



Nevada System of Higher Education

2601 Enterprise Rd. 5550 W. Flamingo Rd., Ste. C-1
Reno, NV 89512 Las Vegas, NV 89103
Phone: (775) 784-4901 Phone: (702) 889-8426
Fax: (775) 784-6520 Fax: (702) 889-8492

MEMORANDUM

DATE: January 3, 2008

TO: NSHE Board of Regents

CC: NSHE Presidents

FROM: James E. Rogers, Chancellor
Daniel J. Klaich, Executive Vice Chancellor

RE: Budget Reduction Plans

Attached are plans submitted by each of the campuses outlining their recommendations to you for reductions in their respective budgets.

Also attached is an overview template for the entire System which shows in summary fashion the distribution of the cuts in general categories. A similar template for each specific campus accompanies the narrative from the respective campus

We have reviewed all of these plans along with Vice Chancellors Reed and Nichols and they are forwarded to you with our approval. Of course there are a number of issues raised by the plans that the Board will want to discuss and we do not presuppose any decision by the Board.

We do believe that the Presidents have presented thoughtful and reasonable plans for budget reduction which recognize the very serious impact that these cuts will have on their institutions and which attempt to spread that "pain" fairly. We also believe that they have attempted as best they could to protect the core missions of their institutions.

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

			***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Required Cuts	Deferred					Student		Total All Biennial Cuts
			Operating Budget	Professional Merit	One-Shots	HECC	CIPs	Credit Hour Surcharge	Other	
UNR	\$268,855,734		\$8,620,000	\$1,000,000	\$0	\$0	\$3,732,000	\$1,500,000	\$0	\$14,852,000
School of Medicine	\$68,637,121		\$2,844,000	\$245,000	\$0	\$0	\$0	\$0	\$0	\$3,089,000
Athletics	\$13,592,947		\$590,000	\$22,000	\$0	\$0	\$0	\$0	\$0	\$612,000
Statewide Programs	\$16,791,560		\$706,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$756,000
Agricultural Experiment	\$18,240,787		\$835,000	\$64,000	\$0	\$0	\$0	\$0	\$0	\$899,000
Cooperative Extension	\$18,472,748		\$928,000	\$90,000	\$0	\$0	\$0	\$0	\$0	\$1,018,000
Business Center North	\$5,017,713		\$220,000	\$6,000	\$0	\$0	\$0	\$0	\$0	\$226,000
State Health Lab	\$4,054,607		\$179,000	\$3,100	\$0	\$0	\$0	\$0	\$0	\$182,100
UNR, All Areas	\$413,663,217	\$18,614,845	\$14,922,000	\$1,480,100	\$0	\$0	\$3,732,000	\$1,500,000	\$0	\$21,634,100
UNLV	\$341,603,719		\$8,261,877	\$1,440,532	\$700,000	\$3,119,760	\$1,850,000	\$0	\$0	\$15,372,169
Athletics	\$17,994,671		\$781,966	\$27,794	\$0	\$0	\$0	\$0	\$0	\$809,760
Boyd School of Law	\$17,980,225		\$473,603	\$85,507	\$250,000	\$0	\$0	\$0	\$0	\$809,110
Statewide Programs	\$2,868,979		\$117,046	\$12,058	\$0	\$0	\$0	\$0	\$0	\$129,104
Dental School	\$16,536,885		\$664,751	\$79,408	\$0	\$0	\$0	\$0	\$0	\$744,159
Business Center South	\$4,267,534		\$177,487	\$14,552	\$0	\$0	\$0	\$0	\$0	\$192,039
UNLV, All Areas	\$401,252,013	\$18,056,341	\$10,476,730	\$1,659,851	\$950,000	\$3,119,760	\$1,850,000	\$0	\$0	\$18,056,341
CSN	\$192,828,993	\$8,677,305	\$2,493,507	\$605,781	\$0	\$1,167,000	\$0	\$2,711,017	\$1,700,000	\$8,677,305
GBC	\$33,360,369	\$1,501,217	\$914,110	\$97,622	\$0	\$244,050	\$112,288	\$133,147	\$0	\$1,501,217
TMCC	\$81,134,420	\$3,651,049	\$500,000	\$246,583	\$500,000	\$500,000	\$0	\$500,000	\$1,404,466	\$3,651,049
WNC	\$42,021,026	\$1,890,946	\$814,063	\$136,079	\$0	\$350,000	\$0	\$210,884	\$379,920	\$1,890,946
NSC	\$33,001,010	\$1,485,045	\$1,176,976	\$68,069	\$0	\$100,000	\$0	\$0	\$140,000	\$1,485,045
DRI	\$19,157,015	\$862,066	\$351,264	\$46,802	\$0	\$100,000	\$364,000	\$0	\$0	\$862,066
Special Projects	\$5,491,211	\$247,104	\$245,602	\$1,502	\$0	\$0	\$0	\$0	\$0	\$247,104
University Press	\$1,792,027	\$80,641	\$76,267	\$4,374	\$0	\$0	\$0	\$0	\$0	\$80,641
Nat'l Direct Student Loans	\$101,808	\$4,581	\$4,581	\$0	\$0	\$0	\$0	\$0	\$0	\$4,581
System Computing	\$45,925,749	\$2,066,659	\$1,978,828	\$87,831	\$0	\$0	\$0	\$0	\$0	\$2,066,659
System Administration	\$11,089,207	\$499,014	\$374,195	\$24,819	\$0	\$100,000	\$0	\$0	\$0	\$499,014
NSHE System	\$1,280,818,065		\$34,328,123	\$4,459,413	\$1,450,000	\$5,680,810	\$6,058,288	\$5,055,048	\$3,624,386	\$60,656,068

Notes: 1) UNR has submitted budget reductions in excess of the Governor's mandated 4.5% in anticipation that some reductions may not receive Board approval.
2) Campuses may have additional enrollment based budget issues in the 07-09 biennium.

College of Southern Nevada Budget Reduction Plan

January 3, 2008

CSN's fiscal condition, assessed prior to developing this plan, includes the following:

Item	Amount	Comment
Increase of 7.5% in FTE; 5% higher than budgeted	(Unfunded)	High demand with constrained budget. Enrollments at CSN above budgeted level.
Hold Harmless and redirection of retained student fees	(\$1.5 million)	Unfunded hold harmless funding and legislature's redirection of student fees that would have been retained by the campus.
Excess tuition collection-- resident	\$1.5 million	Projected for the academic year
Excess tuition collection— non-resident	\$280,000	Projected for the academic year—Needs IFC action.
Operating Budget Shortfalls “over cuts” to meet institutional operating needs.	(\$221,000 \$550,000 \$225,000 \$15,000 \$210,000 \$135,000 \$6,000 \$10,000 \$15,000 \$14,000) (\$1,381,300)	Apprenticeship – enrollment growth Electric/Gas budget shortfall Disabled Students support Catalog/Schedule printing Software licensing Hardware maintenance agreements Institutional memberships Merchant fees Sewer/Disposal; water; telephones Grants-in-aid
Funding equity (AB 203) handicap	(\$20 million)	Part of CSN's budget request for 2009- 2011 with introduction of an implementation strategy.

Many of the above items appear in the Budget Reduction Plan and its financial schedules as CSN “over cuts” to meet urgent needs. Deferred maintenance items, including the mechanical system replacements, restrict the flexibility of HECC funding since the work will be required before next fall semester.

CSN continues its efforts to cope with growth and diversity while being funded at a subsistence level.

Strategies for a 4.5% General Fund Reduction, 2007-09 Biennium.

The implementation strategy reduces more than \$8,677,305 over the biennium. Assumptions used in addressing the reduction include, 1) cutting operating budgets, 2) implementing operational efficiencies, 3) delaying or canceling hiring of replacement staff, 4) adopting a student surcharge, 5) deferring merit for professional staff in the 2008-09 fiscal year, 6) using (one-time) HECC

appropriations, and 7) using excess student fee collections in excess of the budgetary levels in FY 2007-08.

CSN experienced a spike in enrollment levels during the Fall 2007 semester. Actual enrollments are in excess of 5% above budgeted levels provided through the funding formula. Spring enrollments are unknown at this time due to the nature of registration trends, but historical spring-to-fall ratios provide initial analysis for the current fiscal year. Conservatively, CSN projects annualized enrollments to yield excess student fee collections above the budgeted level, and those revenues will offset a portion of the general fund reduction.

Each source of revenue and expenditure reduction that is proposed at CSN is detailed below:

Operating Budget Savings:

To balance expenditure reductions in the first year, operating cuts will be implemented. These cuts include reduction in departmental operating expenditures, reduction of in-state travel and mileage, reduction in library acquisitions, scholarship reductions, and elimination of leases for the Henderson Business Resource Center and a review of the Tropicana/UNLV lease.

Reductions in operating budget expenditures for the first year of the biennium are being identified in an effort to preserve the base operating budget in the second year of the biennium. Reductions outlined in the areas of Scholarships, Library Acquisitions, and Departmental support will be offset to the greatest extent possible by one-time funding distributed to the campus from the Investment pool. The operating reductions reflect an additional \$2.5 million above the unfunded “hold harmless” of \$1 million not supported in the CSN operating budget and an additional \$1.3 million for operating budget shortfalls in specific areas.

Operational Efficiencies

As AB 203 concluded, CSN has traditionally implemented efficiencies and streamlined operations to address basic service needs. Hence, its budget is one of subsistence only: The campus has limited funding available to support its student population. The ability to redirect resources, defer activity, and reduce support for programs and services has been implemented and has stretched the institution to its full extent. Any additional reductions in support would require the campus to further reduce site operations and access to students. CSN’s position is that in order to effectively provide quality programs and services that students must have, the College must have minimal infrastructure in staffing, faculty, and resources. Operating budgets are already at meager levels; these additional cuts will be challenging for CSN. *We are forced to look toward one-time revenue allocations to address these reductions but will be unable to support these items after this current year and will be unable to meet additional reductions if necessary.*

Freezing Position Vacancies

A “soft” freeze has been implemented which requires each request to fill a replacement position to be thoroughly justified and reviewed by the President. Executive vacancies are not being refilled. The consequence of this freeze is strained operations and staff burn-out, but CSN has no other options without excessive burdens on students.

Student Surcharge:

A student surcharge is proposed for implementation beginning fall 2008, and this strategy will require approval of the Board of Regents. CSN proposes that the Board approve a range for a per unit fee (with a report back to the Board) which would provide the opportunity to address specific needs and as necessary modify the rate to address student needs. This will assist CSN should additional reductions be imposed or if revenues are not achieved as anticipated through excess student fee collections.

For the second year of the biennium, enrollment projections are estimated at a modest level of 3.5% over the 2007-08 projected enrollments. Actual enrollment levels as a result of spring 2008 will influence the 2008-09 projections. Based on this assumption, the fall 2008 FTE is projected at 20,403, spring 2009 at 19,760 for an annualized enrollment of 20,082. The per credit hour student surcharge revenue collections would yield:

Fee Level Recommended:	Surcharge of \$3.00	Surcharge of \$3.00	Surcharge of \$3.50	Surcharge of \$4.50
Revenue Projection	\$1,506,121	\$1,807,345	\$2,409,793	\$2,711,017

CSN recommends implementation of \$4.50 per credit hour for FY 2008-09, for revenue of \$2,711,017.

While the campus has secured the support of our student body leadership to impose a student surcharge, we know that the greatest barrier for students in higher education, in particular community colleges, is the cost of education. We must find ways to ensure that by imposing a student surcharge we do not limit or shut out access for those that need it the most. In the current fiscal climate this goal may be impossible.

Merit Deferral:

The deferral of merit award for professional staff would result in an approximate savings during the FY 2008-09 period of \$605,781. Effective July 1, 2008, this would represent merit deferral for professional employee staff only. (Classified employees are under the personnel system of the State of Nevada and any deferral of merit would have to be imposed by State Personnel.)

As the institutions prepare for the 2009-2011 biennium, discussions would need to occur to ensure that the full merit award is captured for purposes of building the biennial request to ensure full cost-of-living, merit, and fringe benefit costs are included in the biennial budget request. In addition, for the purposes of determining cost-of-living fund draws for FY 2008-09 a review of the process utilized and the methodology for calculation purposes would need to be addressed to ensure that the campuses are not further harmed by limiting the availability of the funds subject to reconciliation with the Board of Examiners.

HECC/Deferred Maintenance:

As a risky, short-term solution, funding provided through General Fund appropriations for deferred maintenance activities can be reallocated for operating support. (Deferred maintenance projects including air conditioning, heating, electrical, and safety items are ongoing and critical to the

campus.) CSN has urgent maintenance items that need to be addressed, and this urgency limits the flexibility of HECC funding. What HECC funding is in the plan of finance is only a short term solution and can only be accomplished on a limited basis. It is important to note that for CSN any reductions that the System Office may be able to offset from “system-wide funding” to reduce the impact on the campuses of the 4.5%, CSN would first replenish HECC funding back to original purposes. Further, CSN proposes utilizing HECC funding during the second year of the biennium in order to safeguard the 2009-2011 biennial budget.

Excess Student Fee Collections:

Fall 2007 enrollment has exceeded budgetary levels by over 5%. Should spring revenue collections be consistent with prior fiscal years, the campus projects excess student fee collection. The excess student fee collection has been projected for the current fiscal year only, and will assist in offsetting a general fund shortfall. At this time, CSN projects an excess student fee collection of \$1.7M for FY 2007-08. These excess revenues will be utilized to offset the budget reduction in the current fiscal year.

Related Budget Issues and Summary

A few issues remain open or only partially addressed in this plan. A description of the issues follows:

Cost of Living Awards:

What has not been addressed within this document is impact on the ability for the campus to fully draw down COLA funding. CSN has not been able to fully realize COLA over the past several years. Any COLA funding not able to be drawn will cause further operating budget reductions, and will negatively impact the campus and result in additional departmental operating reductions.

