

**SPECIAL MEETING
BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION**

Blasco Event Wing, Foundation Building
University of Nevada, Las Vegas
4505 Maryland Parkway, Las Vegas
Monday, January 7, 2008, 9:00 a.m.

Members Present: Mr. Michael B. Wixom, Chair
 Mr. Howard Rosenberg, Vice Chair
 Mr. Mark Alden
 Mr. Cedric Crear
 Dr. Thalia M. Dondero
 Mrs. Dorothy S. Gallagher
 Dr. Jason Geddes
 Mr. Ron Knecht
 Mr. James Dean Leavitt
 Dr. Jack Lund Schofield
 Mr. Steve Sisolak
 Mr. Bret Whipple

Members Absent: Dr. Stavros S. Anthony

Others Present: Chancellor James E. Rogers
 Executive Vice Chancellor Daniel Klaich
 Executive Vice Chancellor & CEO Maurizio Trevisan
 Vice Chancellor, Academic & Student Affairs, Jane Nichols
 Vice Chancellor, Finance, Mike Reed
 Chief Counsel Bart Patterson
 Interim President Michael D. Richards, CSN
 Vice President Cleve McDaniel, DRI
 President Paul Killpatrick, GBC
 President Fred J. Maryanski, NSC
 Interim President Delores Sanford, TMCC
 President David B. Ashley, UNLV
 President Milton D. Glick, UNR
 President Carol A. Lucey, WNC
 Chief Executive Officer of the Board Scott Wasserman

Also present were faculty senate chairs Ms. Judy Stewart, CSN; Dr. Bryan Spangelo, UNLV; Dr. Stephen Rock, UNR; and Mr. Brian Campbell, System Administration. Student government leaders present included Mr. RaQuan Snead, Student Body Secretary-CSN; Mr. Adriel Espinoza, UNLV; and Ms. Sarah Ragsdale, UNR.

Chair Michael B. Wixom called the meeting to order at 9:00 a.m., on Monday, January 7, 2008, with all members present except Regents Anthony, Schofield and Whipple.

Regent Alden led the pledge of allegiance.

Pastor Arthur Gafke from the University United Methodist Church offered the invocation.

Regent Schofield entered the meeting.

Chair Wixom expressed his heartfelt thanks to the Chancellor, Presidents, Vice Chancellors, UNLV staff and Board staff for their efforts in preparing the special meeting.

Regent Whipple entered the meeting.

1. Approved-Budget Reduction Alternatives – The Board approved reverting \$10 million previously allocated to the iNtegrate project back to the state as part of NSHE's 4.5% budget reduction. The Board also approved the Presidents' budget reduction plans as presented with a sunset clause on the student fee surcharge at the end of the biennium, waiving any Board requirement for a second reading on the student fee surcharge, and scheduled a discussion for how to allocate the \$10 million for the February 7-8, 2008, Board meeting.

The Board considered reports from the Chancellor, the NSHE Presidents and System Administration staff concerning potential strategies to achieve the budget reductions mandated by Governor Jim Gibbons. A number of options were discussed for budget reductions including a temporary suspension of the Board's policy on the use of Capital Improvement Fee funds generated by student fees (*Title 4, Chapter 10, Section 11*) for the current biennium only so that those funds may be used to supplement operating shortfalls resulting from the required budget reductions. Discussion also included a review of various options for budget reductions including one-shot dollars, capital, merit funds, and other campus-specific reductions (*Memorandum re: Budget Reduction Plans on file in the Board office*). The Board also considered revenue enhancements to address state reductions including a campus-specific student surcharge. Based on the discussion, the Board granted authority in relation to steps to be taken to reduce the state-supported budgets of the NSHE institutions and the System Administration (*Ref. A on file in the Board office*).

2. Public Comment - Chair Wixom introduced Senator Bob Coffin.

Senator Coffin expressed an apology for the current budget situation, feeling it was unnecessary because the state has access to a rainy day fund in excess of \$300 million that is available to help alleviate such situations. Senator Coffin said the Legislature was at fault for creating legislation allowing the Governor the flexibility to make decisions affecting the state without legislative intervention. Hence the NSHE was now forced to reduce their budgets without benefit of legislative involvement. He said that only legal action could alter the situation. He felt it was a horrible injustice. He encouraged the Board to fight for a change.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Dondero acknowledged the effort expended to schedule the special meeting. She felt that the students and faculty had been taxed unfairly.

Regent Knecht asked to hear from each of the student and faculty representatives.

Regent Crear concurred with Senator Coffin's remarks, feeling that the general public had been misled. He was disturbed that education was prioritized last. He felt the Governor should call a special session of the Legislature to discuss alternative measures rather than reducing the budgets. He was concerned the reductions would discourage future qualified faculty from coming to Nevada to teach.

