

**BOARD OF REGENTS
BRIEFING PAPER**

1. AGENDA ITEM TITLE: NSHE Funding and Predictable Pricing Program

MEETING DATE: September 11-12, 2025

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Institutional operating budgets are under strain for several reasons, including recent inflation volatility, fluctuating enrollment trends, and the direct and indirect financial effects of changing federal policies.

To help address these challenges, the Legislature provided bridge funding for fiscal years 2026 and 2027 to support NSHE institutions' operating expense budgets. However, this funding is one-time and not recurring. The Legislature also indicated that NSHE must find a long-term solution to cover this gap in future years.

In addition to state General Fund appropriations, NSHE institutions generate revenue from other sources such as student fees, private gifts, grants, and self-supporting activities. These include housing and residential life programs, clinical revenues from academic health programs, and athletic ticket sales and media rights. For employees funded by these non-state-supported activities, those revenue sources must absorb the full cost of cost-of-living salary adjustments. Within the state-supported operating budgets, the only revenue source available beyond state appropriations is student fees.

The cost-of-living salary adjustments implemented in fiscal years 2024 and 2025 have had a significant impact on institutional budgets. While these adjustments were important in addressing compensation concerns and have been successful in improving staff recruitment and retention, the state funding model left a shortfall. After accounting for the State's partial funding and a special 5% student fee increase approved by the Board beginning in Fall 2024, NSHE institutions still face an annual gap of \$46,568,206 in their state-supported operating budgets.

<u>Ongoing Impact without AB568 One-Shot Funds:</u>	<u>Per-Year</u>
Full cost of FY24 + FY25 cost of living adjustment	\$ 183,999,087
Recurring Legislatively authorized funds	(121,263,952)
5% Student Fee Increase (12/2023 BOR approved)	(16,166,929)
Ongoing unfunded cost without AB568 one-shot funds	<u><u>\$ 46,568,206</u></u>

In order to provide support for operations during fiscal years 2026 and 2027, the Legislature provided one-time funds of \$57,487,450 for the biennium (\$28,743,725 per year) with the expectation that NSHE will address this funding shortfall for future years with other revenue sources. Note that even with the Fall 2024 5% fee increase and the one-time funding provided by the State for FY26 and FY27, campuses continue to absorb \$17.8 million of the ongoing cost of the salary adjustments within the state-supported accounts and 100% of the salary adjustments on all positions funded from non-state sources.

Adequacy of Total Funding:

It is important to consider the adequacy of institutional resources when making policy-level decisions such as state funding requests or student fee increases.

A high-level assessment of the adequacy of total funding for NSHE institutions may be made by comparison of funding to national benchmark data such as from annual comparative surveys including the Integrated Postsecondary Education Data System (IPEDS) survey, or the State Higher Education Finance (SHEF) report issued by the State Higher Education Executive Officers Association (SHEEO), and focusing on Western state peers, the Western Interstate Commission for Higher Education (WICHE). Since the most current IPEDS survey financial data available is for the fiscal year 2023, which does not reflect the impacts of the fiscal year 2024 and 2025 cost-of-living salary adjustments, this summary utilizes the FY2024 SHEF report and FY2025 WICHE tuition and fee data.

Following is a summary of the FY2024 State Higher Education Finance (SHEF) report comparing Nevada and US Average funding per FTE:

Funding per FTE	NV	US Average	% Avg	Difference
Appropriation	\$11,198	\$11,683	95.8%	\$ 485
Net Tuition	\$ 3,036	\$ 7,510	40.4%	\$4,474
Total	\$14,234	\$19,193	74.2%	\$4,959

This comparison shows improvement over prior comparisons in regard to state appropriation revenue per FTE reflecting the impact of the FY24 cost-of-living adjustment. Net tuition comparison in the SHEF report reflects the value of state-funded scholarships (primarily Millennium Scholarship and Access) in determining the discounted net tuition. Below is a comparison of net tuition by sector.

Net Tuition per FTE	NV	US Average	% Avg	Difference
4-Year Sector	\$ 3,547	\$ 10,446	34.0%	\$ 6,899
2-Year Sector	\$ 2,580	\$ 2,728	94.6%	\$ 148

The large difference in the level of state scholarship discount between the four-year institutions is primarily a result of the higher fee structure of the research Universities and the higher required Access set-aside of 15% compared to 10% set-aside for the lower division two-year institutions.

For a comparison of undiscounted tuition and mandatory fees, consider the most recent WICHE tuition and fee data. The following comparison is based on Fall 2024 (fiscal year 2025) tuition and mandatory fees for in-state resident students. This period includes the 5% special fee increase approved by the Board in December 2023 effective Fall 2024, noted above.

	NV	WICHE Average	% Avg	Difference
4-Year Sector	\$ 9,468	\$ 11,187	84.6%	\$ 1,719
2-Year Sector	\$ 4,290	\$ 4,647	92.3%	\$ 357

Summary

NSHE has long been committed to providing affordable, high-quality education. For many years, tuition has been set well below that of comparable peer institutions both regionally and nationally. While this has served students and families well in terms of access, it has also created structural financial challenges that limit our ability to maintain competitiveness in academic quality, faculty recruitment, student services, and long-term sustainability.

To preserve our mission and continue to deliver an exceptional student experience, it is now necessary to consider an adjustment to the scheduled Predictable Pricing rates. This increase, if carefully calibrated, will keep our institutions affordable relative to peers while addressing the growing funding gap that threatens the campuses' ability to serve students effectively.

The registration fee increases required to replace AB 568 funds are estimated at 11–12% for four-year institutions and 4–6% for two-year institutions based on established fall 2026 rates, if applied uniformly to all student categories. Increases in this range would maintain gross and net tuition levels below peer averages noted above.

Adjusting the Board's required allocation to Access funds at the universities could allow more of the fee increase to support operating budgets. This could be structured to maintain current Access revenue levels by lowering the percentage target while keeping the actual allocation amount unchanged.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

No action is requested at this time. The Board may provide feedback, which may include direction regarding a special fee increase proposal under the emergency conditions provisions of the Predictable Pricing policy for consideration at a future meeting.

4. IMPETUS (WHY NOW?):

Inflation in instructional costs, technology, facilities, and compliance has outpaced revenue growth.

While we continue to pursue operational efficiencies and external funding, these measures alone are insufficient to sustain academic excellence.

Without an adjustment to the scheduled tuition and fee rates, we risk underinvesting in critical areas such as recruitment and retention of high-quality faculty and staff, and academic advising, mental health resources, and other student services.

