Base Salaries (prorated for FTE) of Eligible Academic Faculty position classifications filled prior to October 1<sup>st</sup> of the prior year.
2. The Office of Human Resources will generate a report from Workday as of September 30th that provides necessary salary information and work with the Office of Budget and Finance to calculate the merit pool by October 31st of each year.
3. The Academic Faculty Merit Pool will be one percent (1%) of the total of all eligible Academic Faculty Institutional Base Salaries.
4. Fringe costs are not included in Merit pool calculation.

B. *Distribution of Merit Shares:* In support of NSU's focus on excellence in Teaching and/or Other Professional Duties, Academic Faculty members with a rating of "excellent" in the category of Teaching and/or Other Professional Duties on their annual evaluation report will receive double shares (i.e., 4 shares) for that category. In addition, Service will be counted twice for non-tenure-track faculty, in place of Scholarship. The sum of shares in the appropriate categories for each faculty member comprises their Total Evaluation Shares. A rating of "satisfactory" in Scholarship and/or Service receives 0 shares, but does not make a faculty member ineligible for Merit Pay.

"Excellent": 2 Shares (Teaching/Other Professional Duties = 4 Shares)  
 "Commendable": 1 Share  
 "Satisfactory" (Service/Scholarship): 0 Shares

*See Appendix for an example.*

C. *Faculty on Sabbatical:* Merit Pay for faculty who are on sabbatical will be based on the previous year's annual review and calculated using the full-time equivalent (FTE) Institutional Base Salary.

**IV. Notice of Merit Pay**

When an Academic Faculty member has been awarded Merit Pay, the adjustment will be visible in Workday.

The official date of notification of Merit Pay awards for the purpose of review and grievance shall be the latter of (a) the first day of the fall semester or (b) the day the Merit list is released to campus. The Merit Pay list is considered a public record subject to disclosure.

**V. Availability and Use of Merit Pool Funds**

The provisions of this policy may be suspended for NSU or NSHE as a whole. Requests for suspension of the provisions of this section must be presented to the Board with justification and require approval of the Board. NSU will report annually to the Board on how the provisions of this policy have been met (NSHE Handbook, Title 4, Chapter 3, Section 50).

**VI. Review of Merit Pay Increase**

Pursuant to Title 2, Chapter 5, Section 5.16 of NSHE Code, Academic Faculty members who disagree with their particular award of Merit Pay may seek review in accordance with the grievance process adopted in the NSU Bylaws.

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**CONTACTS**

OFFICE	CONTACT	PHONE
Provost/Academic Affairs	Provost	(702) 992-2500
School of Nursing	Dean	(702) 992-2863
School of Education	Dean	(702) 992-2525

School of Liberal Arts, Sciences, & Business	Dean	(702) 992-2688
Library	Dean	(702) 992-2806
Human Resources	AVP	(702) 992-2323

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## RELATED INFORMATION

- [NSHE Code, Chapter 5](#), Section 5.12 Evaluation, 5.16 Review of Evaluations and/or Denials of Salary Increase
  - [NSHE Handbook, Title 4, Chapter 3](#), Section 50 Annual Professional Performance Pay Awards
  - [NSU Bylaws](#), Chapter 3, Section 3 Faculty Ranks; Chapter 6, Section 8 Evaluations; Chapter 6, Section 10 Merit Determinations; Chapter 6, Section 3-4 Grievance Procedures for Faculty
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## HISTORY

Replaces the following:

- AA 5.1: Academic Faculty Merit Pay Policy, adopted 12/09/2008;
  - AA 2.1, adopted 1/14/2022;
  - HR 5: Academic Faculty Merit Pay Policy, adopted 2/03/2022.
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**APPROVAL SIGNATURES PAGE**

*Samantha Jewell*

1/13/2022

Faculty Senate (Chair's Signature)

Date

Recommendation (check one):

	Denial	Approval	Approval w/ condition*
<i>Recommendation</i>		x	

*Tom Sinto*

7/11/23

Office of the Provost (Provost's Signature)

Date

Recommendation (check one):

	Denial	Approval	Approval w/ condition*
<i>Recommendation</i>		x	

*DeBonne P. Pollard*

8/14/23

Office of the President (President's Signature)

Date

Final decision (check one):

	Denial*	Approval
<i>Recommendation</i>		

\*Attach rationale for denial or conditional approval

## APPENDIX: SAMPLE CALCULATIONS

### I. Example of Merit Pool Calculation

If 50 Academic Faculty made \$70,000 the total Institutional Base Salary pool would be \$3,500,000.