Regent Schofield also agreed with Senator Coffin's remarks. He noted that Nevada ranks 48th in the nation in per student funding. He felt the current system requires fixing in order to properly acknowledge the state's young people as a valuable resource.

Regent Leavitt hoped that the special meeting would not become an indictment of the Governor. He thanked Governor Gibbons for the support he has extended to the System. Regent Leavitt acknowledged that no one wanted to reduce budgets or raise tuition and advocated for better communication via candid conversation.

Chair Wixom expressed his appreciation for an open and democratic process allowing free expression of ideas. He also expressed his appreciation to Governor Gibbons for allowing an open discussion with the NSHE.

Regent Geddes asked about any flexibility the campuses may have regarding the capital expenditure appropriation and bonding capacity, as well as how the student fee surcharge impacted the System's budget reduction. Executive Vice Chancellor Klaich replied that this is an exercise in finding and returning a portion of the general fund dollars. It does not relate to capital fund projects since those are funded primarily with capital dollars. Conversations with the State Public Works Board (*SPWB*) indicated some flexibility was possible regarding the movement of funds so long as the percentages remained the same. The student fee surcharge was recommended for a limited time only and is subject to Board approval.

Executive Vice Chancellor Klaich stated that reducing the budget is a challenge. Each of the Presidents is concerned about protecting their base budget and ensuring that future budgets will be built upon an unreduced base.

Regent Crear expressed his support for bonuses and merit pay in response to hard work, noting the proposal to defer merit pay as a partial response to the budget crisis. He questioned how the System would respond to a similar crisis in the second part of the biennium and how the System would continue to pay bonuses in times of financial stress.

Executive Vice Chancellor Klaich replied that the concept of deferral relates to the second part of the biennium equating to six months of merit pay. Employees' contract pay will increase by the total amount. However, they will only receive half of the total benefit under the proposed plan. Only half of the merit will be paid out in the second half of the biennium.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Crear questioned how merit pay could be afforded when the budgets are reduced. Executive Vice Chancellor Klaich related that the Presidents had attempted to devise solutions to a significant reduction that does not place an overly large burden on any one stakeholder interest. The faculty contribution includes a portion of the faculty merit. The students are contributing a fee surcharge on a number of the campuses. The salary and program freezes affect everyone as workloads continue to increase. He said it represented a balancing act.

Regent Crear felt that bonuses should not be paid in times of financial stress. Executive Vice Chancellor Klaich related that merit pay was a hard fought benefit used to reward and encourage high performing faculty members. He related it was more of an incentive pay measure. He noted that COLA adjustments were mandated by law even during times of financial pressure.

Regent Sisolak asked about the percentage of faculty receiving merit pay. Executive Vice Chancellor Klaich replied that he did not know specifically, but offered to provide the information at a later date.

In response to Regent Sisolak's question, Executive Vice Chancellor Klaich estimated that the balance of the Estate Tax fund is currently at approximately \$4 million. A portion of that was earmarked for the TMCC Spanish Springs Center. All expenditures from the Estate Tax fund must be jointly approved by the Board of Regents and the Legislature. Regent Sisolak asked whether some of that money could be redistributed. Executive Vice Chancellor Klaich replied that it could not be directly reverted to the state. He was unsure whether funds could be used to assist the institutions in other areas.

Regent Sisolak asked whether the second distribution from the endowment was included in the proposed budget reductions. Chair Wixom requested a specific answer to accessing the Estate Tax fund. He also asked each of the Presidents to respond to whether the second portion of the investment distribution had been expended.

Regent Gallagher asked whether the student fee surcharge required Interim Finance Committee (IFC) approval. Chair Wixom replied that it did. Executive Vice Chancellor Klaich asked that the Board provide the System with a maximum amount of flexibility relative to use of the surcharge. Chair Wixom stated that the surcharge should include a sunset provision.

Regent Alden observed that the rules for preparing the state budget were bad regardless of who filled the Governor's position. Regent Alden established that only general fund dollars were under discussion. He asked whether the decisions would be easier to make if all of the money was homogenous so that higher end salaries could be reduced. Executive Vice Chancellor Klaich replied it would not, adding that there was no easy solution. Each of the Presidents has derived similar conclusions that there are ways to spread the cuts amongst different areas in order to share the burden of the budget reductions. Regent Alden noted that if the money was homogenous and they were not

1. Approved-Budget Reduction Alternatives – (Cont'd.)

bound by contractual agreements they could reduce higher salaries instead of cutting in other areas.