Utility Budget Shortfalls:

CSN anticipates a utility budget shortfall of approximately \$565,000 for 2007-08. This shortfall is projected primarily in electricity and gas utilities, which reflects \$550,000 of the total projected budget shortage. This shortfall is a result of the Legislature not providing inflationary adjustment support and not addressing the gas shortage realized last fiscal year due to increasing costs. While a “pool” has been provided to support state agencies, the funding appropriated is insufficient to address all state agency needs. CSN anticipates receiving limited relief from this pool. An additional \$15,000 is projected to be needed for water, sewer/disposal, and telephone utilities.

Disabled Student Support:

CSN is anticipating a significant shortfall in financial support for students requiring accommodations. The costs for services are increasing and the availability of providers is limited. A shortfall of in excess of \$225,000 in this budgetary line item for the current year is anticipated.

Summary:

The following is a summary of the general fund reductions, operating adjustments, excess revenue projections, and merit deferral. What is not included in the expenditure shortfall is potential excess fee collection in year 2 of the biennium, potential cost of living funds not able to be drawn as collectable based on vacancy savings accrued as a result of hiring freezes.

General Fund Reduction at 4.5% (2007-2009): (\$8,677,305.00)

FY 2007-08

1) Operating Budget Reductions:	2,493,507.00
2) Excess Student Fee Collection	<u>1,700,000.00</u>
Total FY 2007-08:	\$4,193,507.00

FY 2008-09

1) HECC Deferred Maintenance:	\$1,167,000.00
2) Student Surcharge Assessment @\$4.50 per unit:	2,711,017.00
3) 6 Month Professional Merit Deferral	<u>605,781.00</u>
Total FY 2008-09:	\$4,483,798.00

Total 2007-09 for Governor's 4.5% Reduction: \$8,677,305.00

CSN began 2007-08 with an unsupported hold harmless budget of approximately \$1 million less than the prior year. With increased enrollment, budget shortfalls experienced by unfunded utilities, and programmatic operating shortages, the campus will need to identify \$1,381,300 of additional "cuts" to meet operational needs. This is magnified by:

- the Legislature redirecting roughly \$500,000 of traditionally retained student fees, that are used to provide services such as tutoring support, writing services, and access;
- the Legislature not recognizing through additional resources equity funding to address the historical under funded nature of CSN; and
- the lack of Legislative funding for planning new facilities after this fiscal year.

With enrollment growth anticipated to exceed the budgeted level by roughly 5%, the College is stretched beyond its means, particularly within a service area that represents over 70% of the Nevada population.

Finally, legislative leaders challenged the campuses during the last session, asking how we would help ourselves, how we would meet enrollment targets, improve retention, and improve graduation rates. These are all challenges that CSN has been working toward and was making great strides. However, with reductions in operating sources and other strategies described in this plan, access to education and student support cannot help but suffer.

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
Boyd School of Law	\$17,980,225								\$0
Statewide Programs	\$2,868,979								\$0
Dental School	\$16,536,885								\$0
Business Center South	\$4,267,534								\$0
UNLV, All Areas	\$401,252,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSN	\$192,828,993	\$2,078,631	\$605,781	\$0	\$1,167,000	\$0	\$3,125,893	\$1,700,000	\$8,677,305
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$2,078,631	\$605,781	\$0	\$1,167,000	\$0	\$3,125,893	\$1,700,000	\$8,677,305

DESERT RESEARCH INSTITUTE (DRI)
4.5% State General Fund Reductions for FY 2008 and FY 2009

The following describes the means by which DRI will meet the 4.5% state funding reductions for FY 2008 and FY 2009. For DRI, this translates to a decrease of \$421,283 in FY 2008 and \$440,783 in FY 2009, for a two-year total of \$862,066. While any budget reductions will have a negative impact on DRI, the Administration of DRI identified ways to meet the reduction targets that minimize (1) disruptions related to the institution's ability move forward our research efforts and (2) key personnel reductions.

The following reductions in our state general fund allocations will be implemented:

- Operating Budget: Non-Formula Budget Equipment

Reduce our state support for non-formula budget equipment by \$26,298 in FY 2009.

This reduction will impact our ability to replace critical computing and other essential equipment that keeps DRI competitive in relation to other research institutions across the country.

- Deferred Merit

Reduce our FY 2009 state funded deferred merit pool for professional administrative employees by six months, for a total of \$46,802 in FY 2009.

This reduction will impact the salary levels of key professional administrative staff, will reduce the capability of DRI to financially compensate our best-performing staff, and potentially will affect our ability to retain high-quality professional staff in the future. It is a challenge to recruit and retain the best staff in today's competitive environment, and the potential loss of such staff would negatively impact the competitiveness of DRI.

- Higher Education Capital Construction (HECC) Funds

Reduce our FY 2008-FY2009 HECC allocation by \$100,000. This represents about 36% of our total available HECC funds.

Three repair and renovation projects will be postponed until at least FY 2010. To the extent that the repairs are needed before that time, DRI will use internal infrastructural budget reductions and reallocations to fund the repairs. Doing so will limit the ability of DRI to respond to any unplanned emergency repairs or other needed renovations.

- CIPs: Computational Research and Visualization Building (CRVB)

Reduce state support for the CRVB by \$364,000 in general fund dollars in FY 2008. Specific areas in the project targeted include reduced landscaping for the courtyard and funding for an access grid node.

Reducing funding for the courtyard will dramatically impact the functionality as well as the aesthetic quality of the environs of the CRV building and the courtyard area, which is the “heart” of DRI’s Reno campus. In addition, it will limit the use of this courtyard area for DRI fundraising and other events. It also negatively affects our facilities Master Plan and our ability to physically link the DRI campus with the TMCC campus. Not providing funding for the access grid node will reduce our communications connectivity to the rest of the NSHE institutions and to the outside research and business worlds.

- Other: Retired Employee Group Insurance Assessment (REGIA), car bond tort, PERS assessment and property insurance.

Reduce our state support for our REGIA contribution, our general-insurance car bond tort, PERS Assessment and property insurance by \$57,283 in FY 2008 and \$267,683 in FY 2009.

Since these are mandatory contributions to state programs, internal budget reductions and reallocations from non-state funds will be used to provide the necessary funding. Doing so will limit the ability of DRI to respond to any future Institute budgetary challenges and to potential new research initiatives that require initial investment from DRI.

Although DRI has made every effort to minimize the negative impact on our institution’s research mission, it is clear that every reduction made will impact this mission. In addition, it is important to note that the state support to DRI is actually a leveraged investment for the State of Nevada. DRI leverages nearly every dollar it receives from the Nevada general fund into over four dollars for research. Given this return on State investment, the two-year reduction of \$820,066 in state funds to DRI could potentially result in a loss of nearly \$3.3 million in long-term return.

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DRI Scenario 1: Use 6 Month Deferred Merit (will offset academic support operating and wage reductions)

Biennial Totals by Appropriation Area:	General Fund	***** Biennial Budget Cuts *****							
		Operating Budget	Deferred Merit	One-Shots	HECC	CIPs	Per/S-CrHr Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
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NSC	\$33,001,010								\$0
DRI	\$19,157,015	\$26,298	\$46,802		\$100,000	\$364,000		\$324,966	\$862,066
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$26,298	\$46,802	\$0	\$100,000	\$364,000	\$0	\$324,966	\$862,066

GREAT BASIN COLLEGE

At the beginning of FY08, the college recognized and addressed financial challenges by reducing college operating budgets by 2% and temporarily holding a number of positions vacant. Funds associated with this initiative are needed to address emergency repairs, deferred maintenance issues, and a variety of other critical need items. With this submission, the college also seeks permission to revise this plan with BOR approval if circumstances warrant.

<u>Type</u>	<u>Budget Cut</u>	<u>Related Information</u>
Operating	\$ 914,110	Recognizing that many of the college's service areas have very limited staffing (i.e., one individual per function), and that approximately 86% of the state-allocated budget is personnel, the college must make temporary reductions in staffing to meet mandated budget reductions. This includes a temporary hiring freeze in the following areas: instruction, student services, and administrative support; based on the availability of funding, some positions may be filled as temporary appointments. The institution acknowledges that the current personnel vacancies have a negative effect on student enrollment and the institution's ability to meet student needs. The college proposes making temporary reductions to institutional operating accounts and to the library acquisition budget.
Defer Merit	\$ 97,622	College proposes deferring the awarding of merit in FY09 until January 2009. It should be noted that the salary savings from merit delay may also result in a forfeiture of approximately \$5,000 of professional COLA allocation.
One-shot	\$ -	
HECC	\$ 244,050	College plans to meet the reduction target with a reduction in HECC funds. Although these funds are needed to cover a number of identified deferred and preventive maintenance problems, further reductions in other areas will seriously jeopardize the college's ability to meet its educational mission.
CIPs	\$ 112,288	FF&E funding for the Electrical Industrial Technology Building, scheduled for completion in June 2008, must be reduced for lack of other funding sources to meet the budget reduction in FY2008.
Surcharge	\$ 133,147	College proposes a surcharge of \$2.75 per credit hour to apply to the reduction.
Other		
	<u>\$ 1,501,217</u>	

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State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
Boyd School of Law	\$17,980,225								\$0
Statewide Programs	\$2,868,979								\$0
Dental School	\$16,536,885								\$0
Business Center South	\$4,267,534								\$0
UNLV, All Areas	\$401,252,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSN	\$192,828,993								\$0
GBC	\$33,360,369	\$914,110	\$97,622		\$244,050	\$112,288	\$133,147		\$1,501,217
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$914,110	\$97,622	\$0	\$244,050	\$112,288	\$133,147	\$0	\$1,501,217

Introductory Note/Context:

This document presents Nevada State College’s budget reduction plan for the 2007-09 biennium as a response to the governor’s directive. Two sets of plans are presented. The first assumes a 4.5% reduction of the Nevada State College budget along with the student fees shortfall. The second assumes that system-wide contributions to the state’s deficit reduction plan will leave Nevada State (and its sister institutions) with a 3.04% budget reduction.

In both cases, the plans have been developed according to the following principles:

1. Instruction in areas with identified demand will be maintained.
2. Student support will be maintained.
3. Programs which do not have a significant impact at the institution may be restructured or deferred. This may apply to some programs which have not yet had a full opportunity to reach maturity.

Due to lower than projected enrollments, Nevada State began this academic year with a \$400,000 shortfall in student fees. That number is expected to increase to \$675,000 for fiscal 08-09 for the same reason. These figures are factored into the plans presented below as they reflect the reality of the College’s budget. The state funds associated with the higher level of enrollment have been incorporated into the NSC budget. The Nevada State College spending plan for this biennium sets aside the state dollars “not earned” by actual enrollments to avoid over-commitments in the out years.

PLAN A

Reduction Amounts

	FY08	FY09
4.5% state	\$689,894	\$795,152
Fee shortfall	<u>400,000</u>	<u>675,000</u>
Target	\$1,089,894	\$1,470,152

Fiscal 2007/2008 – Plan A Reductions:

Cancel 13 staff positions in academic affairs, student experience, finance and administration, facilities and information technology. Estimated savings 567,500.

School of Liberal Arts and Sciences-advisor - \$40,000 + benefits

School of Liberal Arts and Science-lab manager - \$30,000 + benefits

School of Nursing-advisor - \$40,000 + benefits

Office of Student Experience-student retention advisor - \$40,000 + benefits

Registrar-general support - \$29,023 + benefits

Admissions-general support - \$29,023 + benefits

President-general support - \$29,023 + benefits

Controller-accounts payable - \$29,023 + benefits

Human Resources-general support - \$29,023 + benefits

OIT-server administrator - \$56,500 + benefits

OIT-training coordinator - \$24,910 + benefits

Facilities-maintenance - \$29,023 + benefits

Facilities-maintenance - \$29,023 + benefits

Cancel the search for a Fine Arts Lecturer. Estimated savings: \$45,000

Fill Liberal Arts (5) and Education (2) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$203,000.

Increase the amount of time positions throughout the College remain vacant, impacting President's Office, Multicultural Affairs, the Student Experience, Human Resources, and others. Estimated savings \$175,000.

Return of HECC funds. Estimated savings: \$100,000.

**PLAN A FY07-08 TOTAL ESTIMATED SAVINGS -
\$1,090,500.**

Fiscal 2008/2009 – Plan A Reductions:

13 staff positions cancelled in prior year. Estimated savings: \$567,500.

Deplete operating reserves. Estimated savings: \$140,000.

Suspension of Fine Arts program. Estimated savings of salary and benefits: \$100,000.

Restructure of Bachelor of Applied Sciences Programs by moving management of program to School of Liberal Arts and Sciences until enrollments warrant separate management structure. Estimated savings of operating and part-time instructor costs: \$50,000.

Restructure Community Based Learning by modifying degree requirements and incorporating CBL within the curricula of the majors. Estimated of salary and benefits: \$91,000.

Restructure Center for Teaching & Learning Excellence by moving responsibilities to deans and faculty. Estimated savings of salary and benefits: \$109,000.

Defer initiation of Deaf and Hard of Hearing Education degree by one year. Estimated savings of salary and benefits: \$75,000.

Defer administrative, executive, and instructional faculty merit by 6 months. Estimated savings. \$68,000.

Fill Liberal Arts (1) and Education (1) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$65,000.

Defer Hiring Dean of Students, 2 assistant deans and 1 recruiter. Estimated savings: \$205,000.

**PLAN A FY08-09 TOTAL ESTIMATED SAVINGS -
\$1,470,500.**

PLAN B

Reduction Amounts

	FY08	FY09
3.04% state	\$466,062	\$537,169
Fee shortfall	<u>400,000</u>	<u>675,000</u>
Target	\$866,062	\$1,212,169

Fiscal 2007/2008 – Plan B Reductions:

Cancel 13 staff positions in academic affairs, student experience, finance and administration, facilities and information technology. Estimated savings 567,500.