5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:

- Access (Increase access to higher education)
- Success (Improve student success)
- Close Institutional Performance Gaps
- Workforce (Meet workforce needs in Nevada)
- Research (Increase solutions-focused research)
- Coordination, Accountability, and Transparency (Ensure system coordination, accountability, and transparency)
- Not Applicable to NSHE Strategic Plan Goals

6. INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

Ensuring campuses are adequately funded provides campuses with resources needed to invest in the recruitment and retention of high-quality faculty and staff, and academic advising, mental health resources, and other student services.

7. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

Ensuring campuses are adequately funded will:

- Strengthen the institutions’ financial foundation and replace the State’s one-time funding.
- Ensure the continued delivery of high-quality educational experience.
- Remain below average in tuition and fees among peers to maintain affordability relative to comparable institutions.
- Enhance support systems and opportunities that directly impact student success.

8. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

Any tuition increase impacts students and families directly. The intent is not to create unnecessary burdens, but rather to secure the resources required to provide the education and support they deserve.

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

The Board may not consider a special fee increase and instead direct the campuses to consider alternatives, which may require considerable budget reductions, including program review and eliminations, in order to prepare for the loss of one-time funding in the next biennial budget cycle.

10. RECOMMENDATION FROM THE CHANCELLOR’S OFFICE:

The Chancellor's Office recommends the Board provide direction regarding a special fee increase proposal under the emergency conditions provisions of the Predictable Pricing policy for consideration at a future meeting.

11. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # 4 Chapter # 17 Section # 1.2
- Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No X
Explain: _____



**NSHE Funding and
Predictable Pricing Program
Board of Regents Meeting
September 11-12, 2025**



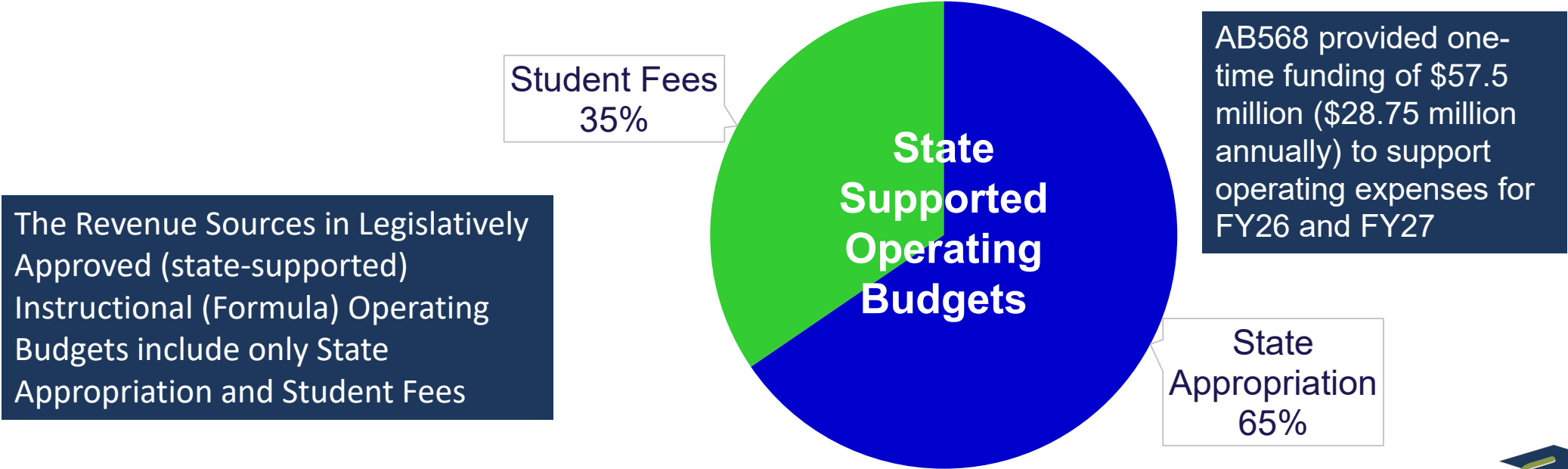
Topics for Today

1. AB568 one-time funding
2. Overview of NSHE Funding
3. Benchmark Funding Comparisons
4. Overview of Fee Policy – Predictable Pricing
5. Discussion of Possible Adjustments to Predictable Pricing
6. Next Steps



AB 568 Non-Recurring Funding

AB 568, Sec. 13.5.2 “The Legislature hereby urges the Nevada System of Higher Education, during the 2025-2027 biennium, **to seek additional sources of revenue** to ensure that the System is able to pay its operational and instructional expenses in future biennia.”

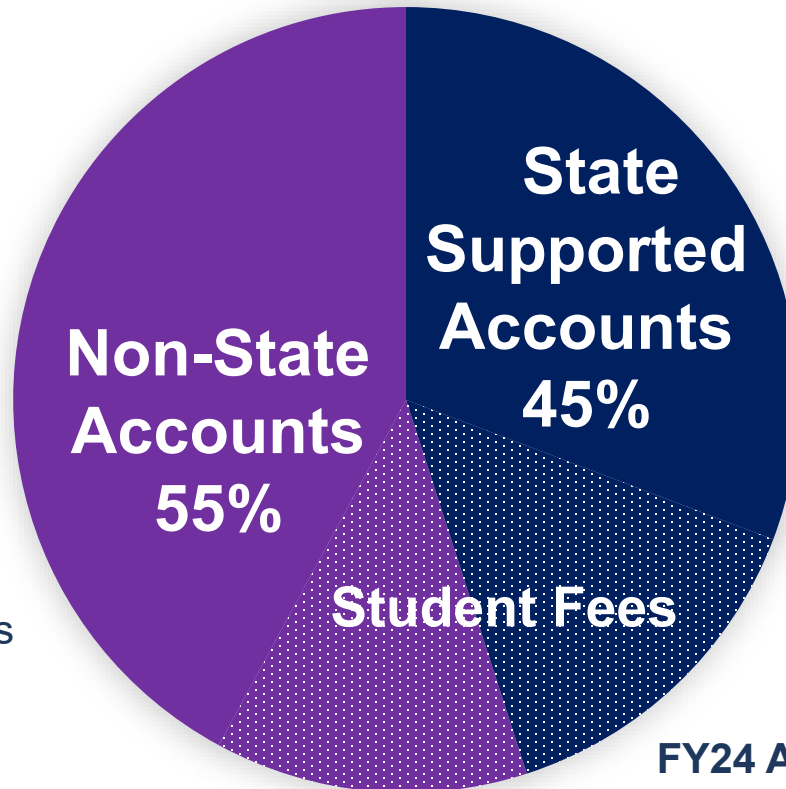


Source: AB 568: <https://www.leg.state.nv.us/App/NELIS/REL/83rd2025/Bill/12893/Text>