President Glick presented UNR's budget reduction plan (*page 36 of Memo: Budget Reduction Plan on file in the Board office*). He related that the proposed 4.5% reduction was preferable to the previously anticipated 8% reduction. The faculty, students and deans have all made courageous decisions in order to respond to the budget reduction. The faculty have supported deferral of merit for faculty and administrators and the students have supported the student fee surcharge in the belief that it is best for the institution. He felt this proposal was less detrimental to the institution in the long term. UNR's top priority was to protect student success and research. They committed to maintain class availability and to protect graduate assistant positions whenever possible. He noted that UNR proposed a \$21 million reduction that includes \$3 million the institution has already reduced or reallocated due to changes in the manner in which UNR conducts business prior to the Governor's mandate for reductions. President Glick urged the Board to realize that UNR's proposal included input from multiple constituencies that would allow the institution the flexibility to move forward in its desire to become a better institution.

Highlights of UNR's proposal included:

- Revert the Furniture, Fixtures & Equipment (*FF&E*) for the Davidson Mathematics and Science Center facility because the building will not be ready in this biennium. FF&E funding for this facility will be UNR's highest capital improvement priority for the 2009-11 legislative session;
- Delay opening of the Mathewson-IGT Knowledge Center. Estimated savings \$2 million in operating and maintenance;
- Eliminate the College of Health and Human Sciences as a separate college integrating its programs into appropriate divisions of the university;
- Streamline the university Communications division, saving \$500,000 and eliminating a vice president position;
- Integrate and consolidate IT services to more effectively serve the institution;
- Base reductions assigned to administrative units with an estimated savings of \$1,850,000;
- To maintain the Mining Engineering program UNR is seeking help from the mining interests in the state;
- Defer faculty and administrator merit for six months saving an estimated \$1 million;
- Implement a \$5.00 per credit hour tuition surcharge beginning Fall 2008 for additional revenue estimated at \$1.5 million;
- Suspend searches for faculty and classified positions to be filled prior to July 2008;
- A few of the Statewide Programs, including the Nevada Bureau of Mines and Geology, have the ability to shift some of their costs to grant funds or other self-supporting revenues in order to absorb the budget reductions without imparting serious harm;
- Nevada Agricultural Experiment Station to become more entrepreneurial and generate more competitive grants;

1. Approved-Budget Reduction Alternatives – (Cont'd.)

- Nevada Cooperative Extension to better share and collaborate and make decisions to serve their constituents in different ways;
- The School of Medicine (SOM) will be required to be more entrepreneurial, create more revenue from grants and the practice plan. Faculty will spend more time in practice and less in direct instruction;
- Intercollegiate Athletics will need to fill their seats and generate more gift dollars;
- President Wells and President Glick have agreed to study ways in which DRI and UNR might share services to save money and/or improve services.

Regent Leavitt asked why a larger surcharge wasn't being considered, with tuition being so low, rather than sustaining the budget reductions proposed. President Glick replied that a substantial increase in tuition required a broader dialog with the community involved, which would require more time than was currently available. He felt it was very important to do so in such a manner that students realize the full value of such a proposition.

Regent Sisolak called a point of order, noting there was no specific mention of tuition increases on the agenda. Regent Leavitt noted that the recommended surcharge was to help assist in maintaining current programs. He felt that a higher surcharge would allow the System to keep programs in place and that the students would still benefit because the reductions would not be made.

Chair Wixom acknowledged the point of order, adding that tuition increases would not be discussed that day.

President Glick related that his proposal reflected what he believed to be an appropriate level of reduction for UNR to recommend at this time.

Regent Knecht complimented President Glick and UNR for the good work citing the strategic repositioning as an admirable response to the required reductions.

Dr. Stephen Rock, Faculty Senate Chair-UNR, stated that the faculty were supportive of the six-month delay in merit pay.

Regent Crear asked about the \$3 million reduction for the SOM and its impact on increasing the number of residents in the program. President Glick replied that removing \$3 million from the state funding of the SOM will delay the university's ability to accomplish its goals in that area. The institution will attempt to offset those negative outcomes.

Regent Crear asked about decreasing malpractice insurance relative to clinical faculty (*page 45 of 52*). President Glick clarified that it was an estimated savings from moving from state supported clinical education to clinical faculty practice supported education, which includes a portion of malpractice insurance.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Sisolak expressed concern for the amount of money the Board had approved over the course of the past six Board meetings, including property purchases, faculty hires over the salary range, excess stipends and supplemental pay and malpractice tail coverage. He asked how many outside consultants and lobbyists were employed by UNR. President Glick replied that he would gladly review property holdings to see whether money could be better spent elsewhere. He noted that in regards to CIP, UNR has the oldest buildings in the System with a large deferred maintenance budget. He acknowledged the malpractice tail coverage which would be addressed. He reported that UNR's only outside lobbyist is Lionel Sawyer, adding that UNR has its own internal lobbyist. Regent Sisolak asked about retreats, parties and events held on campus. President Glick replied that although paid from non-state funds, they were attempting to reduce such events. He felt it was important to note that some of these events are strategically necessary.

