BOARD OF REGENTS
BRIEFING PAPER

1. Agenda Item Title: DRI Research Faculty Equity Adjustment
Meeting Date: September 8-9, 2011

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

DRI has a critical need to retain and recruit high caliber research faculty that are able to successfully compete in the ever-increasing competitive arena of funded research. Given the lack of faculty tenure, coupled with the requirement to bring in sufficient funding to support their salary and that of their research group, and DRI indirect cost recovery, DRI administration strongly believes its faculty should receive compensation commensurate with the business risks they take and funding they bring into the State of Nevada. Current DRI salaries are below that of their peer groups, making it difficult to recruit new faculty and a recent significant surge in faculty departures has significantly exceeded the historical average.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

President Wells is asking for approval to provide DRI Research Professors and Research Associates with up to a 12.6% equity salary adjustment. No state funds are required to fund the equity adjustment. The salary adjustments will be funded from external grants and contracts. Administrative faculty and all technologists are not eligible. Any faculty member can decline or reduce the adjustment if they elect to do to so as a result of grant restrictions or for other reasons.

4. IMPETUS (WHY NOW?):

The current DRI faculty total compensation package (salaries and benefits) has declined to an uncompetitive level on a national basis, such that it has been a major contributor to the recent departure of many existing faculty to tenure track and other more financially gainful positions. The addition of state mandated furloughs for research faculty and staff in the next biennium will likely accelerate this trend.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

DRI recently completed an internal study reviewing the need for and level of a “categorical” equity adjustment for FY 12 for DRI Research Professorial and Research Associates. The attached sheet contains the key points from that analysis. The NSHE Code, Title 2, Chapter 5, Section 5.5.6 provides DRI with the authority to make annual salary adjustments based on cost of living changes, incentive and/or merit, promotion and equity. Board approval may not be required for DRI to make the proposed equity adjustment.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

The Board of Regents has concerns that all faculty salaries should be treated equally regardless of their funding sources.

7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Keep salaries at current levels with the inevitable continued loss of DRI faculty to universities, institutions and organizations that offer higher salaries and more attractive benefit packages and the inability of DRI to continue to compete at a national and international level.

8. COMPLIANCE WITH BOARD POLICY:

√Consistent With Current Board Policy: Title # 2 Chapter # 5 Section # 5.5.6
❑ Amends Current Board Policy: Title #_____ Chapter #_____ Section #_______
❑ Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_______
❑ Other:____
❑ Fiscal Impact: Yes X No __

Explain: The cost of the equity adjustment will be funded through external grants and contracts from funds that could not be used for general DRI administrative expense so there is no "cost" to DRI. Increasing the salary of the research faculty at DRI places no additional fiscal burden onto NSHE – quite the contrary as it provides increased fiscal stability for the individual, the institution, NSHE, and the state.

Bullet Points to Support DRI Equity Adjustment

- DRI must make a 12.6 percent salary adjustment to retain and recruit high caliber Research Professors and Research Associates.
- No state money will be utilized to fund this action. The salary adjustments will be paid entirely from external grants and contracts from monies that could not be reallocated to administrative costs or other non-grant purposes.
- DRI's business model requires faculty to be successful in competitive funded research and fund their own salaries and indirect cost recovery.
- Nevada's severe economic downturn has made DRI vulnerable in its efforts to offer nationally competitive compensation to research faculty.
- Recent trends shows that DRI's compensation package is no longer competitive, leading to faculty members leaving for tenure-track and other positions at a rate that significantly exceeds departure rates over the past decade.
- A recent analysis shows that DRI salaries of its Research Professors are 12.49 percent below their peers for the Western region and 13.89 percent below their peers nationally.
- DRI Research Associates salaries are 7.06 percent lower than comparable positions at Georgia Tech Research Institute, not including cost of living adjustments. (The Georgia Tech comparison was used as they have the most similar track to DRI Research Associates).
- The range of salary differentials is a low of 7.5 percent to a high of 17.5 percent. The non-weighted average of all the salary differentials is 12.6 percent.
- In order to retain faculty, DRI must compete against academic institutions that offer tenure and receive state support.
- DRI's faculty does not receive tenure or state support for their research salaries. Only state support for research faculty would be derived from state-funded projects, such as cloud seeding or the Truckee River monitoring projects which have been discontinued due to budget reductions.
- Typically, when a university faculty member earns tenure, he or she receives a 10 percent salary increase.
- In addition college and university faculty are permitted to devote up to one day per week to pursue consulting and research opportunities during the academic year.
- Another consideration is that under the current economic conditions and profound levels of national competition for talent, DRI faculty should receive a 10 percent risk factor salary adjustment to compensate for working in a non-tenured, soft-money environment and a 2.6 percent equity adjustment to get to the 12.6 percent differential.

- These adjustments will be applicable for those research faculty members who can and are willing to fully generate the proposed increase through their grants and contracts.
- Any faculty member can decline or reduce the adjustment if they elect to do to so as a result of grant restrictions or for other reasons.
- The additional requirement of furloughs is having a negative impact on the DRI business model, retention and morale.
- Based upon widespread feedback from individual faculty members and DRI Faculty Senate leadership and members, this adjustment to DRI Research Professors and Research Associates will significantly help stem the loss of key research faculty to other universities and organizations that offer higher salaries and more attractive benefit packages, thus protecting DRI's core research mission and talent.
- Protecting the loss of talent from Nevada is crucial to enhancing our state's ability to leverage intellectual, entrepreneurial, and innovative talent for our economic sustainability and success. Recent initiatives from our state's executive office and legislative session (A.B. 449 and S. B. 75) clearly illustrate the desire to foster and retain the best talent for Nevada.