NSHE Funding Sources: State Accounts vs. Non-State Accounts

- Non-State Accounts**
- Student Registration Fees
 - Capital Improvement
 - General Improvement
 - Access
 - Student Government
 - Activities & Programs
 - Other Student Fees
 - Student Housing and Dining
 - Athletics Ticket Sales and Other
 - Grants and Sponsored Programs
 - Gifts and Endowment
 - Investment Income



- State Budget Accounts
(Legislatively Authorized)**
- General Fund Appropriation
 - Student Registration Fees
 - Student Nonresident Tuition

FY24 Actual Revenue



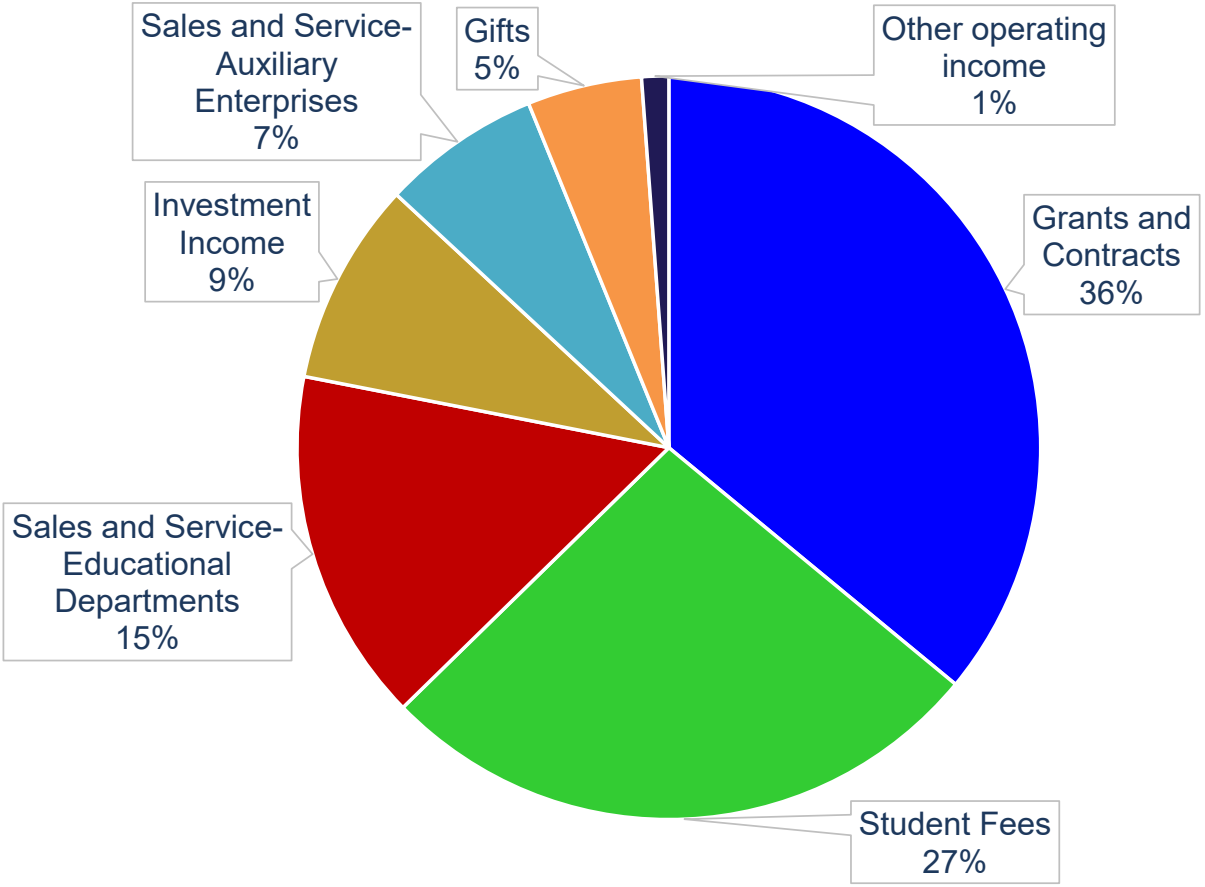
Non-State (Other) Revenue Sources

Other sources of revenue that are managed outside the state-supported operating budget generally have spending restrictions and/or support staff and other operating expenses that are not supported with state appropriations. These activities are similarly absorbing 100% of the cost of the FY24/FY25 salary adjustments and FY26/FY27 benefit cost increases with no state support.

- Grants and Contracts Revenue
- Sales & Services (Self-Supported) of Auxiliary Activities (Housing/Dining, Parking, etc.)
- Sales & Services (Self-Supported) of Educational Activities (Clinical Activities, Ticket Sales, Events, etc.)
- Gifts and Endowment Income
- Unrestricted Investment Income
- Unrestricted Royalties (water and mineral rights)