Regent Sisolak expressed concern about travel and host accounts. He asked how much money would be saved if all host accounts were reduced by 50%. President Glick was unsure, but added that NSHE's host accounts were already much lower than those employed at other institutions. Regent Sisolak wanted to ensure that NSHE was employing similar reductions as those employed in the private sector. President Glick replied that they were, noting that UNR's holiday party no longer included alcohol.

Regent Sisolak asked whether student government funds could also be reduced by 4.5%. President Glick replied that it could be considered.

Regent Alden asked whether the Nevada Bureau of Mines had sustained a budget reduction. President Glick replied that they had, adding that he felt it was a reasonable expectation with an emphasis on student success.

Regent Alden disagreed with the student surcharge. He felt the CEO's should sustain a reduction in pay in order to prevent the proposed budget reductions. President Glick replied that he supported a six-month deferral in merit pay for administrators, including himself, but he was unwilling to reduce the amount of pay for any of the executive officers.

Regent Gallagher asked whether the Nevada Bureau of Mines' budget reduction would hamper their research. President Glick replied that it would, but he believed it would not prevent them from pursuing their mission.

Regent Gallagher was pleased to support the proposals presented by the Presidents, allowing them the flexibility to adjust their proposals as they deemed necessary.

Vice Chair Rosenberg related that the UNR community exhibited a level of trust in President Glick and his administration that he had not witnessed in a very long time, adding that he was proud to be a member of the campus.

Regent Knecht suggested that the Regents also reduce their meeting stipend by 4.5% as well as a 50% reduction of their Host Accounts.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Chair Wixom reported that System Administration, including the Board staff, are taking steps to reduce their budgets by 4.5%.

The meeting recessed at 10:37 a.m. and reconvened at 10:46 a.m., with all members present except Regent Anthony.

President Ashely presented UNLV's budget reduction plan (*page 24 of Memo: Budget Reduction Plan on file in the Board office*). He related that UNLV is in the process of changing its mission to that of one with a focus on research and of students with higher academic achievement. He stated that UNLV emerged from the previous legislative session in a deficit that has already been absorbed through internal reallocations. The general principles behind UNLV's plan include the need to ensure the academic integrity of the institution, that the students be considered first in all of these decisions and that the research mission be maintained (*page 27*). They also want to ensure that the impact to their base budget is minimized. He reported that UNLV has elected not to impose a student surcharge, relating that the students have already made their contribution to UNLV's financial situation (*23% increase to undergraduate fees; 32% to graduate fees*). In the long term the tuition model needs to be restructured and that will require students to be fully engaged in such an effort.

The viable options for reductions in the near term are extremely limited but include the following (*page 29*):

- Limit all hiring activity to capture expenditure savings while balancing the need to not negatively impact FTE's;
- UNLV will not focus reductions on part-time faculty, as this would have the largest impact on class sections/seats and the lowest relative financial recovery. A 4.5% - 5% target has been identified to increase teaching efficiency within the existing faculty base;
- Differentially allocate reduction targets to various campus programs. For FY 2008 the reduction target for academic areas is approximately 4%, while for some administrative areas the target is 3.8%. Differential reductions are also part of the FY 2009 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 enrollment of graduate students and the support of graduate programs. This is not a first priority for consideration.
- Professional and classified positions. UNLV would be required to focus on cuts in these areas, regardless of the impacts on services to students and faculty. There would likely be impact on ability to support iNtegrate, as there was initially an increase to staffing in this area. Currently they cannot cover base services let alone implement a major new automated student system;
- Deferment of any maintenance/repairs for facilities, classrooms, etc. (*these types of projects will be required expenditures in the future*). This will be a major focus and will include deferral of several facilities projects focused on providing additional research space and improving existing classrooms and student used laboratories;

1. Approved-Budget Reduction Alternatives – (Cont'd.)

- There were several special “one-shot” appropriations in the 2007-2009 appropriation, totaling \$950,000. Although these are very important allocations to the specific programs (*Women’s Research Institute, Black Mountain Institute, Center for Health Disparities and the Saltman Center*), 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 UNLV 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 (*SEB*) and the Greenspun Building. The SPWB recommended (*and approved*) that the SEB facility budget be reduced by \$500,000 and that the Greenspun facility budget be reduced by \$750,000. While these reductions will impact the facilities, UNLV is committed to their opening on schedule;
- Additionally, the Student Services Addition facility was funded in the 2005 session of the legislature, and \$600,000 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 this reduction can be made without major impacts on the facility and its function. The system has verified with the state that this general fund cut can count towards their 4.5% reduction;
- Defer FY 2009 merit by six (6) months. Although outside of their control, President Ashley would prefer that the state consider adjustments to the FY 2009 COLA funding (*currently 4% with each 1% costing the state general fund approximately \$29 million*). By keeping the full merit in the base the individuals will only have a ½ year financial impact thereby not negatively impacting 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, he understands and supports this deferral action as a system-wide approach. He felt the UNLV Faculty Senate would be reluctant at best to support deferral of the merit pay.

