



NEVADA FACULTY ALLIANCE
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Date: July 22, 2024

To: NSHE Ad Hoc Committee on Higher Education Funding

From: Kent Ervin, Director of Governmental Relations, Nevada Faculty Alliance

Subject: NFA Recommendations for Final Committee Report

At your [work session](#) on Thursday, July 25, the [NSHE Ad Hoc Committee on Higher Education Funding](#) is expected to finalize recommendations for the NSHE funding formula. In response to Chair Hardesty's request at the May 30th meeting and after reaching out to faculty members at each of the seven colleges and universities for feedback, the Nevada Faculty Alliance submitted [recommendations](#) for the formula funding on June 24th. We tailored our responses to the proposals of HCM Strategists to be largely consistent with the Committee's discussion on May 30th. We stand by our recommendations and we encourage committee members to review them.

The [work session document](#) for the July 25th agenda provides options for recommendations, but does not address all of the issues discussed by the committee nor the full range of options requested by committee members. **Here we provide detailed recommendations for the work session.**

Base budgeting. We reiterate our global recommendation that the NSHE budgeting mechanism be changed from a [distribution formula](#) where institutions compete against each other for a fixed pot of money to a true [funding formula](#) where funding for each institution is based on the costs of instruction and student services based on appropriate inputs such as student credit hours, student headcounts, as well as fixed administrative and operational costs. Stakeholders told the committee that budget competition among institutions impedes budget planning and encourages mission creep.

Suggested language: The Committee recommends that future base budgets for the main instructional budgets for each of the seven colleges and universities be calculated based on caseload factors (resident Weighted Student Credit Hours and on Student Enrollment factors enhanced for at-risk student groups) at each institution independently, with dollar amounts per WSCH and per student adjusted for inflation using the Higher Education Price Index, rather than using the caseload factors to distribute a fixed general fund appropriation.

Recommendations contingent upon funding. Nothing in the [legislation](#) funding this study nor in the [charges](#) from the Interim Chancellor restricts the Committee to recommending only a redistribution of existing funds (“reslicing the pie”). Although only the Legislature can appropriate funds, the Committee is free to state that its recommendations are contingent upon new funding and should do so wherever appropriate including possible inclusion of summer courses in the formula and Outcomes-Based Funding.

Directions to Chancellor. Many of the recommendations in the work session document merely “urge the Chancellor’s Office to…” act or make a decision. Although the Chancellor’s Office will need to follow up on recommendations, this language cedes the Committee’s mandate to make its own judgements and recommendations to later action by the Chancellor alone.

Suggested language: For each applicable recommendation, substitute “Recommend that the Board of Regents direct the Chancellor’s Office to…” for “Urge the Chancellor’s Office to…”, and make a clear recommendation wherever there are several choices.

Inflation adjustments. The Committee discussed the need for inflation adjustments to formula factors, but the work session document includes an inflation factor only for the Small Institution Factor. Adjustments for inflation should be explicitly included for each component of the funding formula.

Suggested language: The Committee recommends that the dollar amounts per weighted or unweighted student credit hour or student headcount, where used for setting base budgets or caseload maintenance budgets, be adjusted for inflation using the Higher Education Price Index.

Fee waiver funding. The Committee discussed both the value of fee waivers for certain student groups and the negative impact that unfunded fee waivers have on the institutions and on other students. The work session document does not address this important issue.

Suggested language: The Committee recommends to the Legislature and Governor that fee waivers mandated by statute be fully funded through appropriations added outside of the funding formula based on the actual fee waivers awarded during the prior biennium.

Audits. Although it was never agendaized for discussion by the Committee, the NFA believes it is essential for transparency and accountability that all numbers reported by the institutions that are used for formula funding be regularly audited.

Suggested language: The Committee recommends that the Board of Regents establish a policy for annual internal audits of the reporting of student credit hours, student headcounts, and other factors used for developing formula-driven budgets.

In the following sections, we address each of the recommendations in the [work session document](#) (quoting numbered items in bold):

1a. Funding Adequacy and Equity Study. Urge the Chancellor’s Office to pursue a study of funding adequacy and equity as soon as practical so that the study may be completed no later than June 30, 2025, when the authorization for expending funds appropriated under Assembly Bill 493 expires.

Background: AB493 appropriated up to \$2,000,000 for the Committee’s study of higher education funding. This recommendation implies that the consultant’s fee and other expenses for the Ad Hoc Committee will be substantially less, given the estimate of \$250,000 to \$700,00 for a Funding Adequacy and Equity Study depending on scope. However, other states required between one year and 2.5 years to complete such a study, again depending on scope.

NFA supports the adoption of item 1a, with the substitution that “The Committee recommends that the Board of Regents direct the Chancellor to pursue a study...” If a full study cannot be completed within the existing appropriation and time limit, then do a first phase and request additional funding from the 2025 legislature.

2a. Small Institution Factor (SIF) Inflationary Adjustment. Increase the SIF from \$30 to \$40 per WSCH and continue to adjust for inflation in future years using the Higher Education Price Index (HEPI).

2b. Increase SIF Cap to 125,000 WSCH. Increase the WSCH cap from 100,000 WSCH to 125,000 WSCH.