Distribution of Non-State (Other) Revenue

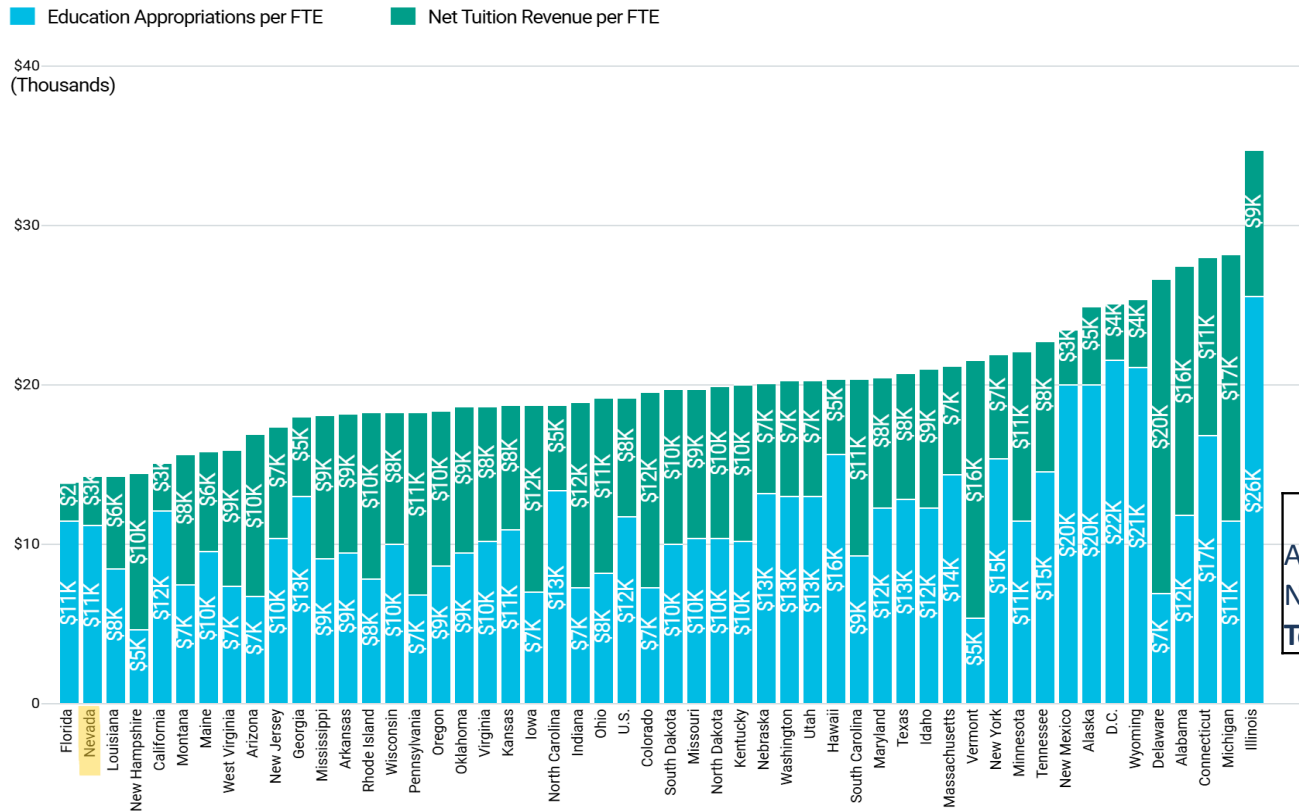


As noted on previous slide, non-state (other) revenue sources that are managed outside the state-supported operating budget generally have spending restrictions and/or support staff and other operating expenses that are not supported with state appropriations.



SHEF FY24 Total Revenue Benchmark

Education Appropriations and Net Tuition Revenue per FTE by State, FY 2024 (Constant Adjusted Dollars)



The salary adjustments authorized by the 82nd Legislature and approved by the Board of Regents have helped close the gap toward the US average state funding, but total funding still lags the national average, more significantly in net tuition than state appropriation.

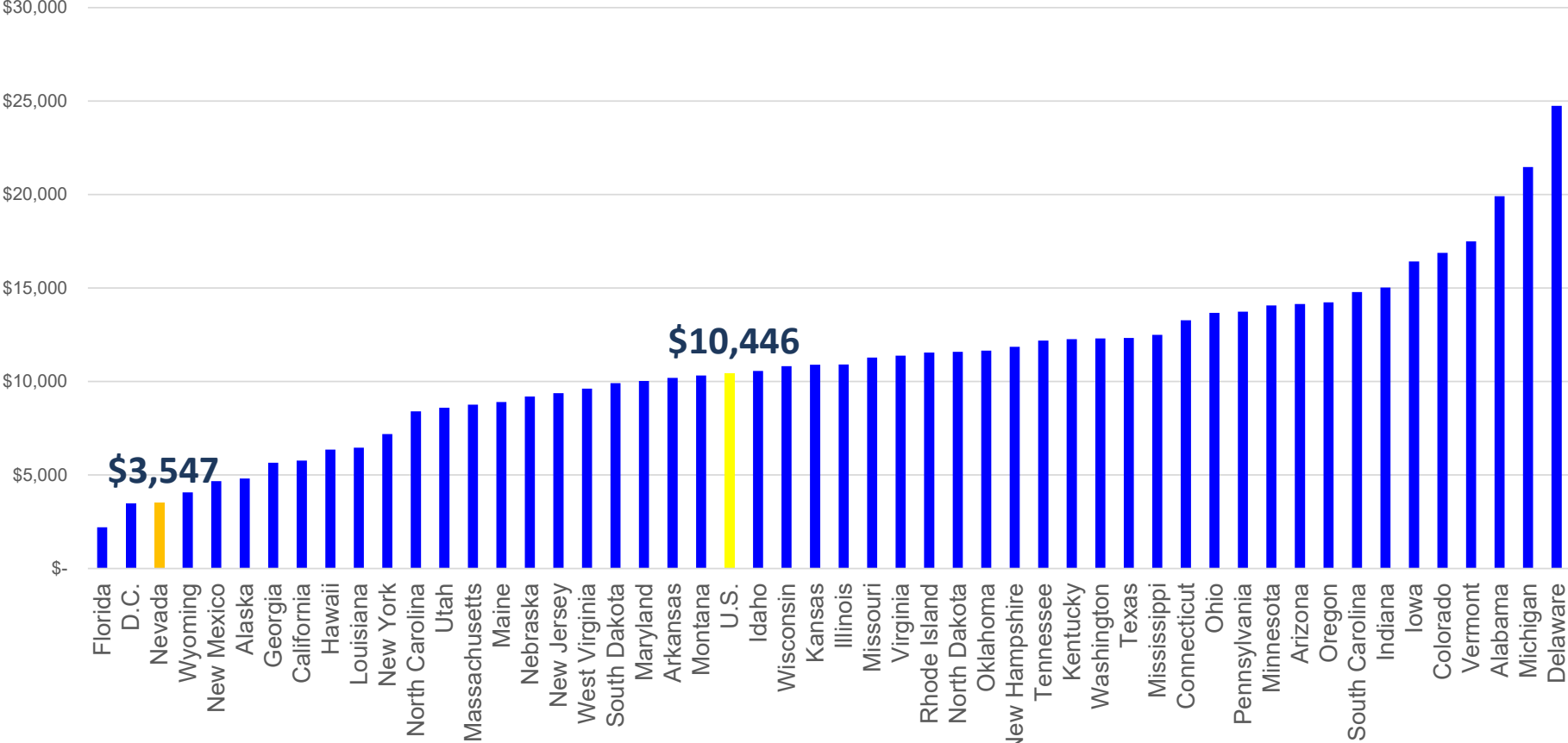
	NV	US Average	% Avg	Difference
Appropriation	\$ 11,198	\$ 11,683	95.8%	\$ 485
Net Tuition	\$ 3,036	\$ 7,510	40.4%	\$ 4,474
Total	\$ 14,234	\$ 19,193	74.2%	\$ 4,959