School of Liberal Arts and Sciences-advisor - \$40,000 + benefits

School of Liberal Arts and Science-lab manager - \$30,000 + benefits

School of Nursing-advisor - \$40,000 + benefits

Office of Student Experience-student retention advisor - \$40,000 + benefits

Registrar-general support - \$29,023 + benefits

Admissions-general support - \$29,023 + benefits

President-general support - \$29,023 + benefits

Controller-accounts payable - \$29,023 + benefits

Human Resources-general support - \$29,023 + benefits

OIT-server administrator - \$56,500 + benefits

OIT-training coordinator - \$24,910 + benefits

Facilities-maintenance - \$29,023 + benefits

Facilities-maintenance - \$29,023 + benefits

Cancel the search for a Fine Arts Lecturer. Estimated savings: \$45,000

Fill Liberal Arts (5) and Education (2) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$203,000.

Return of HECC funds. Estimated savings: \$50,000.

PLAN B FY07-08 TOTAL ESTIMATED SAVINGS - \$865,500.

Fiscal 2008/2009 – Plan B Reductions:

11 staff positions cancelled in prior year. Advisors in Nursing and Liberal Arts restored. Estimated savings: \$463,500.

Deplete operating reserves. Estimated savings: \$141,000.

Suspension of Fine Arts program. Estimated savings of salary and benefits: \$100,000.

Return of HECC funds. Estimated savings: \$50,000.

Restructure of Bachelor of Applied Sciences Programs by moving management of program to School of Liberal Arts and Sciences until enrollments warrant separate management structure. Estimated savings of operating and part-time instructor costs: \$50,000.

Restructure Community Based Learning by modifying degree requirements and incorporating CBL within the curricula of the majors. Estimated of salary and benefits: \$91,000.

Restructure Center for Teaching & Learning Excellence by moving responsibilities to deans and faculty. Estimated savings of salary and benefits: \$109,000.

Defer initiation of Deaf and Hard of Hearing Education degree by one year. Estimated savings of salary and benefits: \$75,000.

Defer administrative, executive, and instructional faculty merit by 6 months. Estimated savings. \$68,000.

Fill Liberal Arts (1) and Education (1) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$65,000.

PLAN B FY08-09 TOTAL ESTIMATED SAVINGS - \$1,212,500.

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
Boyd School of Law	\$17,980,225								\$0
Statewide Programs	\$2,868,979								\$0
Dental School	\$16,536,885								\$0
Business Center South	\$4,267,534								\$0
UNLV, All Areas	\$401,252,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010	\$2,253,000	\$68,000		\$100,000			\$140,000	\$2,561,000
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$2,253,000	\$68,000	\$0	\$100,000	\$0	\$0	\$140,000	\$2,561,000

1/2/08

Summary Points on UNLV 2007-2009 Biennial Operating Budget – Governor’s Reductions

In order to put the current budget challenges into perspective, we have prepared this document in three parts. Part I covers a background context that has already been discussed about the policy decisions previously made and their impact on the finances of UNLV. Part II provides summary information relative to how we emerged, financially, from the last legislative session. A major point here is that UNLV was already in a precarious financial position before any of the current budget reduction discussions started, both for this current biennium and (more importantly) the 2009-2011 biennium. Part III of this document provides specific information on our response to the 4.5% reductions.

I. Overall Background and Context for these Current Budget Challenges - Major Post Funding Formula Policy Changes which drove the current enrollment patterns and

therefore our current financial status. Given the major policy decisions highlighted below, it comes as no surprise that the enrollments for UNLV have declined from peak periods prior to FY06. While the precise numbers could not have been anticipated, the dramatic change in previous enrollment patterns was the intent of these policy changes and was predicted for some time. Unfortunately there were not corresponding changes in the funding formula to adjust for the financial consequences of these policy changes and it is assumed no one really intended to create a situation where UNLV would accept the most well prepared students with substantially less funds to provide them with a successful experience, and with significantly higher costs than at the community colleges and NSC. However, this is exactly what happened and is continuing to happen. The financial impacts of these policy changes have left UNLV in a relatively weak financial position going into the 2007-2009 biennium, and projections are that there are huge financial impacts waiting in the 2009-2011 biennium. **While the 2007-2009 financial challenges are significant, our biggest concern continues to be the financial challenges that we will face for 2009-2011 when the current funding formula is run based on FY07, FY08 and FY09 FTE’s.**

- **Nevada State College** was created to reduce the number of students at UNLV and UNR, but it is clear the greatest impact is on UNLV. The good news is that with enrollment growth at NSC it is exactly fulfilling the mission for which it was intended. However, the impacted noted above has been felt virtually entirely at UNLV.
- The **admissions policies** for UNLV and UNR were changed to limit the enrollments in order to better serve students and to enhance the academic preparedness of new students.
- **Eliminate State Support for Remedial Courses at UNR and UNLV** (Effective Fall 2006 – FY07). Remedial courses accounted for 412.9 annual FTE at UNLV during FY05.

Additionally, major adjustments to the Millennium Scholarship program have impacted the UNLV enrollments in recent years. This program drove a significant portion of the enrollment jump for UNLV from the inception of the program through FY05. The cumulative impact of changes made have reduced the pool of students who are eligible for the scholarship (new and continuing), which for UNLV is estimated to be a reduction of ~400 new students per year.

II. HOW WE LEFT THE LAST SESSION - “The final biennial budget for UNLV shows a \$41.9M increase over the previous biennium – what can be the problem?”

It is very important when reviewing the UNLV budget to separately look at **“restricted” non-FTE formula funds**, as well as **formula funds**. These are allocated very differently and have very different impacts on the net spending power of the institution to maintain current services.

The State allocates **“restricted” non-formula** increases for COLA, merit, step increases, benefit increases, new facilities and the like. These are “restricted” in the sense that there is no authority to redirect them to hire faculty, staff high demand courses for students, provide increased advising services, cover the unfunded “hold-harmless” hole in our budget, etc. The biennial total of these “restricted” non-formula increases for UNLV is \$47.8M – **MORE** than the net biennial increase in our total budget. Funding of these **“restricted” non-formula** increases is important, but it means that we **cannot maintain the current level of services** as we did in the previous biennium.

The initial 2007-2009 biennial budget reviewed by the legislature for UNLV noted a \$26.1M reduction in base, due to changes in enrollments. We requested “hold harmless” in this amount and the Governor and Legislature approved filling \$14.6M of this hole – leaving \$11.5M as a reduction in current service levels for the campus which was partially filled by the legislature through allowing us to keep additional fee revenue (the “LOI”) of \$5.7M, **netting us a \$5.8M base reduction**. Additionally, the state uses the three year weighted FTE average to drive revenue projections – therefore we are budgeted to increase our enrollment in the 2007-2009 biennium by 0.73%, but in reality we know our enrollment will be well below this – creating an **additional \$3.6M expenditure reduction** over the biennium to cover this shortfall in student fee revenue. This situation is created because the funding formula assumes an increase in student enrollments regardless of the realities; therefore the campus must reduce expenditures in order to cover the projected revenue shortfall. This same situation happened last biennium as well when UNLV was required to reduce expenditures by over \$13M due to registration fee and tuition shortfalls under the same situation – formula funding “growth” overstating actual enrollments. The fact that the legislature was not able to fund utilities inflation will also impact UNLV, and all other state agencies, and for UNLV this is estimated at **\$4.2M** over the biennium (we must cut other expenditures to cover this mandatory expenditure). The new 2007-2009 impact is therefore **<\$13.6M>** as detailed below, which is approximately a 2.8% overall reduction in our base to maintain current service levels compared to FY07.

Listed below is a summary of the 2007-2009 Biennial Budget for UNLV

FY07 UNLV State Budget	\$240.7M
FY08 UNLV State Budget	\$253.0M
FY09 UNLV State Budget	\$270.3M
2007-2009 Biennial Increase	\$41.9M (vs \$47.8M in “restricted” increases)

Breakdown of Biennial Increase:

**"Restricted" Increases	\$47.8M (mostly for salary & benefit increases)
**"LOI" funds(fees)	\$5.7M
*Base Reduction (“Hold Harmless” not funded)	<\$11.5>M
Net	\$41.9M (rounded)
Net Base Reduction (\$5.7M - \$11.5M)	<\$5.8>M
Add fee shortfall	<\$3.6>M
Add Utility shortfall (no utility increases budget)	<\$4.2>M

Net reduction in maintaining current Services <\$13.6>M

This does not even address the fact that we have not had sufficient resources to serve critical students needs in a variety of areas, including course offerings in high demand areas; a lesser reliance on part-time vs full-time faculty to provide an increasing quality of instruction; advising support for students; and other support services focused to help increase a student’s overall success at UNLV, especially in their first year. The policy decisions that led to the creation of NSC and the change in admission standards for UNLV were to create an institution that allowed highly prepared students an option to meet their educational needs (at a higher registration fee level). This type of experience cannot be provided with less funding per FTE student, but in fact requires more funding per FTE student (the California higher education system was one model for considering the development of NSC. For FY08 the state general fund support per FTE for a UC student is \$16,330 and for a CSU FTE \$8,708). The AB203 legislative study, completed in January 2005, underscored the critical need for a major infusion of additional base funding for UNLV in order to provide a “research university” experience for students.

III. HOW WILL WE DEAL WITH FURTHER REDUCTIONS - UNLV Summary Plan Options for 2007-2009 Biennial Reductions:

The 4.5% amounts noted by the Governor for UNLV would be allocated as follows, by appropriation area.

	<u>FY08</u>	<u>FY09</u>
UNLV	<\$7,587,669>	<\$7,784,498>
ICA	<\$400,123>	<\$409,637>
LAW	<\$398,412>	<\$410,698>

DENTAL	<\$364,742>	<\$379,417>
UNLV-SW	<\$63,469>	<\$65,635>
BCS	<\$94,323>	<\$97,716>
Total	<\$8,908,738>	<\$9,147,602>

Total for Biennium <\$18,056,339> (31.3% of the NSHE total)

Overall Priorities/Approaches to Budget Reductions: We have approached this reduction with the following overall policy assumptions. **Priority is given to supporting our students, academic programs, and maintaining our research mission.** Reductions of this level are very significant, requiring difficult choices, and we cannot totally eliminate impacts on students, academic programs and our research mission. However, in general support and other administrative programs and services, already below levels of campus needs, will bear a larger share of the burden of these reductions. We have also approached this reduction with a priority given to protecting our base budget for 2009-2011, and with the assumptions that our “hold harmless” hole will be much more challenging to fill with these reductions/state revenue shortfalls. We also hope that this reduction is the only one we will be faced with for 2007-2009. We have implemented a formal review process for all hires, which will be managed through the Provost’s office for all campus positions. It is our intent to delay hires in areas that are feasible, but move ahead on hires where there is a critical need. It is also important to note that employee “layoffs” are not a major strategy for this budget reduction plan, and we will attempt to avoid them. The President has also determined that we will not delay the opening of either the Science and Engineering Building or the new Greenspun facility to support our College of Urban Affairs, even given the project budget reductions submitted by the State Public Works Board (SPWB). The opening of these facilities is just too important to our campus to delay/defer their use. Our need for academic and research space is critical, and these facilities will assist us in providing an important amount of relief to this situation, and allow us to better serve our students and faculty. The Provost’s office will, however, be taking on increased oversight of the use of these facilities (specifically SEB) to assure that we maximize the benefit to the institution and our sponsored program activities. This could lead to some adjustments from the original assumptions for space allocations.

Impact of Cuts Mid-Year: It is important to note that any cuts like this are basically being allocated for the remaining half of the fiscal year, so a 4.5% cut based on 100% of the fiscal year really has the impact of a 9+% cut for the rest of this fiscal year. The impact is probably even worse than this, given that our expenditure decisions tend to be based on an academic year instructional plan, therefore little can be done to impact the expenditures in the academic area (64% of our budget), without major disruption to our students and their academic plans, especially given that 77% of our total expenditures are in salary and benefits. The only flexibility to reduce salary and benefit costs in the short-term (given notice periods, etc.) are for part-time staff. Part-time faculty teach about 35% of the undergraduate credit hours (up to about 50% when you add graduate assistants and other non-tenure/tenure-track faculty), heavily focused at the lower division levels. Reductions in these staff save the least amount per employee (given

their pay) and create the largest impact on core/required courses for our undergraduate students. We will not focus on part-time faculty reductions for these reasons. We have limited options to increase class sizes (i.e. merge two classes into one) due to the physical constraints of the campus facilities.

Student Surcharge: UNLV is not recommending a student surcharge for this biennium, for reasons that are likely very unique. We recognize that this revenue would help our current financial situation, but we feel it is more important to focus on our partnership with our students and other key stakeholders (the Board, Governor's office and legislature) for a new paradigm for registration fee distributions for the next biennium, to address what we predict to be much larger financial challenges in the 2009-2011 biennium. Our students are on average paying \$345 more per FTE over FY07 fee rates (a 10.9% fee increase just for FY08, and cumulative 23% over the biennium), but already are receiving about \$336 per FTE less in funded services (the impact of the funding formula removing funds even when registration fees are increasing). We also are concerned about the price sensitivity of our students to absorb an increase without our ability to direct a significant portion of the increase into financial aid. Additionally, increases in the graduate student fees have an offsetting expenditure requirement for UNLV in order to retain the same level of funded graduate students (or reduce the number of funded graduate students), as coverage of registration fees is part of the compensation package for graduate students. The 2007-2009 graduate student fee increases have already had a major negative impact on our ability to support the same level of graduate students as in FY07. This would lead to fewer funded graduate students, since the surcharge is an additional cost that must be picked up by the institution in a time of decreased budgets. This would also impact the number of graduate students and therefore the support provided to undergraduate students through instruction, lab support, etc., unless a new fee paradigm can be approved.