[OR]

2c. Increase SIF Cap to 150,000 WSCH. Increase the WSCH cap from 100,000 WSCH to 150,000 WSCH.

Background: The lack of an inflation factor and the fixed WSCH cap penalized GBC and WNC for growth and for the increased weightings for Career & Technical Education student credit hours. NFA proposes an alternative Administrative Allocation as a fixed dollar amount for all institutions of about \$700,000 (inflation-adjusted in the future) to cover the minimum administrative staffing of a chief financial officer, chief academic officer, and human resources administrator.

NFA position: If these are the only options, the NFA supports 2a and 2c. However, we ask the Committee to consider a flat-dollar amount of \$700K for each institution, inflation-adjusted using future COLAs for professional employees. Detailed analysis is in our [June 24th recommendations \(part E\)](#).

2d. Further Review of SIF. Urge the Chancellor’s Office to review the SIF calculation using headcount, rather than WSCH, and determine if an alternative calculation based on headcount should be utilized.

Background: Neither WSCH nor student headcount is directly correlated with the minimum administrative needs for a small institution. As an alternative NFA has proposed a fixed administrative allocation of about \$700,000 based on the minimum administrative staffing of a chief administrative officer, chief academic officer, and human resources administrator, Detailed analysis is in our [June 24th recommendations \(part E\)](#). NFA opposes 2d as written.

Suggested Language: The Committee recommends that the current Small Institution Factor be eliminated and in its place an Administrative Allocation be appropriated prior to operating budget allocations by student headcount and credit-hour caseload factors. The amount of the Administrative Allocation for each institution should be about \$700,000, adjusted in the future by Cost-of-Living Adjustments for faculty employees. This recommendation is contingent upon new funding (\$4.9 million total); if new funding is not appropriated Administrative Allocations should be provided only for the legacy small institutions (GBC and WNC).

3a. Use Student Attributes as a Component in Funding Allocation Methodology. Allocate a portion of the General Fund appropriation based on the following student characteristics: 1) total student term headcount enrollments and credit hours (including non-resident students), 2) under-represented minority student headcount enrollments and credit hours, and 3) Pell eligible student headcount enrollments and credit hours.

3b. Academic Preparation. Urge the Chancellor’s Office to begin efforts to determine the data elements appropriate to identify students who are not prepared for the rigors of college-level coursework to be used as an attribute in the student-based component of the funding allocation methodology. The determination of such data elements should be done in consultation with campus-level Institutional Research Offices to ensure the consistent availability of data or the consistent collection of such data elements going forward. It is recommended that this effort commence in sufficient time that such data can be available for use in the formula allocation for FY2028 and FY2029 (or the 2027 Session).

3c. Students in Poverty. Urge the Chancellor’s Office to begin efforts to determine the data elements appropriate to identify students who are in poverty to be used as an attribute in the student-based component of the funding allocation methodology. The determination of such data elements should be done in consultation with campus-level Institutional Research Offices to ensure the consistent availability of data or the

consistent collection of such data elements going forward. It is recommended that this effort commence in sufficient time that such data can be available for use in the formula allocation for FY2028 and FY2029 (or the 2027 Session).

Background: NFA and several committee members requested that additional categories of at-risk students be included in the enhancement factors for student headcounts. We would also include students requiring disability resource services. NFA recommended that the weightings be based on estimated costs of providing needed student-support services. Furthermore, if this recommendation is intended to incorporate the detailed proposal by HCM Strategists (50% unweighted student credit hours and 50% student headcounts, both multiply counted for under-represented minority students and Pell-eligible students), then the Committee report should explicitly include that recommendation.

The NFA supports 3a, 3b, and 3c with the proviso that the weightings be based on studies of the cost of student support services for the various listed categories of students plus those requiring disability accommodations. Using actual cost estimates is better than arbitrary weightings even if the estimates are imprecise. Also, the motion should refer to the details of the formula in the HCM Strategists proposal.

Suggested additional language: Include in the Committee report the details of the calculator of the student attributes component as proposed by HCM Strategists. For 3b and 3c, replace “Urge the Chancellor’s Office to...” with “Recommend that the Board of Regents direct the Chancellor to...”.

4a. Further Review of Summer School Student Credit Hours. Urge the Chancellor’s Office to review the budgetary and administrative implications of further expansion of state support for summer school course offerings, beyond nursing and teacher education.

Background: Several institutions, committee members, and NFA supported the inclusion of summer school courses in the Weighted Student Credit Hours (and Student Headcounts). However, there are complications and unintended consequences if the summer student fees that are currently in self-supported budgets were to be moved into the state operating budgets.

The NFA supports 4a, with inclusion of summer school courses in the Adequacy and Equity Study.

Suggested additional language: Replace “Urge the Chancellor’s Office to...” with “Recommend that the Board of Regents direct the Chancellor to...” and add “and include summer course offerings in the Funding Adequacy and Equity Study.”

5a. 3-Year Average of WSCH. Base the WSCH count for each year of measure on a 3-year average. Use the same caseload growth process the second year of the biennium, also based on the 3-year average figures.