Note: SHEF net tuition reflects offset for all state aid, primarily Millennium and Access

Source: FY24 State Higher Education Finance (SHEF) Report



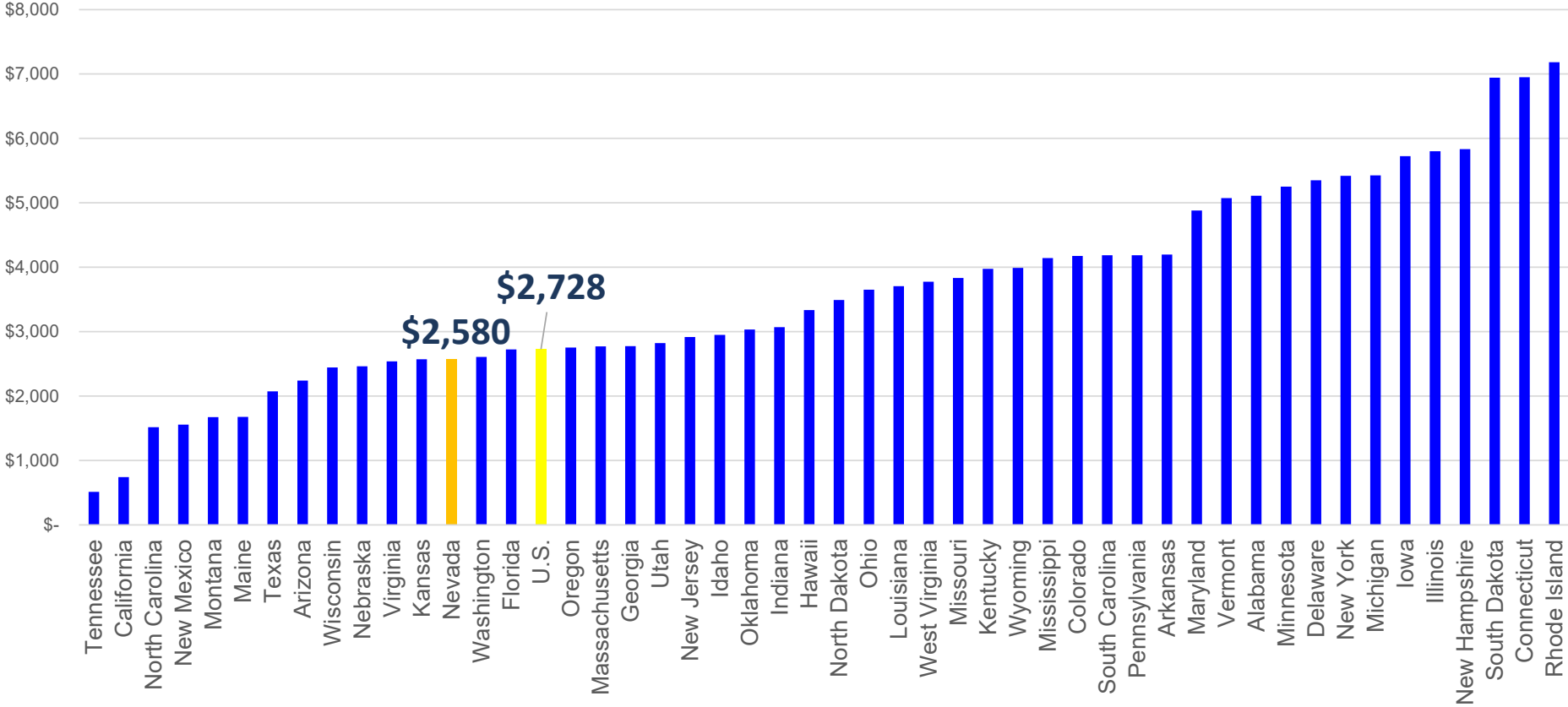
SHEF Benchmark: 4-Year Net Tuition per FTE