In summary (*page 30*), President Ashley indicated that UNLV’s \$18.1 million total reduction is reached by:

- \$5.82 million from Vice Presidential areas (*differential amounts with highest allocations of cuts to administrative areas*);
- \$1.2 million from UNLV’s two research categories;
- \$0.88 million from research challenge grant savings;
- \$0.41 million from research infrastructure savings;
- \$0.95 million from biennial one-shot appropriations;
- \$1.66 million from 6-month deferral of merit pay;
- \$1.85 million credit for CIP reductions (*SPWB projects*);
- \$3.12 million in HECC funds reductions;
- \$2.21 million combined operating reductions.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

President Ashley related that town hall meetings were held prior to the winter break to discuss the proposed reductions. They were also able to meet with the senior leadership of the faculty senate and student body.

In response to Regent Geddes question, President Ashley stated that UNLV will receive full credit for the CIP reductions recommended by the SPWB.

Regent Leavitt left the meeting.

Regent Knecht asked whether some reductions had already been implemented. President Ashley replied that UNLV had already been in the process of considering many of the efficiencies proposed.

In response to Regent Knecht's question, Dr. Bryan Spangelo, Faculty Senate Chair-UNLV, replied that the faculty that he has spoken with have responded negatively to this proposal. Merit is highly competitive at their institution and is reserved for the most stellar researchers. He would like to see merit paid to faculty on July 1st if at all possible.

Regent Sisolak questioned what was being done with the \$4 million technology fee, noting that he thought those funds were restricted to IT requirements (*page 32*). President Ashley indicated that the funds are being used for those projects that are on schedule that may need to be deferred.

In response to Regent Sisolak's question, President Ashley replied that they have retained Lionel Sawyer to assist with lobbying for state issues. Internally, UNLV employs its own government relations staff.

Regent Sisolak asked about the sabbatical policy and the specific amounts involved. President Ashley replied that this year UNLV was allocated 21 spots equating to approximately 21 full-time salaries. Mr. Gerry Bomotti, Vice President of Finance and Business-UNLV, estimated those 21 spots reflected approximately \$800,000 (*\$1.6 million annualized*).

Regent Leavitt entered the meeting.

Regent Sisolak asked about parties, retreats and events, noting the number of Christmas cards he received from UNLV last year. President Ashley replied that although extremely valuable, UNLV needs to focus on making effective and careful choices in their "friend" raising and development efforts.

Regent Gallagher left the meeting.

Regent Sisolak asked although UNLV is not proposing a student surcharge, how much would a comparative surcharge yield for UNLV. Vice President Bomotti estimated that a surcharge would yield approximately \$2.8 million per year, based on \$5.00 per credit hour.

In response to Regent Crear's question, Regent Sisolak related that COLA was mandated by the Supreme Court to be a property right and could not be adjusted.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Gallagher entered the meeting.

President Lucey discussed WNC's proposed budget reductions (*page 51 of Memo: Budget Reduction Plan on file in the Board office*). At the beginning of FY 2008, the college recognized and addressed financial challenges by reducing college operating budgets by 2% and temporarily holding a number of positions vacant. In response to the Governor-mandated 4.5% reduction, open forums were held to discuss WNC's proposed response. The college must make temporary reductions in staffing to meet mandated budget reductions, including a temporary hiring freeze in instruction, student services and administrative support. 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.

President Lucey related that in the fall of 2007, all sabbaticals, hosting accounts, the operating budgets, travel budgets and library acquisitions had already been frozen. To comply with the mandated 4.5% budget reductions, the following steps were proposed:

- Employing a student surcharge and merit deferral will allow the institution to respond to the reduction mandate with the least damage to the institution's mission. A student surcharge of \$2.75 per credit hour translates into \$82 per year for a full-time student;
- The college also proposes deferring award of merit in FY 2009 to January 2009, applying the resulting savings to the reduction;
- 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;
- 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 requirements;
- 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.

Regent Knecht complimented President Lucey's proposal.

Regent Dondero asked about coverage for the rural areas. President Lucey replied that WNC employs trailers and storefronts in the smaller communities in order to meet the institution's mission for providing services to small rural communities. WNC also employs distance learning. A small staff is employed on-site in seven locations and many faculty circulate between the different sites, which is expensive. Spreading the plan over two fiscal years, deferring merit and HECC funds and employing a student surcharge were the only means for the college to address the reduction.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

President Richards reported CSN's fiscal condition, assessed prior to developing this plan, including budget shortfalls in ten departmental areas and continuing to cope with growth and diversity while being funded at a subsistence level (*page 3 of Memo: Budget Reduction Plan on file in the Board office*). Their plan is based on three core principles: (1) preserve the base, (2) preserve course access and (3) preserve core mission. Students and faculty were involved in every step of the development of the plan. CSN's implementation strategy will reduce more than \$8,677,305 over the biennium. Assumptions used in addressing the reduction include:

- Cutting operating budgets;
- Implementing operational efficiencies;
- Delaying or cancelling hiring of replacement staff;
- Adopting a student surcharge;
- Deferring merit for professional staff in FY 2008-09;
- Using (*one-time*) HECC appropriations;
- Using excess student fee collections in excess of the budgetary levels in FY 2007-08.