5b. Greater of 3-Year Average or Prior Year. Base each institution's WSCH count for each year of measure on a 3-year average or the prior year, whichever is greater. Use the same caseload growth process for the second year of the biennium, also using the same WSCH methodology as the first fiscal year of the biennium.

5c. Weight Most Recent Year in 3-Year Average Calculation. Base the WSCH count for each year of measure using a 3-year average and weight the most recent year higher.

Background: There was much Committee discussion about how to handle count years. NFA recommended against the three-year average because it increases the average lag period (e.g., 2021 through 2024 for the 2025-2027 budget versus the single count year of 2023-2024) and because it still treats even and odd years differently given biennial budgeting. NFA proposes using the higher of the prior two years. Because the second year of the biennium is budgeted in the prior legislative session, within the state budgeting process there is no way to adjust the numbers and budgets for the second year of the biennium

Among these alternatives, **NFA prefers 5b** but using a two-year average instead of three-year would better match the biennial state budgeting cycle and reduce the lag period.

Suggested Language: Amend 5b by changing “3-year” to “2-year”.

6a. Outcomes-Based Funding Component. Eliminate the current NSHE Performance Pool and replace it with an Outcomes-Based Funding (OBF) component in the funding allocation methodology, allocating the funds based on a relative growth calculation.

Background: There is near-universal opposition to keeping the current Performance Pool, which is a 20% carve-out of base funding that has to be earned back by meeting various target metrics. The relative growth model advocated by HCM strategists may be an improvement; it still is a carve-out although the funding can be calculated at budget-setting time. NFA argued that a 20% allocation is much too high and would be disruptive to budget planning. Several committee members at the May 30th meeting suggested allocations from 0% to 10%. This decision point is about using the relative growth model, not setting the relative percentages (see item 7).

NFA supports item 6a, but contingent on the percentage formula allocation being much lower than 20% (NFA recommends 5%) and contingent upon new initial funding. The Outcomes-Based Funding should be phased in over two biennia and be based on performance metrics that are **not** correlated with absolute student

enrollment numbers, either student credit hours or student headcounts. Performance metrics should be measures of success relative to targeted student populations, relative efficiency measures, or full-time-faculty-to-student and advisor-to-student ratios. *NFA recommends that the Committee include this item contingent on new initial funding; a delay of that funding until after new performance metrics can be implemented would be reasonable.*

Suggested added language: This recommendation is contingent upon new appropriations for the OBF component of the formula, to be implemented in the first biennium that relative growth using new performance metrics can be determined. Performance metrics may vary by institution type but should not be directly correlated with student credit hours or student headcounts. The Committee report shall include the detailed methodology for calculating relative growth as proposed by HCM Strategists.

7a. 40%-40%-20% Component Mix. After SIF and research O&M are subtracted from the total General Fund appropriation, allocate the remaining General Fund appropriation as follows: 40% based on course weighted enrollments (WSCH); 40% based on student characteristics (described in recommendation 3a.); and 20% based on progression and outcomes (referred to as outcomes-based funding or OBF and described in recommendation 6a.).

7b. 45%-45%-10% Component Mix. After SIF and research O&M are subtracted from the total General Fund appropriation, allocate the remaining General Fund appropriation as follows: 45% based on course weighted enrollments (WSCH); 45% based on student characteristics (described in recommendation 3a.); and 10% based on progression and outcomes (referred to as outcomes-based funding or OBF and described in recommendation 6a.).

7c. 40%-50%-10% Component Mix. After research O&M and SIF are subtracted from the total General Fund appropriation, allocate the remaining General Fund appropriation as follows: 40% based on course weighted enrollments (WSCH); 50% based on student characteristics (described in recommendation 3a.); and 10% based on progression and outcomes (referred to as outcomes-based funding or OBF and described in recommendation 6a.).

7d. 60%-20%-20% Component Mix. After research O&M and SIF are subtracted from the total General Fund appropriation, allocate the remaining General Fund appropriation as follows: 60% based on course weighted enrollments (WSCH); 20% based on student characteristics (described in recommendation 2a.); and 20% based on progression and outcomes (referred to as outcomes-based funding or OBF and described in recommendation 6a.).

Background: The primary driver of redistribution of funding among the institutions is the percentage of the formula reallocated from resident Weighted Student Credit Hours to student attributes (with double or triple counting for underrepresented minority students and Pell-eligible students per item 2a). NFA argued that the 40% allocation to the student attributes factors as recommended by HCM is much too high and does not match the reality that only an average of 8% of institutional budgets are allocated to Student Services. Also included in this decision point is the percentage allocated to Outcomes-Based Funding—committee members recommended 0% to 10% versus HCM’s recommendation of 20%.

Using the [enrollment trend data](#) provided in supplemental material for the work session, the following table compares the growth in WSCH, unweighted student credit hours, and student headcounts for the ten-year period from AY2013 to AY2023 (AY2024 was not used because the large one-year increase in concurrent enrollment at UNR skews the comparisons). Note that for every institution except NSU, the growth in headcounts has been slower (or negative) compared with the growth in weighted or unweighted student credit hours. That is probably a good thing because it means that students are completing a larger number of credits.