State Higher Education Finance Report Figure 4.1 data



SHEF Benchmark: 2-Year Net Tuition per FTE

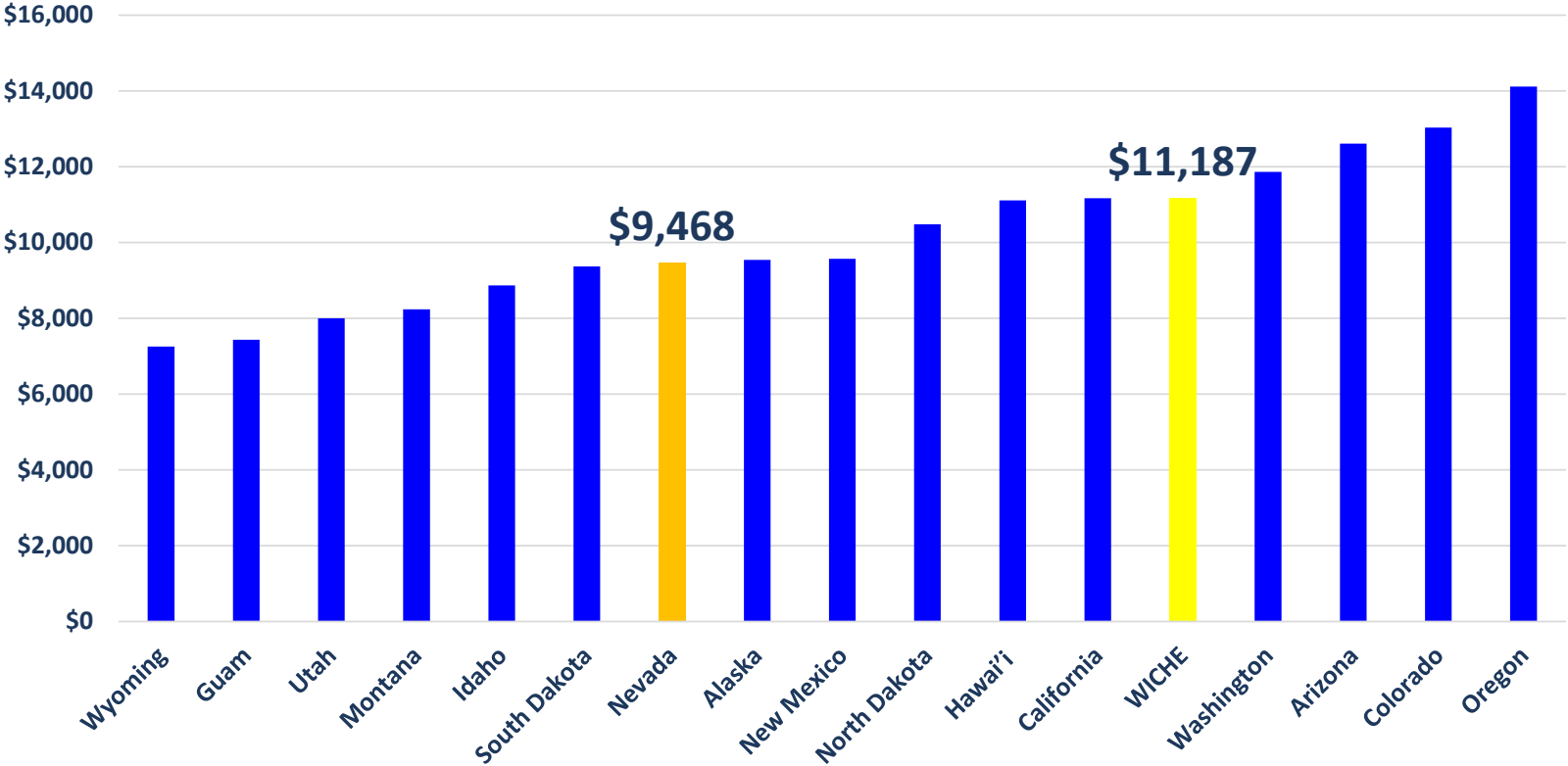


State Higher Education Finance Report Figure 4.1 data



WICHE Benchmark: 4-Year Tuition and Fees

Fall 2024 (FY25) Average In-State Resident Tuition and Mandatory Fees



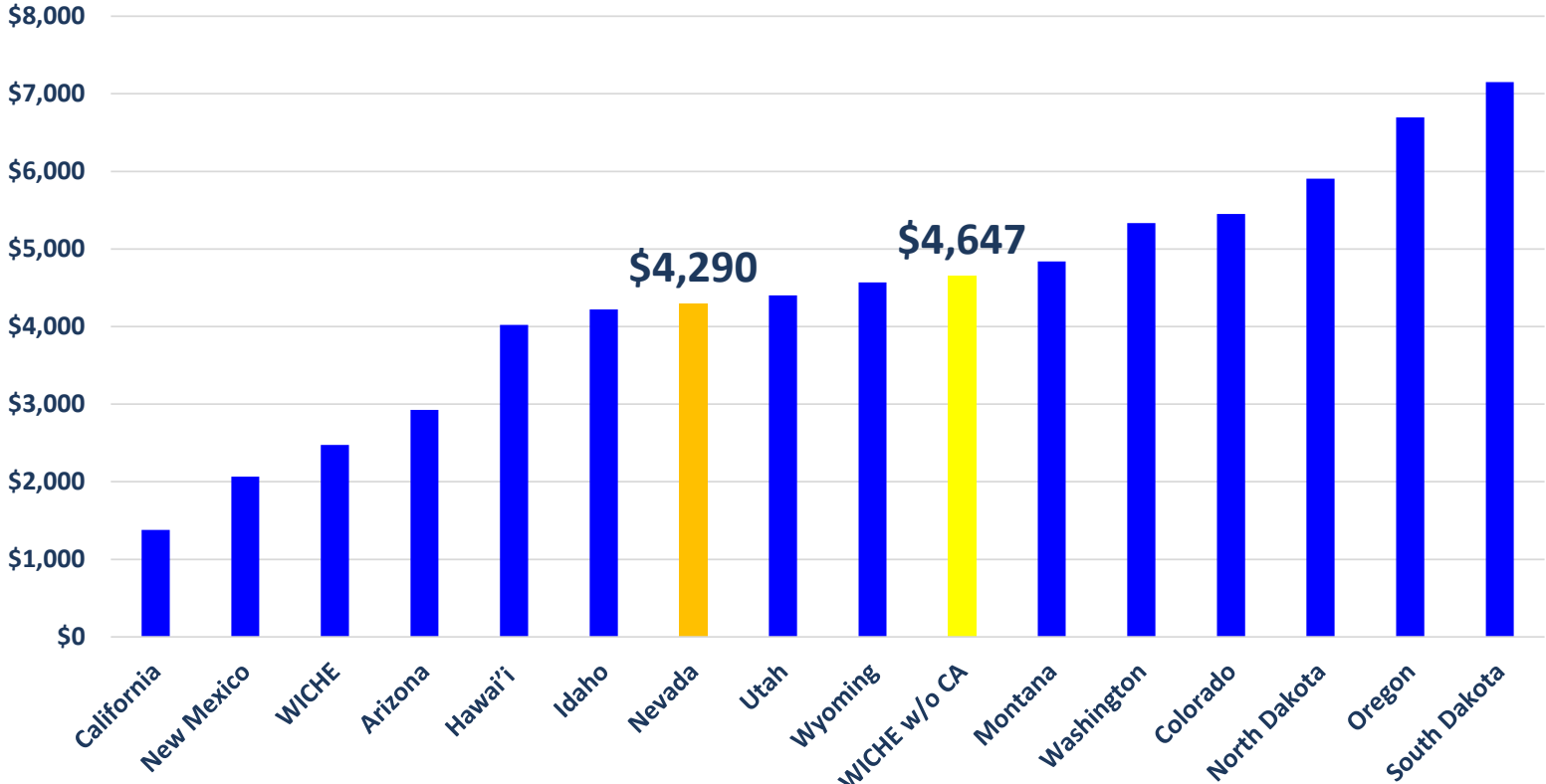
Nevada's FY25 average in-state tuition and mandatory fees for 4-year institutions is **16% less than the WICHE average**

Source: Western Interstate Commission on Higher Education (WICHE), Tuition and Fees in Public Higher Education in the West 2024-25



WICHE Benchmark: 2-Year Tuition and Fees

Fall 2024 (FY25) Average In-State Resident Tuition and Mandatory Fees



Nevada's FY25 average in-state tuition and mandatory fees for 2-year institutions is **8% less than** the WICHE average (excluding CA)

Source: Western Interstate Commission on Higher Education (WICHE), Tuition and Fees in Public Higher Education in the West 2024-25