Protecting the 2009-2011 Base. It is important for UNLV that we do not further erode the base budget for the next biennium, given the projections that we will already be facing a \$50-\$60M hole vs the FY07 base budget. Therefore, given options of where to take cuts we have considered those that will protect our base, even when this will require some backfill in the near term from non-state sources. For example, UNLV received \$950k over the biennium in "one-shot" operating budget allocations, and we propose to take the full amount as part of our reduction. There are some on-going commitments for this biennium, but a reduction of these one-shot programs will not impact our base budget for 2009-2011. The deferral of merit is another difficult choice to make, as the impact is felt by our most productive faculty. However, this option does provide significant savings for FY09 and will not impact our base budget for the next biennium. A final example would be the use of HECC funds to help meet our reduction targets. We have critical deferred maintenance needs for our campus, and we will need to use CIF funds to some extent to address some of the critical building repair needs. However, use of HECC funds will not impact our 2009-2011 base budget, although this redirection of CIF dollars will have major impacts our plans relative to building improvements/renovations that would benefit students, faculty and staff.

Options for Consideration: It is important to note that a public institution like UNLV has very limited options for taking reductions, as our expenditures are in one of the following major areas: faculty (full and part-time); graduate students (which impacts courses offered to undergraduate students and our graduate enrollment); and support functions to students, faculty

and staff. There are many costs that are fixed (operating facilities, utilities, employment term commitments to faculty and staff, etc.), and therefore the viable options for reductions in the near term are extremely limited.

Limit all hiring activity, and capturing and even forcing expenditure savings, but balanced against this is our need to not negatively impact our FTE (for reasons of support to students, as well as the funding formula for 2009-2011).

We would not focus reductions on part-time faculty, as this would have the largest impact on class sections/seats and the lowest relative financial recovery. UNLV has identified a 4.5%-5% target for us to increase teaching efficiency within the existing faculty base, in order to help address this budget reduction.

The President has differentially allocated reduction targets to various campus programs. For FY08 the reduction target for the academic areas of the campus is approximately .4%, while for some administrative areas the target is 3.8% (these are annual percentage reductions, but they will have to be taken in only ½ the fiscal year, thus doubling their relative impact). Differential reductions are also part of the FY09 plans, with base reduction targets ranging from 2% for academic areas to 4.5% for administrative areas.

Graduate Students. Cuts here would also impact seats, as with PTI's, along with our enrollment of graduate students and the support of our graduate programs. This is not a first priority for consideration.

Professional and classified positions. We would be required to focus on cuts in these areas, regardless of the impacts on services to students and faculty. There would likely impact on our ability to support iNtegrate, as we had looked to actually increasing our staffing in this area, as currently we cannot cover base services let alone be prepared to implement a major new automated student system.

Deferring any maintenance/repairs for facilities, classrooms, etc. (these are projects that will require attention in the future, so this is really a deferral of required expenditures). This will be a major focus of this reduction plan, and includes deferral of several facilities projects focused on providing additional research space and improving existing classrooms and student used laboratories.

There were several special "one-shot" appropriations in the 2007-2009 appropriation, totaling \$950k. Although these are very important allocations to the specific programs, in general they do not directly support instruction and service to students, and their elimination would not impact the base budget for the 2009-2011 biennium, therefore UNLV would look to eliminate these allocations (but we would be forced to provide some backfill from non-state sources to address commitments).

The CIP funding received by UNLV for 2007-2009 included final funding for the Science Engineering Building and the Greenspun Building. The SPWB recommended (and we assume it has been approved) that the SEB facility budget be reduced by \$500k and that the Greenspun facility budget be reduced by \$750k. While these reductions will impact the facilities, we are committed to assuring their opening on schedule. Additionally, the Student Services Addition facility was funded in the 2005 session of the

legislature, and \$600k of the total project was supported by State General Fund dollars. The project was delayed due to the need to redesign the facility to bring it within budget, but at this time we believe this reduction can be made without major impacts on the facility and its function. The System has verified with the state that this GF cut can be taken towards our 4.5% reduction.

Defer FY09 merit by 6 months. It would be preferable for the state to consider adjustments to the FY09 COLA funding, which is currently approved at a 4% level (and each 1% costs the state general fund about \$29 million), but we understand this is outside of our control. By keeping the full merit in the base the individuals will only have a ½ year financial impact, and this deferral action does not negatively impact the base budget for the 2009-2011 biennium. However, there are downsides to recommending this option, as the strong campus merit process means a differential impact on our most productive and valuable faculty. However, we do understand and support this deferral action as a system-wide approach.

Summary Proposals:

UNLV Options/Proposals	Biennial Total
NSHE 4.5% Reductions	\$28.40

NOTE: ALL DOLLARS IN MILLIONS

UNLV 4.5% Target (total - each appropriation would cover its own 4.5% reduction)	\$18.10
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Note: Priority given to supporting our students, our academic programs, and maintaining our research mission

Major Assumptions: Protect base budget for 2009-2011 biennium; assume "hold harmless" problem for that biennium will be more challenging to fill with these reductions; and hope that these are the only reductions that we will need to take for the current biennium

Summary Proposals:

Allocate reduction amounts to VP areas (differential allocation of percentage of budget NOT ACROSS THE BOARD)	\$5.82	Differential amounts with highest allocations of cuts to administrative areas.
Mid Year FY08 O/H increase to non-state units	\$1.20	A way for self-supporting programs to help with budget challenges, with these non-state funds being used to backfill an equal level of state support.
Research Challenge grant savings	\$0.88	Funds allocated to provide matching for external grants and contracts (more reliance on F&A will be required)
Research Infrastructure savings	\$0.41	Funds allocated for research infrastructure/equipment needs.
Biennial one-shots	\$0.95	Not part of "base" budget, so reductions will not impact 2009-2011 biennium base. Will

need to cover commitments from non-state sources

Merit pay 6 month deferral	\$1.66	
Credit for CIP cuts/SPWB projects	\$1.85	
HECC Funds reduction	\$3.12	Backfill some portion with CIF
Law School operating reductions	\$0.47	See summary information below
Dental School operating reductions	\$0.66	See summary information below
Athletics operating reductions	\$0.78	See summary information below
SW Programs operating reductions	\$0.12	
Business Center South operating reductions.	\$0.18	
Subtotal	\$18.10	

Summary of Budget Reduction and Impacts - UNLV

Student retention activities, including advising and other support will likely operate at significantly lower levels.

*We will lose advisors and have had to delay hiring critically needed advisors in areas where the student/advisor ratio is greater than 400 to 1.

*We will delay our implementation of new student retention programs, and we will likely need to delay opening the 1st year and student success center.

*Lack of student retention and recruitment success may have an FTE impact, which could further increase our challenge for the 2009-2011 biennium.

Class sizes will increase for some students (contingent upon identifying feasible space options), and class availability will decrease, impacting student schedules.

Defer merit in FY09 for at least 6 months. This focuses on our move productive faculty and professional staff, and very unfortunate. There may be impacts on retention of existing faculty and professional staff.

Academic Program Impacts.

*Suspend or eliminate programs. We have instituted a new rule that no new degree program can be added without trimming a low yield program.

*Merging units/programs.

-Combined Administration of School of Allied Health and Nursing

-Working to condense Counselor Education and Special education into one department instead of two

*Faculty teaching loads.

-We have already increased faculty load as a result of the fall planning reductions,

reducing some of our reliance on PTIs, and increasing class size and tenure earning faculty load to make up the difference.

-In areas like business the full time to PTI ratio is so high that we are at risk for accreditation.

-UNLV has identified a 4.5%-5% target for us to increase teaching efficiency within the existing faculty base, in order to help address this budget reduction.

We will implement the SBPW recommended reductions in FF&E for Greenspun and SEB buildings, but we will commitment to open both facilities. We will focus on having the labs operational in the new SEB. For Greenspun Hall we will focus on all equipment for the academic studios, classrooms, laboratories and faculty offices.

Retain support for on-going building Preventative Maintenance activities, however, eliminate/defer some larger building repair and maintenance projects. This will impact all space, including classrooms as well as research space. We were working to identify a way to construct a relatively small research addition that would support animal use, which is a significant need at this time, to be funded from F&A resources. Given the financial concerns, we will need to defer all planning for this facility (the F&A resources will be needed to sustain other areas impacted by these budget reductions).

Defer the search for the Vice President for Research/Dean of the Graduate College.

Finance and Business areas. Will not fill two Associate VP level positions.

Less business processing staff for transactions, which will likely lead to longer processing times and more complaints about lack of “infrastructure” to support institutional needs.

Building cleaning. Focus on bathrooms and common areas, but individual office trash pick up may go from daily to 2-3 times per week.

We will delay installation of new IT and classroom technology in old classrooms, as well as classroom and laboratory renovations/improvements.

Summary of Budget Reductions and Impacts - School of Dental Medicine (\$664.8k)

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget.

These reductions will limit the renewal and replacement of technology based supplies. For example, the upgrades and replacement of instructional technology including teaching microscopes, computers, learning aids and external resources will be postponed and many contracts discontinued.

The reductions will also limit the state-of-the-art teaching methodologies used in a competitive, technology driven educational environment. For example, we will postpone the Dental Auxiliary Utilization (DAU) module. This will limit the student's educational experience in learning the

team approach in the dental practice of four-handed dentistry with utilization of a dental assistant.

Reductions will also result in less than desirable teaching materials and supplies. For example, the limited supplies will be rationed to dental students and may result in a reduction in the number of educational experiences per dental student.

Changes for Advanced Dental Education Programs.

The decision on the Orthodontics program was in part made to recognize and respond to the financial pressures for the next biennium.

Delays in other Advanced Dental Education programs have also been implemented - we have suspended plans for implementation of these new programs.

Summary of Budget Reductions and Impacts - William S. Boyd School of Law (\$473.6k):

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget. Some of the impacts of these reductions are highlighted below.

- Loss of leadership and support for technology both in the Law Library and the Law School as a whole (postponed searches for IT Director and technology-related Law Librarian).
- Reduction in library services provided to students and public patrons
- Cancellation of many law journal subscriptions (saving operational dollars).
- Reduction in number of clients that can be served by the law clinic
- Reduction in funding for part time instructors and class electives
- Reductions in funding for computer replacements and classroom equipment
- Reduction of administrative support for faculty teaching and research (postponed support staff searches).
- Reduction in supplies and resources for printing

Summary of Budget Reductions and Impacts - UNLV Athletics (\$782k):

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget.

FY08 Reductions. The Intercollegiate Athletics Department state supported budget is annually allocated to the 17 intercollegiate athletic teams. Given the time of the year that the 4.5% budget reduction is to be implemented, the fall and winter sports budgeted dollars are already committed towards scholarships and competition. These expenses cannot be changed at this time. Therefore, we expect the budget reductions for FY08 to mainly impact recruiting, team and staff travel, equipment and team apparel, sports medicine expenses and professional staff development, along with other “opportunities” (i.e. holding positions vacant) that arise to force this level of budget reduction. Athletics may also have to rely upon existing reserves to some extent.

FY09 Reductions. Additional budget cuts in state funds of \$381,843 (in addition to the deferral of FY09 merit) and projected reductions in revenues for fiscal year FY09 may significantly impact the Department. Fiscal year 2009 budget reduction plans will include, but may not be limited to, the following types of activities. Use of athletic and TMC/SBS/Cox department reserves; reduction across all department operating budgets; create a tier sport program - some sports may not be fully funded; eliminate one sponsored sport; eliminate non-traditional sport seasons; staff reductions (part-time, graduate students) and hiring freeze; travel reduction – least expensive mode of travel, regardless of distance, regionally scheduling and recruiting; reduce facility staff costs – less ushers and security; scheduling – home games only or travel for large guarantees; eliminate professional/staff development.

Introductory Note/Context:

This document presents Nevada State College’s budget reduction plan for the 2007-09 biennium as a response to the governor’s directive. Two sets of plans are presented. The first assumes a 4.5% reduction of the Nevada State College budget along with the student fees shortfall. The second assumes that system-wide contributions to the state’s deficit reduction plan will leave Nevada State (and its sister institutions) with a 3.04% budget reduction.

In both cases, the plans have been developed according to the following principles:

1. Instruction in areas with identified demand will be maintained.
2. Student support will be maintained.
3. Programs which do not have a significant impact at the institution may be restructured or deferred. This may apply to some programs which have not yet had a full opportunity to reach maturity.

Due to lower than projected enrollments, Nevada State began this academic year with a \$400,000 shortfall in student fees. That number is expected to increase to \$675,000 for fiscal 08-09 for the same reason. These figures are factored into the plans presented below as they reflect the reality of the College’s budget. The state funds associated with the higher level of enrollment have been incorporated into the NSC budget. The Nevada State College spending plan for this biennium sets aside the state dollars “not earned” by actual enrollments to avoid over-commitments in the out years.

PLAN A

Reduction Amounts

	FY08	FY09
4.5% state	\$689,894	\$795,152
Fee shortfall	<u>400,000</u>	<u>675,000</u>
Target	\$1,089,894	\$1,470,152

Fiscal 2007/2008 – Plan A Reductions:

Cancel 13 staff positions in academic affairs, student experience, finance and administration, facilities and information technology. Estimated savings 567,500.

School of Liberal Arts and Sciences-advisor - \$40,000 + benefits

School of Liberal Arts and Science-lab manager - \$30,000 + benefits

School of Nursing-advisor - \$40,000 + benefits

Office of Student Experience-student retention advisor - \$40,000 + benefits

Registrar-general support - \$29,023 + benefits

Admissions-general support - \$29,023 + benefits

President-general support - \$29,023 + benefits

Controller-accounts payable - \$29,023 + benefits

Human Resources-general support - \$29,023 + benefits

OIT-server administrator - \$56,500 + benefits

OIT-training coordinator - \$24,910 + benefits

Facilities-maintenance - \$29,023 + benefits

Facilities-maintenance - \$29,023 + benefits

Cancel the search for a Fine Arts Lecturer. Estimated savings: \$45,000

Fill Liberal Arts (5) and Education (2) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$203,000.