However, this trend should serve as a caution against a large formula allocation to headcount measures especially because population demographics point to decreasing future enrollments.

10-Year Growth in Enrollment Measures 2013-2023								
	UNLV	UNR	NSU	CSN	GBC	TMCC	WNC	Overall
Weighted SCH	26%	16%	83%	0%	28%	14%	26%	19%
Unweighted SCH	23%	10%	92%	-8%	6%	-12%	1%	9%
Headcount	11%	9%	98%	-23%	4%	-14%	-3%	-3%

NFA recommends percentages of 75% based on WSCH, 20% based on student attributes, and 5% for Outcomes-Based Funding, with the change from 100% WSCH phased in over two biennia to give institutions time to adjust to the new formula and performance metrics. Of the four alternatives provided, 7d (60%/20%/20%) is better, but the Committee should not be restricted to staff suggestions in setting the percentages.

Suggested language: After research O&M and [SIF or the Administrative Allocation] are subtracted from the total General Fund appropriation, allocate the remaining General Fund appropriation as follows: **75%** based on course weighted enrollments (WSCH); **20%** based on student characteristics (described in recommendation 3a.);

and 5% based on progression and outcomes (referred to as outcomes-based funding or OBF and described in recommendation 6a.), phased in over two biennia. This recommendation is contingent upon a new appropriation equivalent to a 5% expansion of the base General Fund appropriation to fund the new OBF component (also phased in over two biennia). The 20% component for student attributes would be taken from the current formula allocation for WSCHs. Absent a new appropriation for the OBF component, the allocation would be 80% to WSCH and 20% to student attributes.

8a. Implementation Strategy. Urge the Chancellor to consult with the Presidents to determine the phase-in approach that best supports the System and its institutions when implementing the funding formula distribution changes.

Background: HCM Strategists suggested several different options for the phase-in approach: 1) phase-in the new model over a defined period (e.g., fully implemented by the third biennium), 2) utilize a stop-loss provision establishing that no institution will lose more than X% in any given year of implementation, 3) fund a hold harmless provision.

NFA position: *The Committee should recommend specific implementation strategies. Leaving this up to the Chancellor and Presidents will just cause unnecessary confusion and political wrangling.* NFA recommends the simple approach of phasing in the changes over two biennia AND hold-harmless funding for at least two biennia. The hold-harmless provisions should be relative to actual appropriations for FY2025, including enrollment recovery funds.

Suggested language: The Committee recommends that the changes to the formula allocations percentages as adopted in item 7 be phased in 50% in the first biennium and 50% in the second biennium. The Committee recommends that institutional budgets be held harmless for at least the next two biennia relative to legislative appropriations in FY2025 including one-time enrollment-based appropriations (AB491 and AB494). The recommendations for items 7 and 8 are contingent upon hard-harmless funding and new funding for the allocation to Outcomes-Based Funding.

9a. Review Committee. Urge the Chancellor's Office to create a formula review committee that convenes every two biennia to evaluate and propose any necessary changes to the funding formula allocation methodology.

The NFA supports item 9a, but changes to methodology should be limited to adjusting weightings in the WSCH formula to reflect instructional costs and the enhancement factors for at-risk student categories in the Student Headcount formula to reflect costs of student support, also taking into account the State's economic and employment needs. Broader funding formula changes (e.g. the

percentage allocations to WSCH, headcounts, and performance factors) should not be changed frequently. However, the details of the implementation of the new formula through the state budget process have not been fully considered by the Committee and will probably need oversight and revision, as well as the performance metrics for OBF. At least at the beginning of the implementation of the new formula, adjustments will be needed more often than every four years. The approval authority should be specified in the motion.

Another implementation concern is determining the proportions of state funding versus student revenue (currently 65%/35% overall but varying by institution), with inflationary factors applied to both. In addition, a minimum of 70% to 80% of student registration fees should go to fund instruction and student services, not be diverted to other functions such as intercollegiate athletics or capital improvements.

Suggested language: Recommend that the Board of Regents direct the Chancellor to create a formula review committee including faculty representatives that convenes every biennium to evaluate and propose any appropriate changes to the funding formula allocation calculations to reflect the cost of instruction based on course level and discipline, the cost of student support considering student attributes, and the economic and employment needs of the State. The formula review committee should also evaluate and make recommendations regarding the implementation of the funding formula in the budgeting process, including the relative proportion of state and student revenue and limits on the use of student registration fees for non-instructional purposes. The formula review committee shall be responsible for recommending performance factors for the Outcomes-Based Funding model. Upon approval by the Board of Regents, the recommendations of the formula review committee shall be reported to the Legislature and Governor.

We thank the Committee members for your service and for your careful consideration of these matters. Students, faculty, and the colleges and universities will have to live with the implementation of your recommendations for many years.

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The [Nevada Faculty Alliance](#) is the independent statewide association of professional employees of the colleges and universities of the Nevada System of Higher Education. The NFA is affiliated with the [American Association of University Professors](#), which advocates for academic freedom, shared governance, and faculty rights, and the [American Federation of Teachers/AFL-CIO](#), representing over 300,000 higher education professionals nationwide. The NFA works to empower our members to be wholly engaged in our mission to help students succeed.