He requested that the institution be allowed to maintain flexibility with the plan as they continue to work out some of the difficulties, adding that a change in one component will have a ripple effect on the others.

Ms. Judy Stewart, Faculty Senate Chair-CSN, reported that the faculty feels that, historically, those least able to absorb the burden are asked to do so. Their faculty supports the merit deferral in concert with the student surcharge.

Mr. RaQuan Snead, Student Body Secretary-CSN, read a prepared statement from CSN Student Body President Taylor Gray (*on file in the Board office*). The Board was encouraged to explore options that would prevent students from bearing the additional burden of a surcharge. Mr. Snead stated that he supported the student surcharge because he understood the desperate situation.

Regent Knecht questioned when the Board could expect a report regarding the student surcharge (*page 5*). President Richards replied that if surcharge reached \$7 (*\$4.50 per credit surcharge is being proposed*), they would provide a report to the Board.

Vice Chair Rosenberg felt it was important for the students to realize that the Regents and faculty are mindful of the situation.

President Killpatrick reported that at the beginning of FY 2008, the college recognized and addressed financial challenges by reducing their operating budgets by 2% and temporarily holding a number of positions vacant (*page 12 of Memo: Budget Reduction Plan on file in the Board office*). To comply with the mandated 4.5% budget reductions, the following steps were proposed:

- The college must make temporary reductions in staffing, including, a temporary hiring freeze in the areas of instruction, student services and administrative support;

1. Approved-Budget Reduction Alternatives – (Cont'd.)

- The college proposes deferring the awarding of merit in FY 2009 until January 2009. It should be noted that the salary savings from merit delay may also result in forfeiture of approximately \$5,000 of professional COLA allocations.
- The 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.
- 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 FY 2008.
- College proposed a surcharge of \$2.75 per credit hour to apply to the reduction.

President Killpatrick related that due to the timing of the discussions, it is unknown if there is support from the students for a surcharge or from the faculty for the deferred merit. If neither option is approved, the college will be forced to find \$200,000 from other sources.

President Sanford reported that TMCC entered the biennium in a hold-harmless position. However, their fall and spring enrollment for the current academic year show record enrollment (*page 20 of Memo: Budget Reduction Plan on file in the Board office*). The budget reductions requiring TMCC to achieve approximately a \$3.7 million dollar reduction creates hardships for the students, faculty and staff. This 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. She supports delay in merit and student surcharge as does TMCC's Faculty Senate Chair, adding that due to the timing of these discussions, open forums have not yet been held.

Some aspects of the reductions include:

- 20 currently vacant positions will be frozen (*savings of \$500,000 over the biennium*).
- Deferring professional merit of 2.5% to January 2009 will produce a one-time savings for FY2008-09 of \$246,583.
- Withdrawal of \$500,000 in one-shot appropriations for the planning of the Spanish Springs Center.
- Reduction in HECC funding by \$500,000.
- A per credit hour surcharge of \$2.75 will generate \$500,000.
- Combined reduction of \$1,404,466 in other operating expenses.

President Sanford requested that the Board allow flexibility for the institutions to address their reductions individually. She related that TMCC is currently in discussions with DRI regarding the services the two institutions share.

Regent Crear asked whether the Spanish Springs land will be lost. President Sanford replied that it could occur because certain conditions had not yet been met by the June deadline.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Dr. Cleve McDaniel, Senior Vice President, Finance and Administration-DRI, reported that their institution based its reductions on the premise of minimal impact to research and personnel reductions (*page 9 of Memo: Budget Reduction Plan on file in the Board office*). He related that they have received support from the faculty senate for their approach. Because DRI has already made significant budget reductions, resources have been shifted to non-state components. They are working with UNR and TMCC to explore means of sharing services and enhancing operational efficiencies. DRI's plan to meet the 4.5% budget reduction includes:

- Reduction of state support for non-formula budget equipment by \$26,298 in FY 2009
- Reduction of FY 2009 state funded deferred merit pool for professional administrative employees by six months, for a total of \$46,802 in FY 2009
- Reduction of FY 2008-09 HECC allocation by \$100,000 (*approximately 36% of total available HECC funds*).
- Reduction of state support for the CRVB by \$364,000 in general fund dollars in FY 2008 (*reduced landscaping for the courtyard and funding for the access grid node*).
- Reduction in state support for the REGIA contribution, general-insurance car bond tort, PERS Assessment and property insurance by \$57,283 in FY 2008 and \$267,683 in FY 2009.