Increase the amount of time positions throughout the College remain vacant, impacting President's Office, Multicultural Affairs, the Student Experience, Human Resources, and others. Estimated savings \$175,000.

Return of HECC funds. Estimated savings: \$100,000.

**PLAN A FY07-08 TOTAL ESTIMATED SAVINGS -
\$1,090,500.**

Fiscal 2008/2009 – Plan A Reductions:

13 staff positions cancelled in prior year. Estimated savings: \$567,500.

Deplete operating reserves. Estimated savings: \$140,000.

Suspension of Fine Arts program. Estimated savings of salary and benefits: \$100,000.

Restructure of Bachelor of Applied Sciences Programs by moving management of program to School of Liberal Arts and Sciences until enrollments warrant separate management structure. Estimated savings of operating and part-time instructor costs: \$50,000.

Restructure Community Based Learning by modifying degree requirements and incorporating CBL within the curricula of the majors. Estimated of salary and benefits: \$91,000.

Restructure Center for Teaching & Learning Excellence by moving responsibilities to deans and faculty. Estimated savings of salary and benefits: \$109,000.

Defer initiation of Deaf and Hard of Hearing Education degree by one year. Estimated savings of salary and benefits: \$75,000.

Defer administrative, executive, and instructional faculty merit by 6 months. Estimated savings. \$68,000.

Fill Liberal Arts (1) and Education (1) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$65,000.

Defer Hiring Dean of Students, 2 assistant deans and 1 recruiter. Estimated savings: \$205,000.

PLAN A FY08-09 TOTAL ESTIMATED SAVINGS - \$1,470,500.

PLAN B

Reduction Amounts

	FY08	FY09
3.04% state	\$466,062	\$537,169
Fee shortfall	<u>400,000</u>	<u>675,000</u>
Target	\$866,062	\$1,212,169

Fiscal 2007/2008 – Plan B Reductions:

Cancel 13 staff positions in academic affairs, student experience, finance and administration, facilities and information technology. Estimated savings 567,500.

School of Liberal Arts and Sciences-advisor - \$40,000 + benefits

School of Liberal Arts and Science-lab manager - \$30,000 + benefits

School of Nursing-advisor - \$40,000 + benefits

Office of Student Experience-student retention advisor - \$40,000 + benefits

Registrar-general support - \$29,023 + benefits

Admissions-general support - \$29,023 + benefits

President-general support - \$29,023 + benefits

Controller-accounts payable - \$29,023 + benefits

Human Resources-general support - \$29,023 + benefits

OIT-server administrator - \$56,500 + benefits

OIT-training coordinator - \$24,910 + benefits

Facilities-maintenance - \$29,023 + benefits

Facilities-maintenance - \$29,023 + benefits

Cancel the search for a Fine Arts Lecturer. Estimated savings: \$45,000

Fill Liberal Arts (5) and Education (2) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$203,000.

Return of HECC funds. Estimated savings: \$50,000.

PLAN B FY07-08 TOTAL ESTIMATED SAVINGS - \$865,500.

Fiscal 2008/2009 – Plan B Reductions:

11 staff positions cancelled in prior year. Advisors in Nursing and Liberal Arts restored. Estimated savings: \$463,500.

Deplete operating reserves. Estimated savings: \$141,000.

Suspension of Fine Arts program. Estimated savings of salary and benefits: \$100,000.

Return of HECC funds. Estimated savings: \$50,000.

Restructure of Bachelor of Applied Sciences Programs by moving management of program to School of Liberal Arts and Sciences until enrollments warrant separate management structure. Estimated savings of operating and part-time instructor costs: \$50,000.

Restructure Community Based Learning by modifying degree requirements and incorporating CBL within the curricula of the majors. Estimated of salary and benefits: \$91,000.

Restructure Center for Teaching & Learning Excellence by moving responsibilities to deans and faculty. Estimated savings of salary and benefits: \$109,000.

Defer initiation of Deaf and Hard of Hearing Education degree by one year. Estimated savings of salary and benefits: \$75,000.

Defer administrative, executive, and instructional faculty merit by 6 months. Estimated savings. \$68,000.

Fill Liberal Arts (1) and Education (1) faculty positions with one-year Lecturers instead of tenure-track faculty. Estimated savings: \$65,000.

PLAN B FY08-09 TOTAL ESTIMATED SAVINGS - \$1,212,500.

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
Boyd School of Law	\$17,980,225								\$0
Statewide Programs	\$2,868,979								\$0
Dental School	\$16,536,885								\$0
Business Center South	\$4,267,534								\$0
UNLV, All Areas	\$401,252,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010	\$2,253,000	\$68,000		\$100,000			\$140,000	\$2,561,000
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$2,253,000	\$68,000	\$0	\$100,000	\$0	\$0	\$140,000	\$2,561,000

TRUCKEE MEADOWS COMMUNITY COLLEGE
4.5% BUDGET REDUCTIONS
2007-08 and 2008-09

The budget reductions required for Truckee Meadows Community College to achieve approximately a \$3.7 million dollar reduction creates hardships for the students, faculty and staff. The reduction limits the College's ability to introduce new programs and respond to work force training needs of the community and can have far reaching impact on TMCC and the community it serves that will take years to recover. If budget reductions continue it will be necessary to limit access by some method such as capping enrollment.

The following highlights some aspects of the reductions:

Personnel

- Freezing vacant positions will reduce hours of service to students, delay responding to external inquiries and reports, degrade cleanliness and appearance of buildings and grounds and limit community use of the College facilities;
- A long-term impact will be reduced employee morale;
- Deferring professional merit is being viewed as penalizing professional employees for their commitment to TMCC and higher education.

General Operations

- Operating budgets have not been increased for the last several years. An effort will be made to preserve operating funds in teaching departments. All other departments will have reductions to already inadequate budgets. The impact will be borne by Student Services, including Financial Aid and Admissions and Records and all Administrative units, including the President's and Controller's offices, Human Resources and Physical Plant;
- Reduction of administrative travel budgets by 50% will require some reduction of staff attending Board of Regents meetings as well as a major reduction in participation in professional organizations and training;
- These reductions will adversely impact high-cost programs such as nursing;
- Reducing Library budgets has an adverse impact on resources available to students and long-term can impact accreditation.

Maintenance, HECC, Equipment and One-Shots

- Delaying maintenance, replacement and upgrade of facilities is only a short-term solution to cover budget reductions in the general operating areas and maintain student access and success. This allows the College to continue to provide access but with lesser quality facilities and equipment;
- The loss of the \$500,000 planning funding for Spanish Springs may result in the loss of the land. With the growth of student enrollment from the Spanish Springs area, the loss will create a long-term facility problem.

The following identifies budget actions to achieve a 4.5% reduction in State funding for the College totaling \$3,651,049 for the 2007-09 biennium. TMCC has record student enrollment for the 2007-2008 academic year. Student enrollment is the primary variable that can impact these plans. Activities are identified to the Categories identified on the summary report for “Biennial Budget Cuts.”

Operating Budget (Personnel)

There are currently 20 vacant positions, including maintenance and grounds, advisors, environmental, student accounts, instructional assistants, internal audit and a vice president. Vacant positions are frozen while an assessment of priorities and the ability to share responsibilities is completed. Salary savings from these positions for 2007-08 will be \$200,000 and \$300,000 is projected for 2008-09 for a total reduction (without eliminating fte) of \$500,000.

Defer Professional Merit

Deferring professional merit of 2.5% to January 2009 will produce a one-time savings for 2008-2009 of \$246,583.

One Shot Funding

TMCC was funded \$500,000 for planning for the Spanish Springs project, based upon a number of performance criteria specified by the State. We understand the one-time funding authorization is withdrawn and TMCC will receive credit against the reduction plans for \$500,000.

HECC Funding

The maintenance and renovation projects funded through SHEC/HECC funding included replacing aging HVAC equipment, key card access to building, elevator improvements and building mechanical upgrades. Some projects are committed but others can be delayed and \$500,000 of the HECC funding of \$800,000 for this biennium will be included in the reductions.

CIPs

Of the two CIP projects funded for TMCC, the Red Mountain Fire Code project and the Edison Roof project, there are no funds projected in excess of the project bids.

Student Credit Hour Surcharge

A per credit hour surcharge of \$2.75 per credit hour will generate \$500,000 additional revenue.

Other

A variety of measures are underway or planned as follows:

Biennial amounts

Deferral of office/classroom upgrades	\$325,000
Capital Improvement Fees to cover	

O&M expenditures	325,000
Reduce administrative travel 50%, memberships, supplies, recruitment budget, etc	200,000
Reduce Library Budget	20,000
Delay equipment replacement	200,000
Off load selected activities to non- state funds	334,466
Total	\$1,404,466

TOTAL REDUCTIONS

\$3,651,049

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
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CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420	\$500,000	\$246,583	\$500,000	\$500,000	\$0	\$500,000	\$1,404,466	\$3,651,049
WNC	\$42,021,026								\$0
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
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System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$500,000	\$246,583	\$500,000	\$500,000	\$0	\$500,000	\$1,404,466	\$3,651,049

1/2/08

Summary Points on UNLV 2007-2009 Biennial Operating Budget – Governor’s Reductions

In order to put the current budget challenges into perspective, we have prepared this document in three parts. Part I covers a background context that has already been discussed about the policy decisions previously made and their impact on the finances of UNLV. Part II provides summary information relative to how we emerged, financially, from the last legislative session. A major point here is that UNLV was already in a precarious financial position before any of the current budget reduction discussions started, both for this current biennium and (more importantly) the 2009-2011 biennium. Part III of this document provides specific information on our response to the 4.5% reductions.

I. Overall Background and Context for these Current Budget Challenges - Major Post Funding Formula Policy Changes which drove the current enrollment patterns and therefore our current financial status.

Given the major policy decisions highlighted below, it comes as no surprise that the enrollments for UNLV have declined from peak periods prior to FY06. While the precise numbers could not have been anticipated, the dramatic change in previous enrollment patterns was the intent of these policy changes and was predicted for some time. Unfortunately there were not corresponding changes in the funding formula to adjust for the financial consequences of these policy changes and it is assumed no one really intended to create a situation where UNLV would accept the most well prepared students with substantially less funds to provide them with a successful experience, and with significantly higher costs than at the community colleges and NSC. However, this is exactly what happened and is continuing to happen. The financial impacts of these policy changes have left UNLV in a relatively weak financial position going into the 2007-2009 biennium, and projections are that there are huge financial impacts waiting in the 2009-2011 biennium. **While the 2007-2009 financial challenges are significant, our biggest concern continues to be the financial challenges that we will face for 2009-2011 when the current funding formula is run based on FY07, FY08 and FY09 FTE’s.**

- **Nevada State College** was created to reduce the number of students at UNLV and UNR, but it is clear the greatest impact is on UNLV. The good news is that with enrollment growth at NSC it is exactly fulfilling the mission for which it was intended. However, the impacted noted above has been felt virtually entirely at UNLV.
- The **admissions policies** for UNLV and UNR were changed to limit the enrollments in order to better serve students and to enhance the academic preparedness of new students.
- **Eliminate State Support for Remedial Courses at UNR and UNLV** (Effective Fall 2006 – FY07). Remedial courses accounted for 412.9 annual FTE at UNLV during FY05.

Additionally, major adjustments to the Millennium Scholarship program have impacted the UNLV enrollments in recent years. This program drove a significant portion of the enrollment jump for UNLV from the inception of the program through FY05. The cumulative impact of changes made have reduced the pool of students who are eligible for the scholarship (new and continuing), which for UNLV is estimated to be a reduction of ~400 new students per year.

II. HOW WE LEFT THE LAST SESSION - “The final biennial budget for UNLV shows a \$41.9M increase over the previous biennium – what can be the problem?”

It is very important when reviewing the UNLV budget to separately look at **“restricted” non-FTE formula funds**, as well as **formula funds**. These are allocated very differently and have very different impacts on the net spending power of the institution to maintain current services.

The State allocates **“restricted” non-formula** increases for COLA, merit, step increases, benefit increases, new facilities and the like. These are “restricted” in the sense that there is no authority to redirect them to hire faculty, staff high demand courses for students, provide increased advising services, cover the unfunded “hold-harmless” hole in our budget, etc. The biennial total of these “restricted” non-formula increases for UNLV is \$47.8M – **MORE** than the net biennial increase in our total budget. Funding of these **“restricted” non-formula** increases is important, but it means that we **cannot maintain the current level of services** as we did in the previous biennium.

The initial 2007-2009 biennial budget reviewed by the legislature for UNLV noted a \$26.1M reduction in base, due to changes in enrollments. We requested “hold harmless” in this amount and the Governor and Legislature approved filling \$14.6M of this hole – leaving \$11.5M as a reduction in current service levels for the campus which was partially filled by the legislature through allowing us to keep additional fee revenue (the “LOI”) of \$5.7M, **netting us a \$5.8M base reduction**. Additionally, the state uses the three year weighted FTE average to drive revenue projections – therefore we are budgeted to increase our enrollment in the 2007-2009 biennium by 0.73%, but in reality we know our enrollment will be well below this – creating an **additional \$3.6M expenditure reduction** over the biennium to cover this shortfall in student fee revenue. This situation is created because the funding formula assumes an increase in student enrollments regardless of the realities; therefore the campus must reduce expenditures in order to cover the projected revenue shortfall. This same situation happened last biennium as well when UNLV was required to reduce expenditures by over \$13M due to registration fee and tuition shortfalls under the same situation – formula funding “growth” overstating actual enrollments. The fact that the legislature was not able to fund utilities inflation will also impact UNLV, and all other state agencies, and for UNLV this is estimated at **\$4.2M** over the biennium (we must cut other expenditures to cover this mandatory expenditure). The new 2007-2009 impact is therefore **<\$13.6M>** as detailed below, which is approximately a 2.8% overall reduction in our base to maintain current service levels compared to FY07.