NEVADA FACULTY ALLIANCE

840 S. Rancho Dr., Suite 4-571
Las Vegas, Nevada 89106

Date: June 24, 2024
To: NSHE Ad Hoc Committee on Higher Education Funding
Judge James Hardesty, Chair
Interim Chancellor Patty Charlton, Vice Chair
Copy: Chief Financial Officer Chris Viton
HCM Strategists
From: Nevada Faculty Alliance, Kent Ervin, Director of Government Relations
Subject: Recommendations for NSHE Funding

At the May 30th meeting of the NSHE Ad Hoc Committee on Higher Education Funding, Chair Hardesty requested faculty feedback on the formula funding proposals presented by HCM Strategists. The Nevada Faculty Alliance has reached out to our faculty constituents for input and we are attaching our detailed recommendations on the formula provisions and implementation. These are offered as good-faith proposals that largely follow the discussion of the Committee on May 30th.

We reiterate that a new formula that merely redistributes existing funding, taking away from some institutions to help others, will be a failure. The Committee's recommendations for any new formula components should be contingent upon on full funding. The implementation should be phased in over two or more biennial budgets and institutions should be held harmless during that time.

We would be happy to discuss these recommendations with any of you. Thank you for your consideration.

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Recommendations to the NSHE Ad Hoc Committee on Higher Education Funding

Submitted by the Nevada Faculty Alliance, 6/24/2024

At the May 30th meeting of the NSHE Ad Hoc Committee on Higher Education Funding, Chair Hardesty asked faculty for our responses to the [recommendations from HCM Strategists](#), the Committee's consultants. After reaching out to faculty members at each of the seven colleges and universities for feedback, the Nevada Faculty Alliance recommends the following changes to the formula funding mechanism. We have tailored these recommendations to be largely consistent with the Committee discussion on May 30th.

A. Student Enrollment Component

1) Implement the headcount and unweighted student credit hour components at a percentage between 7.5% and 12.5% of funding in the first biennium and between 15% and 25% thereafter (rather than 40% as proposed by HCM). As recommended by HCM, unduplicated resident headcounts and full-time-equivalent (FTE) resident enrollments are equally weighted in the student enrollment component. FTE should be calculated as they are currently, using unweighted resident student credit hours at 30 credits/year for undergraduates, 24 credits/year for masters students, and 18 credits per year for doctoral students.

In the absence of a full analysis of the costs to provide wrap-around student services for diverse groups of students at an equitable level, the percentage allocation to the student enrollment component is a judgment call. We believe the 40% allocation initially suggested by HCM is much too large. [Current expenditures on Student Services, which are correlated with headcounts, represent about 8% of the combined budgets of the seven institutions](#). That should be the baseline for funding by per-student enrollment. Our suggested range of 15% to 25% allocated to this component would represent substantial redistributions compared with the current Weighted Student Credit Hour formula. That means that new funding is needed to keep some institutions and their students from being harmed.

2) Count underrepresented minority (URM) students and Pell Grant recipients with a 1.5 multiplier (resulting in a 2.25 multiplier for a URM student with Pell), rather than double and triple counting as proposed by HCM. A 1.5 multiplier is sufficient to double (or more) the advisor-to-student ratio for the at-risk students. Within the next several years, develop ways to count and include underserved and at-risk students beyond URM and Pell and analyze actual costs to provide services to them.

3) For caseload adjustments in future biennia, adjust the per-headcount dollar value for inflation over the past two years using the Higher Education Price Index.

B. Outcomes-Based Funding

- 1) Eliminate the current Performance Pool as a 20% carve-out of base funding that has to be earned back for later allocation.
- 2) Implement Outcomes-Based Funding using the Relative Growth Model as recommended by HCM, except with a percentage of funding of 2.5% in the first biennium and 5% in the second biennium and thereafter (rather than 20% as proposed by HCM).
- 3) For the biennial budget, calculate relative growth by comparing the count year to the year two years prior to the count year. The Outcomes-Based Funding must be part of the regular budget closing, not held back and allocated later, so that budget planning can occur.
- 4) During the first year of the next biennium, review and revise the performance metrics so that none are directly correlated with absolute enrollment or graduation numbers. Performance metrics should reward student success and institutional efficiency, not overall enrollment which is already included in the formula through headcounts and student credit hours. College access for certain at-risk students (initially URM and Pell students) will be included in the student enrollment component; success outcomes for underserved and underrepresented students should be measured relative to the population of the targeted groups. Because graduate rates are lagging indicators, measures of semester completion or progress toward a degree or certificate should be considered.
- 5) Performance metrics should include the percentage of courses taught by full-time instructors, faculty-to-student ratios, and advisor-to-student ratios,

C. Weighted Student Credit Hour (WSCH) Formula

- 1) With the above recommendations for the headcount and performance components, resident WSCHs will account for 85% to 90% of the formula in the first biennium and 70% to 80% thereafter, after carve-outs for research O&M and the small-institution funding.
- 2) For caseload adjustments, adjust the WSCH dollar value for inflation for the past two years using the Higher Education Price Index.
- 3) Implement a periodic process (about every four years) to review and adjust the weights to capture both curricular costs and the state's workforce needs.