Vice President McDaniel felt that it was important to note that that DRI leverages nearly every dollar it receives from the Nevada general fund into over four dollars for research. Given the 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.

In response to Regent Crear's question, Vice President McDaniel explained that the courtyard referred to in the reduction plan is the heart of their campus.

Regent Knecht thanked those institutions that took into account the Board's directive to consider the reduction of one-shots, new initiatives, CIP and HECC funding first.

President Maryanski presented NSC's budget reduction plan for the 2007-09 biennium (*page 14 of Memo: Budget Reduction Plan on file in the Board office*). 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 FY 2008-09 for the same reason. NSC's reductions include cancellation of 13 vacant staff positions, deferment of the School of Fine Arts, the hiring of faculty in lecturer positions instead of tenure-track positions as well as the return of \$50,000 in HECC funds. In FY 2008-09 they will deplete their operating reserves, the Bachelor of Applied Sciences programs will be reorganized and the offices of Community Based Learning and Learning Excellence will be decentralized. They are not considering implementation of a student surcharge.

President Maryanski related that NSC's Faculty Senate Chair has indicated that the six-month deferral of merit pay is palatable to their faculty only because it is system-wide.

Regent Alden thanked Dr. Maryanski and encouraged other institutions to also employ a progressive approach. He related that he adamantly opposes any increase in student fees.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

President Maryanski related that approximately \$200,000 would have been generated by a student surcharge.

The meeting recessed at 12:10 p.m. and reconvened at 12:15 p.m. with all members present except Regent Anthony.

Chair Wixom stated that the Board would need to discuss (1) the \$10 million devoted to the iNtegrate project, (2) money provided for the Health Sciences System and (3) a change in scope for CIP projects that will require LCB approval.

Regent Rosenberg moved approval of reverting the \$10 million allocation for the iNtegrate project to the state. Regent Sisolak seconded.

Regent Whipple expressed the need to move forward with the iNtegrate project because the legacy systems are significantly outdated.

Executive Vice Chancellor Klaich said he intended to move forward with the project under the C+ option previously adopted by the Committee. He believes that the money allocated by the investment pool would allow planning and negotiations to proceed through the end of the biennium and will assist the pilot institutions with the first phase of implementation. He felt that would demonstrate to the Legislature that the System had used the allocation appropriately. The risk involved is that ultimately the project cannot be completed for \$20 million. If the project were stopped, some institutions would be required to spend money to supplement their current outdated systems, which cannot address their current demands and would result in no gain.

Regent Whipple related that the project will not work unless it is fully funded and supported. He urged the Board to be aware that it may need to supplement the project with non-state funds in order to avoid a significant total loss.

Regent Leavitt clarified that the proposed budget reductions do not have any impact on the iNtegrate and Health Sciences System initiatives. He felt the Legislature would allow NSHE to complete these two important projects and that the current budget crisis was a temporary condition.

Regent Gallagher stated that the System would be negatively impacted should the current computer systems cease working. She too felt the Legislature would allow NSHE to complete these two projects. She favored deferral of the funds rather than calling the project to a halt.

Regent Dondero felt this was a critical issue and a request should be made to the Governor to fund the project out of the rainy day fund.

Regent Sisolak noted that the motion still leaves the initiatives in place, only the expenditure is deferred. He noted that if the initiative is not re-funded by the state, the System will be in an even worse situation than the current one.

Chair Wixom re-read the motion.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Sisolak asked whether the \$10 million could be used to eliminate some of the proposed budget reductions. Executive Vice Chancellor Klaich replied that it could be.

Regent Leavitt related that a lot of positive momentum could be generated in moving the project forward. He felt it may be short-sighted to revert these funds at this time.

Regent Crear concurred with Regent Leavitt, adding that in terms of technology, the System was already far behind the times and he felt that reverting the funds could be detrimental to the project.

Executive Vice Chancellor Klaich clarified that he did not allow the Presidents to consider their budget reductions in light of any alternative action that may be taken by the Board.

Upon a roll call vote the motion carried. Regents Alden, Gallagher, Geddes, Knecht, Rosenberg Schofield, Sisolak and Wixom voted yes. Regents Crear, Dondero, Leavitt and Whipple voted no. Regent Anthony was absent.

Chair Wixom asked whether the Board understood the motion, feeling that the votes were not consistent with previous comments.

In response to Regent Leavitt's question, Regent Sisolak clarified that this \$10 million reversion would be applied to the total 4.5% reduction required from the System.

Executive Vice Chancellor Klaich reported that the Legislature appropriated approximately \$90 million for health sciences buildings in the current biennium. There are currently five projects totaling \$88.673 million. The state has allocated \$38.7 million in matching funds, of which \$8.7 million is state general fund appropriations under consideration. He related there could be some flexibility in moving the general obligation bond portion and general fund portion so long as the general integrity of the \$8.7 million was maintained.