Listed below is a summary of the 2007-2009 Biennial Budget for UNLV

FY07 UNLV State Budget	\$240.7M
FY08 UNLV State Budget	\$253.0M
FY09 UNLV State Budget	\$270.3M
2007-2009 Biennial Increase	\$41.9M (vs \$47.8M in “restricted” increases)

Breakdown of Biennial Increase:

*"Restricted" Increases	\$47.8M (mostly for salary & benefit increases)
*"LOI" funds(fees)	\$5.7M
*Base Reduction (“Hold Harmless” not funded)	<\$11.5>M
Net	\$41.9M (rounded)
Net Base Reduction (\$5.7M - \$11.5M)	<\$5.8>M
Add fee shortfall	<\$3.6>M
Add Utility shortfall (no utility increases budget)	<\$4.2>M

Net reduction in maintaining current Services <\$13.6>M

This does not even address the fact that we have not had sufficient resources to serve critical students needs in a variety of areas, including course offerings in high demand areas; a lesser reliance on part-time vs full-time faculty to provide an increasing quality of instruction; advising support for students; and other support services focused to help increase a student’s overall success at UNLV, especially in their first year. The policy decisions that led to the creation of NSC and the change in admission standards for UNLV were to create an institution that allowed highly prepared students an option to meet their educational needs (at a higher registration fee level). This type of experience cannot be provided with less funding per FTE student, but in fact requires more funding per FTE student (the California higher education system was one model for considering the development of NSC. For FY08 the state general fund support per FTE for a UC student is \$16,330 and for a CSU FTE \$8,708). The AB203 legislative study, completed in January 2005, underscored the critical need for a major infusion of additional base funding for UNLV in order to provide a “research university” experience for students.

III. HOW WILL WE DEAL WITH FURTHER REDUCTIONS - UNLV Summary Plan Options for 2007-2009 Biennial Reductions:

The 4.5% amounts noted by the Governor for UNLV would be allocated as follows, by appropriation area.

	<u>FY08</u>	<u>FY09</u>
UNLV	<\$7,587,669>	<\$7,784,498>
ICA	<\$400,123>	<\$409,637>
LAW	<\$398,412>	<\$410,698>

DENTAL	<\$364,742>	<\$379,417>
UNLV-SW	<\$63,469>	<\$65,635>
BCS	<\$94,323>	<\$97,716>
Total	<\$8,908,738>	<\$9,147,602>

Total for Biennium <\$18,056,339> (31.3% of the NSHE total)

Overall Priorities/Approaches to Budget Reductions: We have approached this reduction with the following overall policy assumptions. **Priority is given to supporting our students, academic programs, and maintaining our research mission.** Reductions of this level are very significant, requiring difficult choices, and we cannot totally eliminate impacts on students, academic programs and our research mission. However, in general support and other administrative programs and services, already below levels of campus needs, will bear a larger share of the burden of these reductions. We have also approached this reduction with a priority given to protecting our base budget for 2009-2011, and with the assumptions that our “hold harmless” hole will be much more challenging to fill with these reductions/state revenue shortfalls. We also hope that this reduction is the only one we will be faced with for 2007-2009. We have implemented a formal review process for all hires, which will be managed through the Provost’s office for all campus positions. It is our intent to delay hires in areas that are feasible, but move ahead on hires where there is a critical need. It is also important to note that employee “layoffs” are not a major strategy for this budget reduction plan, and we will attempt to avoid them. The President has also determined that we will not delay the opening of either the Science and Engineering Building or the new Greenspun facility to support our College of Urban Affairs, even given the project budget reductions submitted by the State Public Works Board (SPWB). The opening of these facilities is just too important to our campus to delay/defer their use. Our need for academic and research space is critical, and these facilities will assist us in providing an important amount of relief to this situation, and allow us to better serve our students and faculty. The Provost’s office will, however, be taking on increased oversight of the use of these facilities (specifically SEB) to assure that we maximize the benefit to the institution and our sponsored program activities. This could lead to some adjustments from the original assumptions for space allocations.

Impact of Cuts Mid-Year: It is important to note that any cuts like this are basically being allocated for the remaining half of the fiscal year, so a 4.5% cut based on 100% of the fiscal year really has the impact of a 9+% cut for the rest of this fiscal year. The impact is probably even worse than this, given that our expenditure decisions tend to be based on an academic year instructional plan, therefore little can be done to impact the expenditures in the academic area (64% of our budget), without major disruption to our students and their academic plans, especially given that 77% of our total expenditures are in salary and benefits. The only flexibility to reduce salary and benefit costs in the short-term (given notice periods, etc.) are for part-time staff. Part-time faculty teach about 35% of the undergraduate credit hours (up to about 50% when you add graduate assistants and other non-tenure/tenure-track faculty), heavily focused at the lower division levels. Reductions in these staff save the least amount per employee (given

their pay) and create the largest impact on core/required courses for our undergraduate students. We will not focus on part-time faculty reductions for these reasons. We have limited options to increase class sizes (i.e. merge two classes into one) due to the physical constraints of the campus facilities.

Student Surcharge: UNLV is not recommending a student surcharge for this biennium, for reasons that are likely very unique. We recognize that this revenue would help our current financial situation, but we feel it is more important to focus on our partnership with our students and other key stakeholders (the Board, Governor's office and legislature) for a new paradigm for registration fee distributions for the next biennium, to address what we predict to be much larger financial challenges in the 2009-2011 biennium. Our students are on average paying \$345 more per FTE over FY07 fee rates (a 10.9% fee increase just for FY08, and cumulative 23% over the biennium), but already are receiving about \$336 per FTE less in funded services (the impact of the funding formula removing funds even when registration fees are increasing). We also are concerned about the price sensitivity of our students to absorb an increase without our ability to direct a significant portion of the increase into financial aid. Additionally, increases in the graduate student fees have an offsetting expenditure requirement for UNLV in order to retain the same level of funded graduate students (or reduce the number of funded graduate students), as coverage of registration fees is part of the compensation package for graduate students. The 2007-2009 graduate student fee increases have already had a major negative impact on our ability to support the same level of graduate students as in FY07. This would lead to fewer funded graduate students, since the surcharge is an additional cost that must be picked up by the institution in a time of decreased budgets. This would also impact the number of graduate students and therefore the support provided to undergraduate students through instruction, lab support, etc., unless a new fee paradigm can be approved.

Protecting the 2009-2011 Base. It is important for UNLV that we do not further erode the base budget for the next biennium, given the projections that we will already be facing a \$50-\$60M hole vs the FY07 base budget. Therefore, given options of where to take cuts we have considered those that will protect our base, even when this will require some backfill in the near term from non-state sources. For example, UNLV received \$950k over the biennium in "one-shot" operating budget allocations, and we propose to take the full amount as part of our reduction. There are some on-going commitments for this biennium, but a reduction of these one-shot programs will not impact our base budget for 2009-2011. The deferral of merit is another difficult choice to make, as the impact is felt by our most productive faculty. However, this option does provide significant savings for FY09 and will not impact our base budget for the next biennium. A final example would be the use of HECC funds to help meet our reduction targets. We have critical deferred maintenance needs for our campus, and we will need to use CIF funds to some extent to address some of the critical building repair needs. However, use of HECC funds will not impact our 2009-2011 base budget, although this redirection of CIF dollars will have major impacts our plans relative to building improvements/renovations that would benefit students, faculty and staff.

Options for Consideration: It is important to note that a public institution like UNLV has very limited options for taking reductions, as our expenditures are in one of the following major areas: faculty (full and part-time); graduate students (which impacts courses offered to undergraduate students and our graduate enrollment); and support functions to students, faculty

and staff. There are many costs that are fixed (operating facilities, utilities, employment term commitments to faculty and staff, etc.), and therefore the viable options for reductions in the near term are extremely limited.

Limit all hiring activity, and capturing and even forcing expenditure savings, but balanced against this is our need to not negatively impact our FTE (for reasons of support to students, as well as the funding formula for 2009-2011).

We would not focus reductions on part-time faculty, as this would have the largest impact on class sections/seats and the lowest relative financial recovery. UNLV has identified a 4.5%-5% target for us to increase teaching efficiency within the existing faculty base, in order to help address this budget reduction.

The President has differentially allocated reduction targets to various campus programs. For FY08 the reduction target for the academic areas of the campus is approximately .4%, while for some administrative areas the target is 3.8% (these are annual percentage reductions, but they will have to be taken in only ½ the fiscal year, thus doubling their relative impact). Differential reductions are also part of the FY09 plans, with base reduction targets ranging from 2% for academic areas to 4.5% for administrative areas.

Graduate Students. Cuts here would also impact seats, as with PTI's, along with our enrollment of graduate students and the support of our graduate programs. This is not a first priority for consideration.

Professional and classified positions. We would be required to focus on cuts in these areas, regardless of the impacts on services to students and faculty. There would likely impact on our ability to support iNtegrate, as we had looked to actually increasing our staffing in this area, as currently we cannot cover base services let alone be prepared to implement a major new automated student system.

Deferring any maintenance/repairs for facilities, classrooms, etc. (these are projects that will require attention in the future, so this is really a deferral of required expenditures). This will be a major focus of this reduction plan, and includes deferral of several facilities projects focused on providing additional research space and improving existing classrooms and student used laboratories.

There were several special "one-shot" appropriations in the 2007-2009 appropriation, totaling \$950k. Although these are very important allocations to the specific programs, in general they do not directly support instruction and service to students, and their elimination would not impact the base budget for the 2009-2011 biennium, therefore UNLV would look to eliminate these allocations (but we would be forced to provide some backfill from non-state sources to address commitments).

The CIP funding received by UNLV for 2007-2009 included final funding for the Science Engineering Building and the Greenspun Building. The SPWB recommended (and we assume it has been approved) that the SEB facility budget be reduced by \$500k and that the Greenspun facility budget be reduced by \$750k. While these reductions will impact the facilities, we are committed to assuring their opening on schedule. Additionally, the Student Services Addition facility was funded in the 2005 session of the

legislature, and \$600k of the total project was supported by State General Fund dollars. The project was delayed due to the need to redesign the facility to bring it within budget, but at this time we believe this reduction can be made without major impacts on the facility and its function. The System has verified with the state that this GF cut can be taken towards our 4.5% reduction.

Defer FY09 merit by 6 months. It would be preferable for the state to consider adjustments to the FY09 COLA funding, which is currently approved at a 4% level (and each 1% costs the state general fund about \$29 million), but we understand this is outside of our control. By keeping the full merit in the base the individuals will only have a ½ year financial impact, and this deferral action does not negatively impact the base budget for the 2009-2011 biennium. However, there are downsides to recommending this option, as the strong campus merit process means a differential impact on our most productive and valuable faculty. However, we do understand and support this deferral action as a system-wide approach.

Summary Proposals:

UNLV Options/Proposals	Biennial Total
NSHE 4.5% Reductions	\$28.40

NOTE: ALL DOLLARS IN MILLIONS

UNLV 4.5% Target (total - each appropriation would cover its own 4.5% reduction)	\$18.10
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Note: Priority given to supporting our students, our academic programs, and maintaining our research mission

Major Assumptions: Protect base budget for 2009-2011 biennium; assume "hold harmless" problem for that biennium will be more challenging to fill with these reductions; and hope that these are the only reductions that we will need to take for the current biennium

Summary Proposals:

Allocate reduction amounts to VP areas (differential allocation of percentage of budget NOT ACROSS THE BOARD)	\$5.82	Differential amounts with highest allocations of cuts to administrative areas.
Mid Year FY08 O/H increase to non-state units	\$1.20	A way for self-supporting programs to help with budget challenges, with these non-state funds being used to backfill an equal level of state support.
Research Challenge grant savings	\$0.88	Funds allocated to provide matching for external grants and contracts (more reliance on F&A will be required)
Research Infrastructure savings	\$0.41	Funds allocated for research infrastructure/equipment needs.
Biennial one-shots	\$0.95	Not part of "base" budget, so reductions will not impact 2009-2011 biennium base. Will

need to cover commitments from non-state sources

Merit pay 6 month deferral	\$1.66	
Credit for CIP cuts/SPWB projects	\$1.85	
HECC Funds reduction	\$3.12	Backfill some portion with CIF
Law School operating reductions	\$0.47	See summary information below
Dental School operating reductions	\$0.66	See summary information below
Athletics operating reductions	\$0.78	See summary information below
SW Programs operating reductions	\$0.12	
Business Center South operating reductions.	\$0.18	
Subtotal	\$18.10	

Summary of Budget Reduction and Impacts - UNLV

Student retention activities, including advising and other support will likely operate at significantly lower levels.

*We will lose advisors and have had to delay hiring critically needed advisors in areas where the student/advisor ratio is greater than 400 to 1.

*We will delay our implementation of new student retention programs, and we will likely need to delay opening the 1st year and student success center.

*Lack of student retention and recruitment success may have an FTE impact, which could further increase our challenge for the 2009-2011 biennium.

Class sizes will increase for some students (contingent upon identifying feasible space options), and class availability will decrease, impacting student schedules.

Defer merit in FY09 for at least 6 months. This focuses on our move productive faculty and professional staff, and very unfortunate. There may be impacts on retention of existing faculty and professional staff.

Academic Program Impacts.

*Suspend or eliminate programs. We have instituted a new rule that no new degree program can be added without trimming a low yield program.

*Merging units/programs.

-Combined Administration of School of Allied Health and Nursing

-Working to condense Counselor Education and Special education into one department instead of two

*Faculty teaching loads.

-We have already increased faculty load as a result of the fall planning reductions,

reducing some of our reliance on PTIs, and increasing class size and tenure earning faculty load to make up the difference.

-In areas like business the full time to PTI ratio is so high that we are at risk for accreditation.

-UNLV has identified a 4.5%-5% target for us to increase teaching efficiency within the existing faculty base, in order to help address this budget reduction.