D. Summer WSCH Funding

- 1) Although we believe in the principle that the state should fund summer courses, we concur with Chair Hardesty's suggestion to defer a recommendation on including summer courses in the WSCH formula for further study of the fiscal, managerial, and staffing/workload impacts.
- 2) Any inclusion of additional summer school courses in the WSCH or headcount formulas should be contingent on full funding as a budget enhancement. Summer courses could be phased in as funding becomes available, starting with core general education courses and career and technical education (CTE) courses.
- 3) Because most instructors have academic-year contracts within the state operating budget and because summer terms span state fiscal years, continued budget flexibility is needed to provide summer courses. Student registration fees paid for summer courses must remain in self-supporting budgets.

E. Small Institution Administrative Allocation

- 1) Eliminate the phase-out formula for the Small Institution Factor, which penalizes growth and the higher weights implemented for CTE courses, and eliminate its dependence on WSCHs. The recognized funding need at small institutions for fixed administrative costs does not depend on credit hours and applies to every institution.
- 2) Instead of the current Small-Institution Factor amount per WSCH, fund a flat \$700,000 for a minimal administrative staff allocation for each of the seven institutions, as a carve-out before distribution using credit hours and headcounts. The \$700K value is based on the calculation in the following table for one chief academic officer, one chief financial officer, and a human resources administrator, i.e., minimal administrative staffing that is not dependent on enrollment. We do not include Presidents because their salaries are directly set by the Board of Regents.

Position	Median on Salary Schedule
CC Executive	\$190,018
CC Executive	\$190,018
Admin Faculty D	\$125,940
Subtotal	\$505,976
Fringe @34%	\$172,032
Total	\$678,008

- 3) For future biennia, adjust this amount by the Cost-of-Living Adjustments for faculty.

4) Unless full new funding is provided (\$4.9 million less the current Small Institution Factor of \$866,000), implement only for GBC and WNC as the preexisting small institutions at an additional cost of about \$535,000.

F. Fee Waivers

- 1) Request new funding to fund fee waivers based on actual fee waivers for the average of the prior two years for:
 - a) All legislatively mandated fee waivers.
 - b) The NSHE-approved fee waivers for former foster youth and others.
 - c) Discounts for dual and concurrent registration fees for high school students.

Note that fee waivers are a form of state-supported financial aid; other state financial aid programs are not included in the funding formula.

- 2) Include appropriate inflation factors according to the NSHE predictable pricing program.
- 3) Because fee waiver demand may vary widely among institutions, in future biennia fund fee waivers based on the past two years of actual fee waivers over and above the formula distribution based on WSCHs and student enrollment. (Alternatively, fund through the Office of the State Treasurer on a reimbursement basis.)

F. General Implementation

- 1) Maintain a single formula for all seven institutions. No method has been proposed for dividing the institutions and their funding into groups with separate formulas. Using current funding levels would perpetuate existing disparities.
- 2) Phase in the new components of the formula over two biennia as indicated above.
- 3) Instead of a single count year, use the best of the past two full academic years for each institution. A three-year average increases the lag time between enrollments and funding, and still counts even and odd years differently with biennial budgeting. The best-of-two allows for single-year declines due to circumstances that cannot be controlled and allows for better planning.
- 4) For any institutions experiencing a loss of funding compared with FY2025 appropriations (after including [AB491](#) and [AB494](#) enrollment recovery and supplemental appropriations but not other one-shot funding), provide hold-harmless funding at 100%

for the first biennium and 50% for the second biennium. Apply the hold-harmless funding on the combined effect of formula changes, not separately for each component.

5) For biennial base budget calculations, adjust the dollar values per WSCH and per headcount/FTE for inflation by the past two years of the Higher Education Price Index. That is, adjust the base budget for both inflation and caseload enrollment changes.

6) The proportion of revenue from the state versus from student fees and tuition has not been considered. The proportions should be fixed as part of the budgeting process to avoid needing student fee increases to cover shortfalls. Both state funding formulas and student fees and tuition should have inflation factors applied to maintain the level of services.

7) For full transparency and to promote trust between NSHE and the Legislature, all institutional reporting of formula factors (e.g., WSCHs and headcounts) should be audited regularly. The formula should incentivize services to students, not creative accounting.

G. Further Study and Review

1) Create an NSHE committee with broad-based faculty representation for regular review of the weights for WSCHs and enhancement factors for student headcounts.

2) Fund a follow-up study to determine the costs of providing adequate, high-quality, and equitable higher education serving Nevada's students of all socioeconomic backgrounds, demographics, and geographic areas.