Registration Fee and Tuition Pricing Policy prior to Predictable Pricing Program

- Every odd-numbered year, the Chancellor convened a committee composed of institutional Presidents, business officers, student representatives and system administration staff to make recommendations for tuition and fees
- In its deliberations, Board policy required the Committee to consider:
 - » Charges at peer institutions in the western region of the United States
 - » Higher education inflation as measured by the Higher Education Price Index or a similarly appropriate index
 - » Anticipated state funding
 - » Institutional needs and mission
 - » Other indices and information as appropriate
- The resulting recommendations could be accepted or revised by the Board

For prior policy, see: <https://nshe.nevada.edu/wp-content/uploads/file/policycentral/03-2014463%20Ref.%20BOR-20.Rev.pdf>



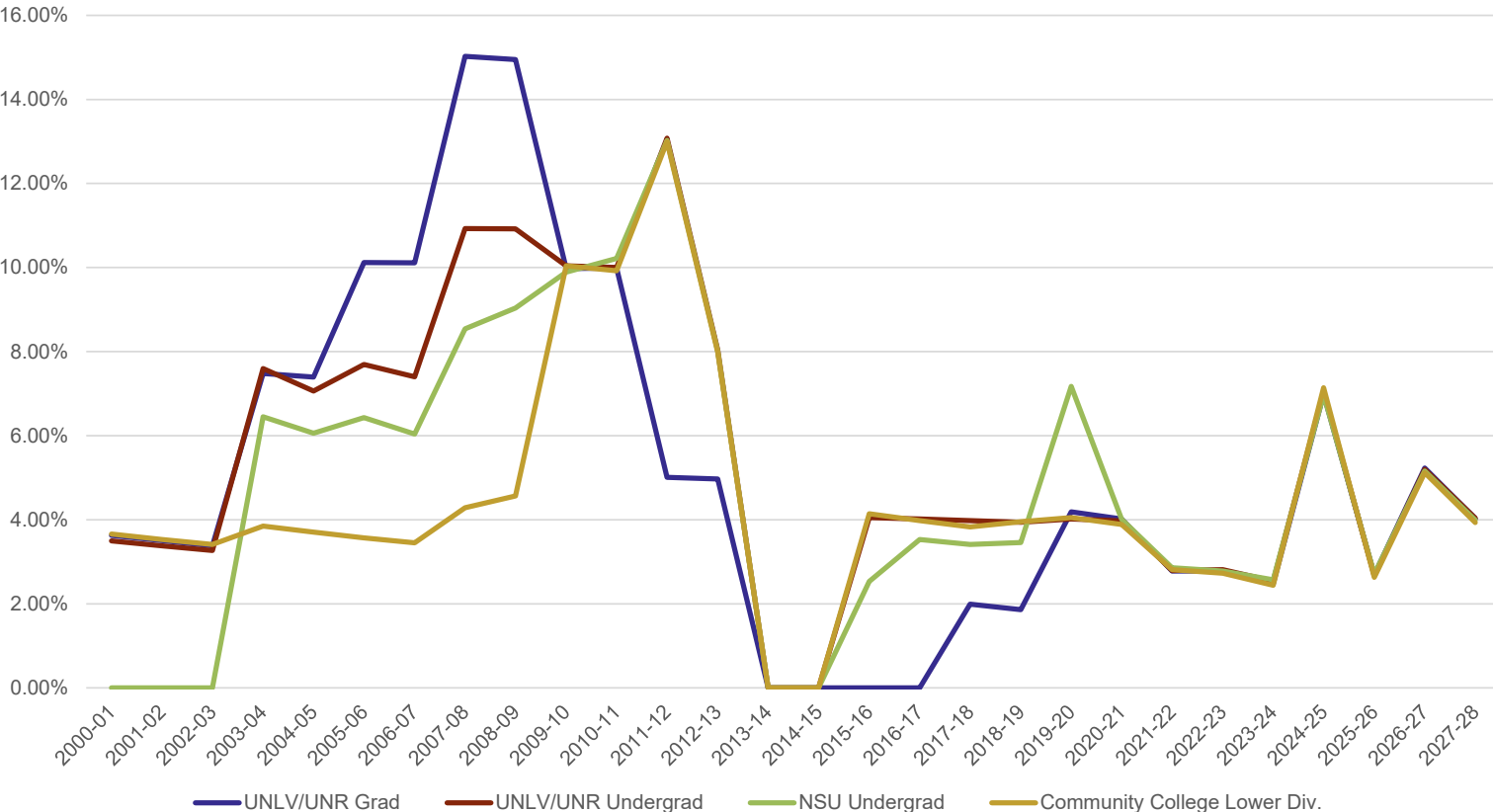
Predictable Pricing Program Guidelines

Board of Regents' *Handbook*, Title 4, Chapter 17, Section 1.2

- Registration fee and non-resident tuition rates must be updated as of May 1st each year for a minimum of four future academic years.
- Updates must be published no later than June 1st each year in the NSHE *Procedures and Guidelines Manual* (Chapter 7, Section 1).
- Increase is equivalent to the most recent Higher Education Price Index (HEPI) available, with a 6% cap (*example: update for 2026-27 rates was published in Spring 2022 and based on the 2022 HEPI of 5.2%*).
- Policy includes a provision for the Chair of the Board “in emergency situations or extreme circumstances” to direct Chancellor to create a committee composed of institutional and student representatives submit recommendations regarding tuition and fees.