The total Academic Faculty Merit Pool would be calculated as follows:  
 $\$3,500,000 \times 1\% = \$35,000$

### II. Example of Merit Share Distribution

Each Faculty member is assigned Shares for each of the appropriate categories of Teaching and/or Other Professional Duties, Scholarship, and Service in the annual evaluation report. Tenure-track faculty Shares are calculated using all three categories; for non-tenure-track faculty, Service is counted twice, and Scholarship is not counted.

“Excellent”: 2 Shares (Teaching/Other Professional Duties = 4 shares)  
 “Commendable”: 1 Share  
 “Satisfactory” (Service/Scholarship): 0 Shares

The value of one Merit Pay Share is calculated by dividing the Merit Pool by the sum of Total Evaluation Shares.

*Share Value* = Merit Pool / Total Evaluation Shares

In a hypothetical year, if the annual review ratings are as follows:  
 20 Academic Faculty with Excellent (8) = 160 Shares  
 30 Academic Faculty with Commendable (4) = 120 Shares  
 Total Evaluation Shares = 280

Example Merit Pay would be calculated as follows:  
 $\$35,000 \text{ Academic Faculty Merit Pool} / 280 \text{ Shares} = \$125 \text{ per Share}$

### III. Example Academic Faculty Merit Pay

	Teaching and/or Other Professional Duties*	Service	Scholarship**	Total Evaluation Shares	Merit Pay
<i>TT Faculty A</i>	Excellent (4)	Excellent (2)	Excellent (2)	8	\$1,000
<i>TT Faculty B</i>	Excellent (4)	Excellent (2)	Commendable (1)	7	\$875
<i>TT Faculty C</i>	Excellent (4)	Commendable (1)	Excellent (2)	7	\$875
<i>TT Faculty D</i>	Excellent (4)	Commendable (1)	Commendable (1)	6	\$750
<i>TT Faculty E</i>	Excellent (4)	Excellent (2)	Satisfactory (0)	6	\$750
<i>TT Faculty F</i>	Excellent (4)	Satisfactory (0)	Excellent (2)	6	\$750
<i>TT Faculty G</i>	Excellent (4)	Commendable (1)	Satisfactory (0)	5	\$625
<i>TT Faculty H</i>	Excellent (4)	Satisfactory (0)	Commendable (1)	5	\$625
<i>TT Faculty I</i>	Commendable (1)	Excellent (2)	Excellent (2)	5	\$625

<i>TT Faculty J</i>	Excellent (4)	Satisfactory (0)	Satisfactory (0)	4	\$500
<i>TT Faculty K</i>	Commendable (1)	Excellent (2)	Commendable (1)	4	\$500
<i>TT Faculty L</i>	Commendable (1)	Commendable (1)	Excellent (2)	4	\$500
<i>TT Faculty M</i>	Commendable (1)	Commendable (1)	Commendable (1)	3	\$375
<i>TT Faculty N</i>	Commendable (1)	Excellent (2)	Satisfactory (0)	3	\$375
<i>TT Faculty O</i>	Commendable (1)	Satisfactory (0)	Excellent (2)	3	\$375
<i>TT Faculty P</i>	Commendable (1)	Commendable (1)	Satisfactory (0)	2	\$250
<i>TT Faculty Q</i>	Commendable (1)	Satisfactory (0)	Commendable (1)	2	\$250
<i>TT Faculty R</i>	Commendable (1)	Satisfactory (0)	Satisfactory (0)	1	\$125
<i>NNT Faculty S</i>	Excellent (4)	Excellent (4)	--	8	\$1000
<i>NNT Faculty T</i>	Excellent (4)	Commendable (2)	--	6	\$750
<i>NNT Faculty U</i>	Excellent (4)	Satisfactory (0)	--	4	\$500
<i>NNT Faculty V</i>	Commendable (2)	Excellent (4)	--	6	\$750
<i>NNT Faculty W</i>	Commendable (2)	Commendable (2)	--	4	\$500
<i>NNT Faculty X</i>	Commendable (2)	Satisfactory (0)	--	2	\$250

*\*See the Definitions section for what qualifies as Other Professional Duties.*

*\*\*Lecturers are evaluated with Service counted twice, in place of Scholarship.*