

## **Message from Dr. Glick**

Dear Colleagues:

There has been a flurry of news recently regarding the budget and I wanted to take this opportunity to make certain there was common understanding of the most recent events.

### **Special Session**

At a briefing before the Interim Finance Committee in late November, Budget Director Andrew Clinger informed legislators that he was projecting a deficit of approximately \$340 million in the state general fund budget for the current fiscal year. In order to balance the state's budget, all agencies, including NSHE, were instructed to prepare for additional expenditure reductions ranging from 4% to 11%. These reductions would be in addition to the nearly 8% reductions state agencies had already absorbed this fiscal year. The magnitude of the projected deficit, along with the timing and size of the reductions, prompted the Governor and the legislative leaders to convene a special legislative session.

I am pleased to say it appears the Governor and the legislature were able to resolve the remaining budget deficit for Fiscal 2009 without further reductions to our operating budget. They did draw down balances in several funds which impact higher education in the long term (Millennium Scholarship, HECC/SHECC, and Estate Tax) but were able to avoid direct reductions to current year operating budgets. While I would hesitate to say we escaped unscathed, the result was substantially better than perhaps anticipated. We will continue to be extremely careful in the management of funds, but at least we will not be required to make further reductions beyond what we have already implemented for fiscal 2009.

This allows us to focus all of our attention on the very difficult choices we anticipate having to make for the 2009-2011 biennium.

### **Special Meeting of the Board of Regents**

On December 12<sup>th</sup>, the Board of Regents held a special board meeting to decide the methodology to be used in addressing the Governor's request to reduce the NSHE operating budget by 14.12% for 2009-2011 biennial budget.

This biennium's midterm reductions have been distributed in an across-the-board fashion and that was, in fact, one of the options presented to the board for the next biennium. Alternatively, many argued NSHE should use its existing funding formula as the means for allocating the budget cut among the various campuses. Using the formula, and the most recent enrollment data, redistributes resources within the system so those campuses with growing enrollments receive a smaller percentage reduction than those campuses with static or decreasing enrollments. Our campus reductions would be relatively similar with each of the options. For other campuses, mainly UNLV, who favored across-the-board, and CSN, who favored use of the formula, methodology was an important issue. There was as much as a \$10M shift between the two campuses depending upon which method was approved by the Board. Prior to the Board Meeting, the Council of Presidents had voted 7-1 (UNLV dissenting) to distribute the reductions using the formula and current year enrollment. Other options were proposed and debated, but in the end, the Regents elected to use the formula, with minor modification, and allow resources to follow the students.

The Board also approved a recommendation that the state refrain from including, in the 2009-2011 appropriations, any unfunded mandates. This was done to preserve as much flexibility as possible in light of the potential for 14.12% or greater reductions in the next biennium.

As always, I appreciate your comments and input on the very challenging times we face. I invite you to continue to email me with your suggestions. I thank each of you for all you do and wish you and your family a positive new year.

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