H. Impact of Formula Recommendations

For reference, Table 1 shows the impact of adopting the full recommendations of HCM Strategists ([page 57](#)) in the absence of any new funding. We are unable to calculate precise effects using NFA's recommendations because of interactions among the various components, but we estimate the changes would be reduced by one-third to two-thirds assuming no new funding and depending on the percentage allocation to student enrollment in the formula. Table 2 summarizes the recommendations from NFA. To avoid harming some institutions while raising up others, **new components to the formula should be contingent on new funding and hold-harmless funding should be provided.**

Table 1: HCM Strategists Recommendations

FY25 Impact of the Complete Recommendations (40%-40%-20% plus other recommendations, all combined) on Total Formula Allocations

Institution	FY 2025 Total Allocation		FY 2025 Total Allocation - With All Recommendations		Change		
	\$	% of Total \$	\$	% of Total \$	\$	Change in % of Total \$	% Change in Allocation
UNLV	\$203,911,119	38.0%	\$193,372,605	36.0%	-\$10,538,514	-2.0%	-5.2%
UNR	\$138,154,676	25.7%	\$122,889,739	22.9%	-\$15,264,937	-2.8%	-11.0%
NSU	\$30,696,028	5.7%	\$31,184,718	5.8%	\$488,690	0.1%	1.6%
CSN	\$97,888,483	18.2%	\$120,996,300	22.5%	\$23,107,817	4.3%	23.6%
GBC	\$14,715,080	2.7%	\$15,067,722	2.8%	\$352,642	0.1%	2.4%
TMCC	\$35,402,848	6.6%	\$38,135,766	7.1%	\$2,732,918	0.5%	7.7%
WNC	\$15,851,936	3.0%	\$14,973,318	2.8%	-\$878,618	-0.2%	-5.5%
Total	\$536,620,170		\$536,620,170				

Note: The \$ change in this table does not match the sum of all individual recommendations changes due to interactions.

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Table 2: Summary of NFA Formula Recommendations

(percentages after small institution and research O&M allocations)

Formula factor	Current	HCM Strategists Recommendation (5/30/2024)	NFA Recommendation (First Biennium)	NFA Recommendation (Second Biennium)
Resident WSCH	100%	40%	85% to 90%	70% to 80%
Resident Headcount + FTE Enrollment	0%	40%	7.5% to 12.5%	15% to 25%
Outcomes Based Funding	20% Performance Pool carve-out	20%	2.5%	5%
Administrative Allocation	Small Institution Factor @\$30/WSCH, with phase-out	Small Institution Factor @\$40/WSCH, with phase-out	\$700,000 per institution, over and above the formula	
Summer School Courses	Certain nursing and teacher education courses included in WSCH	Include all summer courses in the formula, with or without funding.	Do not include additional summer courses in the formula without full funding per WSCH and headcount. Maintain summer student registration fees in self-supported budgets.	

Public comment submitted through NSHE Online form

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: angela.brown@csn.edu

Name: Angela K Brown

Address: 2815 S BUFFALO DR

Phone Number: 7025248511

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: Education Funding

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

I held my position as gaming lab assistant for 25 years earning minimum wage and under my tenure as a teacher assistant I kept my duties and service to CSN. I would like to see continued growth in support of funding for college programs in higher learning education so that we can continue to offer college programs to students who can benefit from our programs at CSN.

Agreed that all the information above is true and accurate: Yes

Public comment submitted through NSHE Online form

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: angela.brown@csn.edu

Name: Angela Brown

Address: 2815 South Buffalo drive

Phone Number: 7025248511

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: Education Funding

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

Colleges programs need the support to help train students with the skills and knowledge that meet the needs of the industry. Student can benefit from funding in colleges like CSN because by supporting college programs the cost of tuition decrease making college more affordable again.

Agreed that all the information above is true and accurate: Yes

Public comment submitted through NSHE Online form

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: jdhexen@unr.edu

Name: Jane Davidson

Address: 2990 Cahal Ct Reno NV 89523

Phone Number: 775-747-2252

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: Distributions of funding

In Favor / Opposed / Other: In Opposition

Comment:

We should not cut senior faculty salaries or force them out to have more LOA or junior less paid faculty

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: codyhunter@unr.edu

Name: Cody S Hunter

Address: 449 Field St.

Phone Number: 5309067940

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: General Public Comment

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

I have only been teaching at UNR for two years, but I've already seen large turnover in our departments and strains placed on students, instructors, staff, and admin as a result of funding and budget issues. If these aren't addressed, I'm concerned that we'll lose even more exceptional faculty members and enrollment will reflect this drop, particularly among graduate students whose specialization requires diverse and high-caliber faculty members. For these reasons, I support the inclusion of the considerations recommended by the NFA for the work session, including a shift toward a true funding formula based on more appropriate metrics that support our educational mission vs. pitting NV institutions against one another, applying pressure to the legislature to increase education funding, emphasizing the weight of the committee's recommendations, adjusting for inflation for all institutions' budgets, fully funding fee waivers to support underserved student populations and to maintain statutory obligations, and implementing annual internal audits of all numbers reported by all institutions that impact funding calculations. Further, considering the recommendations in the work session document, I support the recommendations outlined in the "NFA Recommendations for Final Committee Report." As I stated in the opening of this comment, I'm saddened by the loss of faculty in our department and am frustrated by the additional burdens placed on students due to funding and budgetary issues (e.g., increasing class sizes, increased student fees, increased and late-notice shifts to online sections) that are stressing an already over-taxed population of post-COVID students and faculty.