Historical Registration Fee Increases

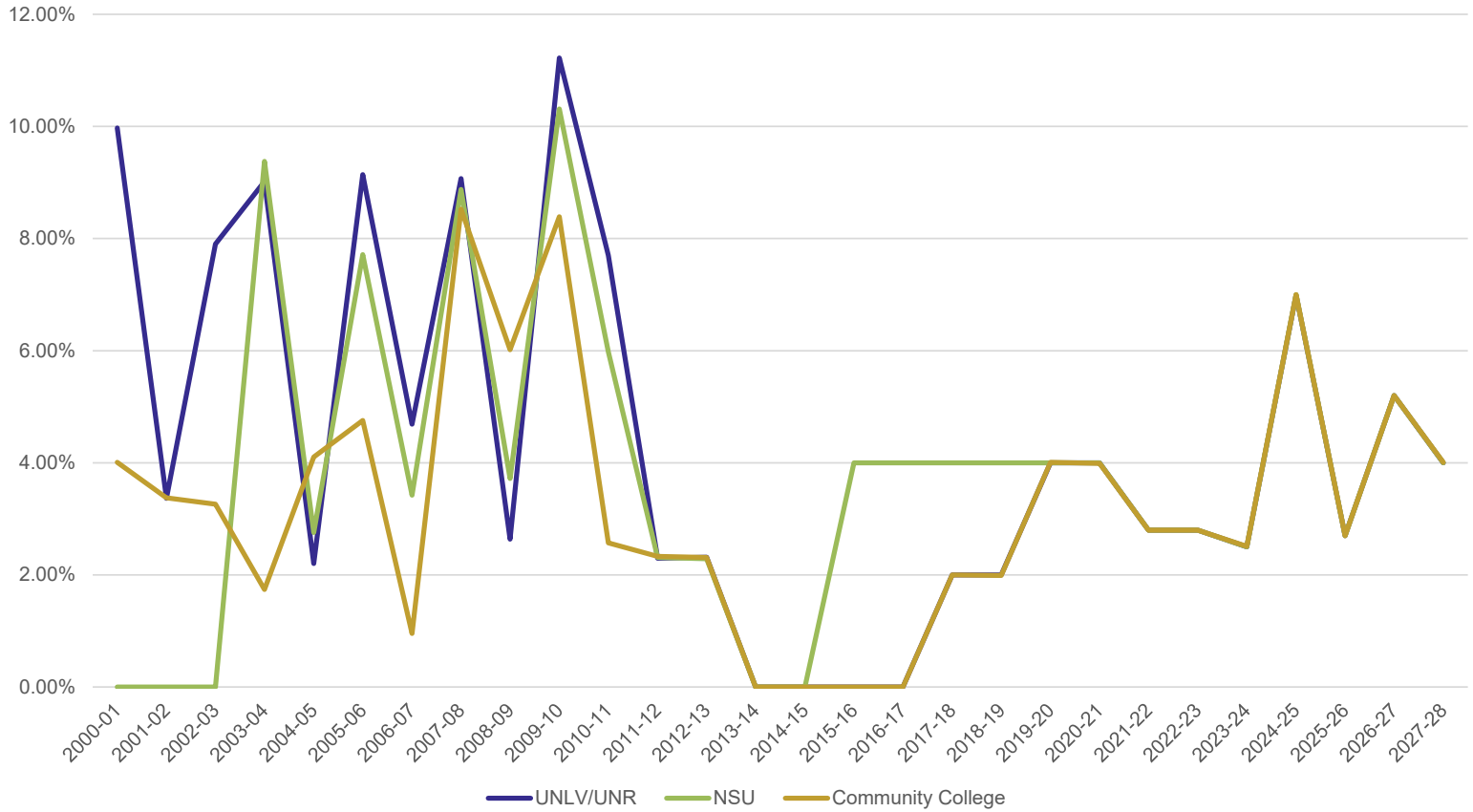


Prior to adopting the Predictable Pricing model in 2019, registration fees and non-resident tuition fee increases were a result of a Committee process resulting in a recommendation to the Board for approval as part of the biennial state budget cycle.

Note: FY10 through FY13 include per-credit surcharges. Registration fees were increased in FY14 by the surcharge amounts, and the surcharges were eliminated



Historical Non-resident Tuition Increases



The Board adopted the 'Predictable Pricing' policy in 2019, which ties fee increases to inflation based on the Commonfund Higher Education Pricing Index (HEPI).



Registration Fees: Access set-aside Board Policy

Title 4, Chapter 17 Assessment of Registration Fees and Tuition

Student Financial Assistance - In order to improve the access of all students and to encourage participation in higher education, an amount equal to **at least 10 percent** of the total registration fee at the community colleges (lower division only) and **at least 15 percent** of the total registration fee for all other institutions including upper-division at the community colleges, net the amounts distributed to other fee categories, will be dedicated to student financial assistance. These percentages are target amounts that must be achieved by academic year 2022-23.

All Institutions met the target by 2023 as required by policy



Registration Fees: Access Revenue

Fee Distribution:

FY26:

	Registration Fee	Access Allocation
University Undergraduate	\$ 288.50	\$ 43.28
University Graduate	\$ 353.50	\$ 53.03
NSU Undergraduate/CC-Upper	\$ 208.50	\$ 31.28
NSU Graduate	\$ 280.75	\$ 42.11
Community College-Lower	\$ 127.00	\$ 12.70

Per credit hour set aside generates funds for Access scholarships

Higher 15% set-aside requirement paired with higher cost registration fees results in UNLV and UNR having higher Access revenues and scholarships. This results in a greater net tuition reduction effect

Annual Access Fee Revenue by Sector:

UNR/UNLV	81.4%
NSU	4.7%
Colleges	13.9%

Estimated FY26

Access Fee Revenue

UNLV	\$ 34,499,000
UNR	\$ 17,320,000
NSU	\$ 2,994,000
CSN	\$ 5,743,000
GBC	\$ 551,000
TMCC	\$ 1,949,000
WNC	\$ 642,000
Total	\$ 63,698,000



Re-balancing of Total Revenue

- NSHE must replace one-time funding from AB568 to avoid major budget gaps.
- Student fees are the primary revenue source other than General Fund appropriation in the state-supported operating budgets.
- Outside the state budget, non-state revenues must cover staff and operating costs without state support for salaries or benefits, making it harder to stay competitive.
- Total funding is below average for NSHE institutions, and because of the System's commitment to affordability, tuition and fees are further below peers than the gap in state support, widening the funding gap and limiting resources to support students and faculty.



Adjustment to Predictable Pricing Program

- To replace the one-time funds provided under AB568, campuses are evaluating adjustments to the Predictable Pricing Program. This approach would also help bring tuition and fees closer to national and WICHE averages.
- The registration fee increases required to replace AB 568 funds are estimated to be **11–12%** for four-year institutions and **4–6%** for two-year institutions, if applied uniformly to all student categories.
- Adjusting the Board’s required allocation to Access funds at the universities could allow more of the fee increase to support operating budgets. This could be structured to maintain current Access revenue levels by lowering the percentage target while keeping the actual allocation amount unchanged.



Next Steps

- Gather and consider student, faculty, and Board feedback following the September meeting.
- Finalize review of required fee increases to replace non-recurring AB 568 funding.
- Confirm approach (uniform vs. differentiated) and phase-in options.
- Return to the Board in December with a recommendation for action.



Questions

Chris Viton
Vice Chancellor for Budget and Finance
and Chief Financial Officer
Nevada System of Higher Education
cviton@nshe.nevada.edu