We will implement the SBPW recommended reductions in FF&E for Greenspun and SEB buildings, but we will commitment to open both facilities. We will focus on having the labs operational in the new SEB. For Greenspun Hall we will focus on all equipment for the academic studios, classrooms, laboratories and faculty offices.

Retain support for on-going building Preventative Maintenance activities, however, eliminate/defer some larger building repair and maintenance projects. This will impact all space, including classrooms as well as research space. We were working to identify a way to construct a relatively small research addition that would support animal use, which is a significant need at this time, to be funded from F&A resources. Given the financial concerns, we will need to defer all planning for this facility (the F&A resources will be needed to sustain other areas impacted by these budget reductions).

Defer the search for the Vice President for Research/Dean of the Graduate College.

Finance and Business areas. Will not fill two Associate VP level positions.

Less business processing staff for transactions, which will likely lead to longer processing times and more complaints about lack of “infrastructure” to support institutional needs.

Building cleaning. Focus on bathrooms and common areas, but individual office trash pick up may go from daily to 2-3 times per week.

We will delay installation of new IT and classroom technology in old classrooms, as well as classroom and laboratory renovations/improvements.

Summary of Budget Reductions and Impacts - School of Dental Medicine (\$664.8k)

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget.

These reductions will limit the renewal and replacement of technology based supplies. For example, the upgrades and replacement of instructional technology including teaching microscopes, computers, learning aids and external resources will be postponed and many contracts discontinued.

The reductions will also limit the state-of-the-art teaching methodologies used in a competitive, technology driven educational environment. For example, we will postpone the Dental Auxiliary Utilization (DAU) module. This will limit the student's educational experience in learning the

team approach in the dental practice of four-handed dentistry with utilization of a dental assistant.

Reductions will also result in less than desirable teaching materials and supplies. For example, the limited supplies will be rationed to dental students and may result in a reduction in the number of educational experiences per dental student.

Changes for Advanced Dental Education Programs.

The decision on the Orthodontics program was in part made to recognize and respond to the financial pressures for the next biennium.

Delays in other Advanced Dental Education programs have also been implemented - we have suspended plans for implementation of these new programs.

Summary of Budget Reductions and Impacts - William S. Boyd School of Law (\$473.6k):

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget. Some of the impacts of these reductions are highlighted below.

- Loss of leadership and support for technology both in the Law Library and the Law School as a whole (postponed searches for IT Director and technology-related Law Librarian).
- Reduction in library services provided to students and public patrons
- Cancellation of many law journal subscriptions (saving operational dollars).
- Reduction in number of clients that can be served by the law clinic
- Reduction in funding for part time instructors and class electives
- Reductions in funding for computer replacements and classroom equipment
- Reduction of administrative support for faculty teaching and research (postponed support staff searches).
- Reduction in supplies and resources for printing

Summary of Budget Reductions and Impacts - UNLV Athletics (\$782k):

In addition to the 6 month merit deferral, the remaining reductions will come from the operating budget.

FY08 Reductions. The Intercollegiate Athletics Department state supported budget is annually allocated to the 17 intercollegiate athletic teams. Given the time of the year that the 4.5% budget reduction is to be implemented, the fall and winter sports budgeted dollars are already committed towards scholarships and competition. These expenses cannot be changed at this time. Therefore, we expect the budget reductions for FY08 to mainly impact recruiting, team and staff travel, equipment and team apparel, sports medicine expenses and professional staff development, along with other "opportunities" (i.e. holding positions vacant) that arise to force this level of budget reduction. Athletics may also have to rely upon existing reserves to some extent.

FY09 Reductions. Additional budget cuts in state funds of \$381,843 (in addition to the deferral of FY09 merit) and projected reductions in revenues for fiscal year FY09 may significantly impact the Department. Fiscal year 2009 budget reduction plans will include, but may not be limited to, the following types of activities. Use of athletic and TMC/SBS/Cox department reserves; reduction across all department operating budgets; create a tier sport program - some sports may not be fully funded; eliminate one sponsored sport; eliminate non-traditional sport seasons; staff reductions (part-time, graduate students) and hiring freeze; travel reduction – least expensive mode of travel, regardless of distance, regionally scheduling and recruiting; reduce facility staff costs – less ushers and security; scheduling – home games only or travel for large guarantees; eliminate professional/staff development.

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
State Health Lab	\$4,054,607								\$0
UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719	\$8,261,877	\$1,440,530	\$700,000	\$3,119,760	\$1,850,000	\$0		\$15,372,167
Athletics	\$17,994,671	\$781,966	\$27,794						\$809,760
Boyd School of Law	\$17,980,225	\$473,603	\$85,507	\$250,000				\$0	\$809,110
Statewide Programs	\$2,868,979	\$117,046	\$12,058						\$129,104
Dental School	\$16,536,885	\$664,751	\$79,408				\$0		\$744,159
Business Center South	\$4,267,534	\$177,487	\$14,552						\$192,039
UNLV, All Areas	\$401,252,013	\$10,476,730	\$1,659,849	\$950,000	\$3,119,760	\$1,850,000	\$0	\$0	\$18,056,339
CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$10,476,730	\$1,659,849	\$950,000	\$3,119,760	\$1,850,000	\$0	\$0	\$18,056,339



University of Nevada, Reno

Biennium Budget Reduction Plan

**Submitted to the Nevada Board of Regents
By Milton D. Glick, President**

January 2, 2008

OVERVIEW

The University of Nevada, Reno began the year with a deficit of approximately \$6M. This shortfall resulted from the following combination of factors: not meeting Legislative projections on enrollment; over-projecting non-resident revenue (due to the University's compliance with Western Undergraduate Exchange, or WUE, provisions); unrealized tuition revenues and a preexisting structural deficit related to the funding of undergraduate instruction. This funding shortfall preceded Governor Gibbons' call for an additional 4.5% general fund reduction.

The reductions ordered by the Governor of approximately \$18M combined with the initial \$6M shortfall result in a total of \$24M over the biennium for all University appropriations. It is important to understand that due to timing we have not had the full discussion that both good practice and Board and University policy require, so some of the actions described here may be modified or eliminated after full review while other actions, as yet unidentified, may be implemented. We have had constructive discussions with the deans, vice presidents, faculty representatives and student leaders but we would not wish to present this as anything other than the proposed plan of the President.

In addressing the Governor's mandated reductions, the University will strive to protect its core missions of instruction and research. No classes will be cancelled during this biennium as a result of these budget reductions. Our goal is to maintain and enhance the quality and integrity of our academic and research programs and to provide students with access to the courses they need to make progress toward graduation. Sheltering the academic and research functions necessarily means that reductions will be distributed disproportionately and that certain areas, and certain appropriations, will absorb a greater share of the overall reduction.

The reductions that follow are strategic reductions rather than across-the-board cuts. The organizational restructuring that will occur will result in some efficiencies, but it is clear certain functions and services will need to be eliminated over the course of the next two years. We intend to honor contractual and ethical commitments to students, faculty and staff. This intent combined with board policy means some actions will not yield immediate savings. We also plan to look for instructional efficiencies within and between colleges and departments including an examination of appropriate class sizes. Faculty workload will be examined to ensure that faculty who are not actively engaged in research are providing the appropriate amount of instructional activity.

Finally, this institution is most proud of its faculty and student leaders who have come forward in a positive manner offering suggestions to assist during this difficult time. Included in this document are recommendations for a six-month deferral for Fiscal Year 2009 (FY09) merit adjustments for all faculty and administrators and a plan to implement a per credit hour tuition surcharge in August 2008. Both of these proposals will help mitigate the impact of the budget reductions for FY09. The willingness of both the faculty and the students to participate is a strong statement of their commitment to this University and to the state.

Budget Reduction Plan:

- **Revert Furniture, Fixtures & Equipment (FF&E) for the Davidson Mathematics and Science Center facility. Estimated savings, \$3,732,000.** The University will begin construction shortly on the Davidson Mathematics and Science Center; however, it will not be necessary to expend funds currently appropriated by the legislature for FF&E during this biennium. FF&E funding for this facility will be our highest capital improvement priority for the 2009-2011 legislative session.
- **Delay opening of the Mathewson-IGT Knowledge Center. Estimated savings, \$2,000,000.** In order to protect the core mission of the institution and avoid large-scale employee layoffs, we will delay opening of the Mathewson-IGT Knowledge Center until July 1, 2009. This action will allow us to save approximately \$2,000,000 in Operations & Maintenance (O&M) costs appropriated by the legislature for “new space.” Library operations will remain in their current location and the Mathewson-IGT Knowledge Center will be opened when we can afford to operate and appropriately staff the building. While not optimal, delaying the opening of this facility is preferable to deep cuts in instructional operating budgets and termination of employees. We will request O&M funding for new space, along with a return to baseline library staffing, as part of the 2009-2011 biennial budget process.
- **Organizational Restructuring. Estimated savings, \$600,000**
 - **The University will take steps to reorganize including elimination of the College of Health and Human Sciences as a separate college and integration of its programs into appropriate divisions of the University.** The School of Medicine will join several academic units, including the Orvis School of Nursing and the School of Public Health, currently housed in the College of Health and Human Sciences and led by Interim Dean Charles Bullock, to build out the University of Nevada, Reno Health Sciences Division. This reorganization is driven by the recognition that optimal health care is provided by multidisciplinary teams – nurses, social workers, pharmacists, therapists, physicians and others – who train and work together, focusing on meeting the patient’s needs. In addition, the new emphasis on translational research makes this an opportunity for the growth of new research programs. This expanded division will: provide rich choices for students seeking health careers; leverage existing strengths and infrastructure to create new opportunities for learning and research; and emphasize the importance of health care to our economy and statewide community. This transition will occur July 1, 2008. John A. McDonald will serve as Vice President for Health Sciences, reporting jointly to President Glick and the Provost. He will work closely with Interim Dean Bullock and Interim Provost Jannet Vreeland meeting with stakeholders and leadership to gain their insights in managing an efficient transition and creating a nimble and

responsive leadership structure. Other organizational changes will also be discussed.

- **Streamline the University Communications division** eliminating the vice president position as well as existing vacant positions in the division.
- **Eliminate peripheral or duplicative instructional and academic support units.** The Excellence in Teaching Program (ETP) will be eliminated as a standalone function and we will work with the deans and Information Technology to develop effective functional plans to support our instructional faculty with existing resources. Savings from this re-structuring will not be fully realized until the 2009-2011 biennium. Other areas will be explored.
- **Better leverage information technology services.** Information Technology can help to reduce costs in the delivery of computing services and better leverage existing University resources. Currently, several University units provide IT services within their respective units and these activities are duplicative and pose added security concerns. In addition, the cost of these duplicative services—managed in smaller, isolated environments—are often more costly than centrally-provided services.
- **Streamline Teaching and Learning Technologies (TLT).** Two positions in Teaching and Learning Technologies related to video-based distance instruction support will be eliminated as changes in other delivery methods have eliminated the relevance of this specialty.
- **Base reductions to administrative units. Estimated savings, \$1,850,000.** Each of the five administrative vice presidents (Administration and Finance, Information Technology, Student Services, Development and Alumni Relations, and Research) will reduce their base budgets by \$375,000 over the biennium. These reductions will result in the reduction and/or elimination of current services and the likely elimination of some positions.
- **Reduce state funding for academic programs with extraordinarily high costs per full-time equivalent student. Estimated savings, \$470,000.**
 - **Gerontology Academic program.** This program costs approximately \$55,000 per student FTE. The advising responsibilities for this program will be assigned to a faculty member and the current advising position will be eliminated. The incumbent will be re-assigned to a vacant advising position in another unit.
 - **Mining Engineering program.** The cost per undergraduate student FTE for the Mining Engineering program is approximately \$54,000 per student. This program is important to a vital segment of the state's economy, but we can no

longer justify this level of state support, support equal to \$30,000 more per undergraduate student FTE than the next highest cost program in the University. To maintain this program, we are seeking help from the mining interests in the state.

- **Defer faculty and administrator merit for six months. Estimated savings, \$1,000,000.** The leadership of the Faculty Senate, along with the UNR chapter of the Nevada Faculty Alliance, has recommended, for the integrity of the institution and its academic programs, to defer FY09 faculty and administrator merit increases until January 1, 2009. We appreciate the leadership demonstrated by our faculty and their willingness to make personal sacrifices in order to preserve the core missions of the University.
- **Implement a \$5.00 per credit hour tuition surcharge beginning Fall 2008. Estimated additional revenue, \$1,500,000.** Together with the ASUN Senate leadership and the Office of the ASUN President, the Associated Students of the University of Nevada (ASUN) support the necessary surcharge of the equivalent of \$5.00 per credit per semester for three semesters. The students request that additional charges not be imposed Spring 2008 if the charges would not appear on ePaws (the online student registration system) prior to the payment deadlines for the spring semester and therefore delayed until the fall semester. The students are planning to bring a proposal to the Board by April 2008 for an additional special fee for ASUN/student activities.

The combination of the merit deferral and the surcharge will avoid the elimination of 300 class sections per semester and enhance overall class availability.

- **Suspend searches for faculty and classified positions to be filled prior to July 2008. Estimated savings, \$1,500,000.** As a consequence of the structural deficit noted earlier, the University in recent years has, as a matter of practice, frozen most vacant positions collecting salary savings to meet the state-mandated salary savings requirement and to cover temporary instructional faculty. All vacant positions, including those previously approved for search, will be reviewed to determine whether the position must be filled.
- **Reduce library acquisitions. Estimated savings, \$300,000**
- **Suspend instructional equipment replacement. Estimated savings, \$600,000 over the biennium.** The University is an equipment-intensive operation. These funds are vital to both the undergraduate and graduate teaching and research missions of the University and are used to upgrade teaching laboratories and acquire key pieces of instrumentation. This must be a temporary measure as the adequacy of our equipment was a subject of significant concern in our recent accreditation review.
- **Reduce/suspend Applied Research Initiative. Estimated savings, \$1,000,000.** The Applied Research Initiative is an element of our efforts for economic development.