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: gretadejong@mac.com

Name: Greta de Jong

Address: 665 N. Maddux Dr

Phone Number: 7753425197

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: 4

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

I thank the Committee for working to develop a higher education funding formula that recognizes different institutional needs and provides more support for students who need it. I am concerned, however, that the HCM consultants' recommendations will reduce the proportion of state funds allocated to the universities. At UNR, academic departments and programs are reeling from budget cuts made in FY24, which have led to a loss of faculty, fewer course offerings and services for students, and increased workloads. Further cuts would worsen these problems. The rationale for some of the HCM figures is also unclear—for example, the 40% for student attributes in the weighted allocation far exceeds the current 8% spent on student services. The Nevada Faculty Alliance has carefully studied the recommendations and offered suggestions of its own that are evidence-based and reflect members' real life experiences at NSHE institutions. I hope you will take the NFA's recommendations seriously and consider adopting them over those of HCM. In particular, the Committee should vote to index funding to inflation using the Higher Education Price Index and ensure a gradual transition to a new funding formula to help institutions that will be losing funds to adjust.

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: kchorpening@unr.edu

Name: Kelly Chorpening

Address: 5370 Twon Creeks Drive

Phone Number: 775-460-1221

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: All dollar amounts per credit hour or headcount should be indexed to inflation using the Higher Education Price Index when used to calculate base budgets or caseload maintenance budgets.

In Favor / Opposed / Other: In Favor

Comment:

I am new to the state of Nevada (summer 2022) and have been dismayed by the budget shortfall. I understand that the reasons are complex and difficult, but it's been a shock to realize that decisions have really harmed the student experience in terms of faculty/staff retention and therefore the quality of what can be offered. I hope the state will prioritize Higher Ed, and education more generally, as an investment in the future of the state. UNR is a fantastic place, but seems to be quite precarious without state-wide commitment & investment in its present and future.

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: akoos@unr.edu

Name: Agnes Koos

Address: 1775 Evans Ave K-13, Reno, NV, 89512

Phone Number: 5307865506

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: Public Comment

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

I am writing to express my support for the Funding Formula changes promoted by NFA, which are all reasonable proposals. The two I consider most important to be implemented as proposed by NFA, are

(i) adopting a 75%/20%/5% allocation (WSCH/student attributes/OBF) formula versus the 40%/40%/20% allocation formula, which is out-of-touch with the educational realities; and
(ii) all dollar amounts per credit hour or headcount should be indexed to inflation using the Higher Education Price Index when used to calculate base budgets or caseload maintenance budgets.

Thank you for considering these suggestions.

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: elliottp@unr.edu

Name: Elliott Parker

Address: 3255 Thornhill Dr

Phone Number: 7758137922

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: 5. Work Session

In Favor / Opposed / Other: In Opposition

Comment:

My name is Elliott Parker. I am chair of the Economics department at the University of Nevada, Reno. Thank you for the work you do.

I have read the HCM Proposal. It does not seem to be based on the actual cost of educating students, for either R1 universities or community colleges. The proposed weighting seems arbitrary and unrelated to actual costs, and instead gives the impression of being designed for a pre-ordained outcome.

Perhaps this is the result of trying to have a “one size fit all” formula for our different institutions. Fitting round pegs in square holes is just as damaging as fitting square pegs in round holes.

Why don't we actually study the costs of our institutions, and those of our peer institutions? Why don't we have different metrics for different institutions, since they have very different missions?

The 40/40/20 allocation recommendation of the consultants, if adopted, would put NSHE in the position of representing to our State Legislature that we think 40% of state funding should go to student services, instead of to instruction and research. I think that will be difficult to defend.

If approved, this new formula will give incentives to the universities to be more like community colleges, and encourage part-time attendance over full-time. Even if you phase it in, it is still cutting budgets just as we have achieved R1 status, something our state should be proud of.

Further, the formula will motivate certain practices going forward that are inconsistent with what we have told the legislature and ourselves are our goals for our institutions, for our state and for our students.

I am sure we need a new formula, but I don't think this is it. While I am not currently a member of the Nevada Faculty Alliance, I support the NFA's recommendations as a more reasonable alternative.

Thank you again for your service to the state, and for allowing us to be heard.

Agreed that all the information above is true and accurate: Yes

Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Email: chmariscal@gmail.com

Name: Carlos Mariscal

Address: 1330 Mount Rose St.

Phone Number: 9196993659

Representing someone other than yourself?:

Meeting: Meeting of the ad hoc Committee on Higher Education Funding on July 25, 2024

Agenda Item: Ad Hoc Committee on Higher Education Funding

In Favor / Opposed / Other: No Position stated – Concerned or Neutral

Comment:

My department started off with eight permanent faculty members, which was half the amount of the next lowest R1 university. Our last review said we needed to hire two more to be competitive. We now have only four members.

I would love to help build my department and continue participating in UNR and the Reno community. I'm happy with my pay and colleagues. But as more people leave and nobody replaces them, it makes me feel like I'm losing out on the last raft out.

We simply need a bigger investment in education and our Universities to help Nevada continue to be a competitive place and to have a position in tomorrow's economy. Any less than that and we'll be wondering why we're falling behind forever.

Agreed that all the information above is true and accurate: Yes

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