These funds are used to form public/private partnerships to develop commercial applications for University research and to diversify the state's economy. These funds have been used to fund 15 to 20 public/private partnerships annually.

- **Off-load selected activities to non-state funds. Estimated savings, \$300,000.** Several other programs receive funding from both state and non-state sources. Where possible, a greater portion of these programs will be shifted permanently to non-state funding.

LAND-GRANT PROGRAMS

The University of Nevada, Reno is the land-grant institution of the Nevada System of Higher Education. As such, its core mission includes instruction, research and outreach to the state and its citizens. From a budget perspective, our outreach mission can be divided into three areas based on funding: General statewide programs (1104 state funding); Nevada Agricultural Experiment Station (1106 state funding); and University of Nevada Cooperative Extension (1107 funding).

Statewide Programs (1104 funding)

The total budget cut for Statewide Programs is \$755,620. A few of the Statewide Programs, Nevada Bureau of Mines and Geology, Seismology Laboratory, and the Research and Education Planning Center, have the ability to shift some of their costs to grant funds or other self-supporting revenues in order to absorb the budget reductions. Other programs such as Oral History, Basque Studies, and the Small Business Development Center, have much less flexibility making any budget reduction difficult.

FY 2008-09 Biennium Budget Reduction Plan

- Eliminate Workstation Replacement. Estimated savings, \$104,000.
- Eliminate two vacant administrative faculty positions and move another faculty salary to non-state funds in Extended Studies. Estimated savings, \$101,000.
- Eliminate one faculty position in Basque Studies. Estimated savings, \$82,000.
- Eliminate a vacant .53 FTE classified position in Oral History. Estimated savings, \$9,000.
- Eliminate Cancer Research Laboratory Statewide Program. Estimated savings, \$73,000. This will leave \$25,000 for personnel support for FY09. This reduction will result in the eventual loss of two graduate student positions and partial technician support.
- Defer faculty and administrator merit for six months. Estimated savings, \$50,000.
- The balance will come from a combination of reductions to operating budgets and salary savings.

NEVADA AGRICULTURAL EXPERIMENT STATION

FY 2008-09 Biennium Budget Reduction Plan

- **Freeze 2.37 FTE in faculty positions and .50 FTE in classified positions. Estimated savings, \$527,000**
- **Reduce outreach budget. Estimated savings, \$23,000**
NAES and CABNR outreach efforts may be reduced and may result in the reduction/elimination of some outreach publications and in-state travel.
- **Reduce all department operating budgets. Estimated savings, \$24,000**
Already insufficient operating budgets will be further reduced. Classroom teaching materials and aids may be reduced. Fieldtrips may be curtailed.
- **Reduce Basic Research budget in Biochemistry. Estimated savings, \$46,000**
This will impact graduate student funding and may impact the department's ability to meet current start-up commitments.
- **Reduce remote Operating & Maintenance Budget. Estimated savings, \$55,000**
This will impact the ability to maintain the buildings and grounds at the remote locations.
- **Reduce Hatch/Multi-State and McIntire-Stennis project budgets. Estimated savings, \$160,000**
Impacts will vary but the overall result will be a reduction of approximately one post doctorate and six graduate students supported by NAES and a curtailment of research activities. Ultimately, there may be a negative impact on the leveraging of these funds, resulting in a reduction of new sponsored project funding.
- **Defer faculty and administrator merit for six months. Estimated savings, \$64,000**

UNIVERSITY OF NEVADA COOPERATIVE EXTENSION

FY 2008-09 Biennium Budget Reduction Plan

- **Salary savings from positions hired in FY08 but vacant prior to filling. Estimated savings, \$105,000**
This category represents positions that were vacant for several months before being filled. These positions are now filled and will not be available for savings in FY09.
- **Delay replacing the Western Area Horticulture Specialist and the State Horticulture Specialist (1.75 FTE). Estimated savings, \$267,000**
With the vacancy in the Western Area Horticulture Specialist position, the Area Director will reassign supervision of classified horticulture positions in the Area. He will ensure that other faculty in natural resources areas will be available to assist the staff. Faculty in other Areas, along with extension educators with horticulture expertise who are members of the UNCE Horticulture Team, will be asked to assist with statewide programs that are the responsibility of the State Horticulture Specialist.
- **Delay filling other vacant positions and collaborations with campus faculty. Estimated savings, \$506,000**
- **Reduction in all operating budgets. Estimated savings, \$50,000**
Focus on high-priority programs and supplement operating budgets with external funds and registration fees.
- **Defer faculty and administrator merit for 6 months. Estimated Savings, \$90,000**

Longer term strategies

Programs and positions will be analyzed and potentially eliminated where there has been lower productivity and impact and the funding will be reallocated to higher priority programs and initiatives. Cooperative Extension will examine ways to reorganize in order to minimize negative impacts on programs. One possibility that will be considered is using more joint appointments with academic units so that existing resources can be more effectively utilized.

UNIVERSITY OF NEVADA SCHOOL OF MEDICINE

The University of Nevada School of Medicine (UNSoM) provides the following preliminary reductions for the remainder of FY08 and for FY09. Some of the reductions will negatively impact the strategic goal of increasing our student enrollment and improving the clinical service/education we provide to our community and students. The state is experiencing a shortage in many specialties which UNSoM is trying to grow. These cuts will certainly delay providing the state with the needed physicians to service our communities. They will also increase our move toward supporting more of the programs through practice plan income, which by its nature will cause our faculty to spend more time on practice and less on instruction.

FY 2008-09 Biennium Budget Reduction Plan, \$3,089,000

- All requests for hiring (faculty and staff) will be postponed to a later time in the year. Every position request will be evaluated by the School of Medicine Dean, CFO and appropriate department chairs prior to the commencement of the search so that only the most critical and essential positions will be considered.

Clinical faculty who are revenue-generating must be licensed in Nevada and credentialed with the hospital and insurance companies before assuming their duties. An ongoing assessment of faculty salary funding will re-allocate funding sources to non-state funds. Estimated savings, including incremental savings in malpractice insurance, \$1,042,000.

- Within the UNSoM Dean's Office, a reassessment of Budget and Finance, Operations, and General Counsel will allocate a portion of the salary expense for administrative faculty to clinical funds. Estimated savings, \$136,000.
- Reduce department operating and travel expenses by approximately 20% during the next six months. These reductions are spread throughout the School of Medicine departments (clinical, basic science and administration) in both Reno and Las Vegas. Areas not subject to this elected reduction include areas such as operations and maintenance, scholarships and fellowships, institutional support, community service endeavors and student services including recruitment. Estimated savings, \$347,000.
- For FY09, the UNSoM internal budget process will take a step-by-step approach to reallocate the reduced biennial budget. The budget reduction (less merit deferral) for FY09 will impact each department on a prorated basis. This reduction will impact reductions in salary, operating, travel and equipment purchases throughout the School of Medicine.
- Defer faculty and administrator merit for six months. Estimated savings, \$245,000.

NEVADA STATE HEALTH LABORATORY

- Realize salary savings on vacant positions. Estimated savings, \$80,000.
- Reduce operating budgets. Estimated savings, \$74,000.
- Increase fees charged for specific tests and off-load state expenses to non-state funds. Estimated savings, \$25,000.
- Defer faculty and administrator merit for six months. Estimated savings, \$3,100.

INTERCOLLEGIATE ATHLETICS (ICA)

The state-funded portion of intercollegiate athletics' budget is allocated to specific sports with significant portions used to meet gender equity requirements. Significant progress has been made in the gender equity area as evidenced by the department's number one national ranking two years in a row. For the long term, we will examine whether continuing to support 19 sports is viable given our budget constraints.

In effecting any reduction in expenditures, the number one priority is to do so without jeopardizing the welfare of our student-athletes.

FY 2008-09 Biennium Budget Reduction Plan

- **Reduce self-supporting operating budgets in order to off-load state expenses to non-state funds. Estimated savings, \$360,000.** Much of the operating budgets are fixed for items such as officials, scholarships, and conference dues. The only area where any flexibility exists is in the area of recruitment. Cuts to recruitment may seriously impact our ability to stay competitive within the conference.
- **Increase fund-raising. Estimated funds to be raised, \$230,000.** Any amount needed to comply with the budget cut will be covered by increased fund-raising efforts. While we are reticent to ask private donors to offset losses from state funding reductions, it may be necessary to avoid long-term damage to the program.
- **Defer faculty and administrator merit for six months. Estimated savings, \$22,000.**

BUSINESS CENTER NORTH

FY 2008-09 Biennium Budget Reduction Plan, \$226,000

- Eliminate state funding for three classified positions. Estimated savings, \$180,000.
- Reduce operating (non-salary) budgets. Estimated savings, \$40,000.
- Defer faculty and professional merit for six months. Estimated savings, \$6,000.

RECOMMENDED SYSTEM CONSIDERATIONS

The University, its faculty, staff, and students are prepared to make difficult decisions in order to protect the core missions of the institution. We will do this, in part, by deferring capital and one-time expenditures. We urge the Chancellor and the Board to follow a similar course particularly as it relates to capital funding for the Nevada Health Sciences System and the one-time appropriation for iNtegrate, the system-wide student information system project. If these projects can be deferred, it may be possible to avoid some of the reductions proposed here and by other system institutions.

- Eliminate the funding for the Cain Hall renovation on the UNR campus, \$1.0M
- Defer Project iNtegrate, \$10.0M

Governor's Cut Target %	4.50%
NSHE Biennial Op Budget	1,280,818,065
Target Reduction Amount	57,636,813
Less System One-Shots/Other	
Distributed Cuts	57,636,813
% NSHE Operating Budgets	4.50%

		***** Biennial Budget Cuts *****							
Biennial Totals by Appropriation Area:	General Fund	Operating Budget (Personnel)	Defer Professional Merit	One-Shots	HECC	CIPs	Student Credit Hour Surcharge	Other	Total All Biennial Cuts
UNR	\$268,855,734	\$8,620,000	\$1,000,000			\$3,732,000	\$1,500,000		\$14,852,000
School of Medicine	\$68,637,121	\$2,844,000	\$245,000						\$3,089,000
Athletics	\$13,592,947	\$590,000	\$22,000						\$612,000
Statewide Programs	\$16,791,560	\$706,000	\$50,000						\$756,000
Agricultural Experiment	\$18,240,787	\$835,000	\$64,000						\$899,000
Cooperative Extension	\$18,472,748	\$928,000	\$90,000						\$1,018,000
Business Center North	\$5,017,713	\$220,000	\$6,000						\$226,000
State Health Lab	\$4,054,607	\$179,000	\$3,100						\$182,100
UNR, All Areas	\$413,663,217	\$14,922,000	\$1,480,100	\$0	\$0	\$3,732,000	\$1,500,000	\$0	\$21,634,100
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
Boyd School of Law	\$17,980,225								\$0
Statewide Programs	\$2,868,979								\$0
Dental School	\$16,536,885								\$0
Business Center South	\$4,267,534								\$0
UNLV, All Areas	\$401,252,013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026								\$0
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$14,922,000	\$1,480,100	\$0	\$0	\$3,732,000	\$1,500,000	\$0	\$21,634,100

WESTERN NEVADA COLLEGE NARRATIVE

At the beginning of FY08, the college recognized and addressed financial challenges by reducing college operating budgets by 2% and temporarily holding a number of positions vacant. Funds associated with this initiative are needed to address emergency repairs, deferred maintenance issues, and a variety of other critical need items. With this submission, the college also seeks permission to revise this plan with BOR approval if circumstances warrant.

Type	Related Information
Operating	Recognizing that many of the college's service areas have very limited staffing (i.e., one individual per function), and that approximately 94% of the state-allocated budget is personnel, the college must make temporary reductions in staffing to meet mandated budget reductions. This includes a temporary hiring freeze in the following areas: instruction, student services, and administrative support; based on the availability of funding, some positions may be filled as temporary appointments. The institution acknowledges that the current personnel vacancies have a negative affect on student enrollment and the institution's ability to meet student needs.
Defer Merit	College proposes deferring the awarding of merit in FY09 until January 2009. The resulting savings will be applied to the reduction.
One-shot	
HECC	College plans to meet the reduction target with a reduction in HECC funds. Although these funds are needed to cover a number of identified deferred and preventive maintenance problems, further reductions in other areas will seriously jeopardize the college's ability to meet its educational mission.
CIPs	With the single project funded for WNC (ADA/Life-Safety), and with importance that the college places on addressing ADA and life-safety issues, no CIP funds are used to meet the budget reduction requirement.
Surcharge	College proposes a surcharge of \$2.75 per credit hour to apply to the reduction.
Other	College proposes making temporary reductions to institutional operating accounts and further promotion of energy savings; reductions will also be made to the library acquisition budget and professional development funds.

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UNR	\$268,855,734								\$0
School of Medicine	\$68,637,121								\$0
Athletics	\$13,592,947								\$0
Statewide Programs	\$16,791,560								\$0
Agricultural Experiment	\$18,240,787								\$0
Cooperative Extension	\$18,472,748								\$0
Business Center North	\$5,017,713								\$0
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UNR, All Areas	\$413,663,217	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNLV	\$341,603,719								\$0
Athletics	\$17,994,671								\$0
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CSN	\$192,828,993								\$0
GBC	\$33,360,369								\$0
TMCC	\$81,134,420								\$0
WNC	\$42,021,026	\$814,063	\$136,079	\$0	\$350,000	\$0	\$210,884	\$379,920	\$1,890,946
NSC	\$33,001,010								\$0
DRI	\$19,157,015								\$0
Special Projects	\$5,491,211								\$0
University Press	\$1,792,027								\$0
Nat'l Direct Student Loans	\$101,808								\$0
System Computing	\$45,925,749								\$0
System Administration	\$11,089,207								\$0
NSHE System	\$1,280,818,065	\$814,063	\$136,079	\$0	\$350,000	\$0	\$210,884	\$379,920	\$1,890,946