In response to Regent Geddes question, President Glick explained that although both Savitt Medical Building and Cain Hall are important projects, their timelines will require a delay of at least one additional year and therefore UNR could support their renovation being deferred. However, if their renovations are deferred, UNR would ask permission to return to the Board with an altered plan for these projects in the future.

Chancellor Rogers related that he told the Governor that removing funds from the Health Sciences System could have a terrible effect on outside donations. He cautioned the Board to be mindful of deferring a portion of the \$8.7 million. He has three major on-going proposals which are reliant upon a portion of those funds.

Chair Wixom said he would entertain a motion for the deferral of the Cain and Savitt buildings renovations (\$4 million) with the understanding that it is only a deferral and would not otherwise negatively impact Health Sciences System efforts.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Gallagher moved approval of deferring \$4 million for renovation of the Savitt Medical Building and Cain Hall buildings at UNR with the understanding that it is a deferral only and would not affect the overall integrity of the Health Sciences System program. Regent Rosenberg seconded

Regents Gallagher and Rosenberg accepted a friendly amendment to include seeking required IFC approval of the change in scope and for change in allocation of general fund dollars and general obligation bonds

Regent Knecht proposed a friendly amendment to include deferral of the additional \$4.7 million of FF&E (*furniture, fixtures and equipment*) with the Board making clear its continued support of the Health Sciences System. Regent Gallagher rejected the friendly amendment.

Regent Sisolak was concerned that investors would view this reduction as the beginning of the erosion of the Board's support for the Health Sciences System. Chancellor Rogers related that the investors relied heavily upon his evaluation of the situation. He did not object to deferring the \$4 million, but adamantly opposed deferring more.

Regent Gallagher explained that with the state's current position and the remainder of the System stepping up to the plate, it would behoove the Board to do their part. She did not believe that Chancellor Rogers would have a difficult time explaining the \$4 million deferral, but cautioned against going any further. She suggested adding a statement to the motion that clarifies the Board's support for the full realization of the Health Sciences System project.

Regent Crear disagreed stating that he does not support deferring any of the funds.

Regent Rosenberg clarified that the Board remains in support of the initiatives but the situation calls for consideration for some stop gap measure. He felt it was a fair response in light of student and institutional proposals.

Regent Knecht felt that the legislature would be unlikely to abandon the iNtegrate project or perceive this as a lack of Board support. He felt the Chancellor has strong backing financially as well as from the Board.

Regent Sisolak related that the difference between the iNtegrate and Health Sciences System initiatives is that donors are not being sought for the iNtegrate project. He reiterated his concern for the appearance of wavering on support for the Health Sciences System.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Chancellor Rogers said that he would not react favorably as a donor to any erosion of these funds. He said he was not comfortable with the \$4 million reduction.

Regent Leavitt did not support deferring the funds for either initiative. The Board has committed to these projects and he felt that the System had the potential to develop significant revenue from them.

In response to Regent Whipple's question, Chancellor Rogers confirmed that the System must raise \$38 million in matching funds. He is trying to design programs that fit individual donors that will require flexibility to indicate significant interest in specific programs.

Regent Whipple agreed with Regent Gallagher that everyone needed to participate in the reduction effort but he opposed any indication of wavering on support for the Health Sciences System.

Regent Geddes asked that regardless of the Board's motion, President Glick be allowed to present a reconfiguration of UNR's CIP projects.

Chair Wixom clarified that the motion is to defer Savitt Medical Building and Cain Hall renovations on the UNR campus to the next biennial budget.

Upon a roll call vote the motion failed. Regents Crear, Dondero, Geddes, Leavitt, Schofield, Sisolak, Whipple and Alden voted no. Regents Gallagher, Knecht, Rosenberg and Wixom voted yes. Regent Anthony was absent

Regent Rosenberg moved approval of accepting the institutions' suggested budget reductions to submit any reallocation of CIP funds to the IFC, to submit student fee surcharges to the IFC, if required, and to restore \$500,000 in matching funds approved for TMCC's Spanish Springs Center to the Estate Tax account. Regent Knecht seconded. It was established that the institutions would be granted the flexibility to reallocate the \$10 million within their respective institutions as deemed appropriate.

Regent Alden opposed any increase to student fees.

Regent Sisolak opposed the tax on students but indicated his support for the remainder of the institutional proposals. He felt that additional taxes or surcharges would be detrimental to future discussions regarding tuition increases.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Executive Vice Chancellor Klaich clarified that the fee surcharges recommended by some of the institutions total approximately \$8.1 million. If the \$10 million in iNtegrate funds were allocated to the institutions to cover the student surcharge, it might not cover CSN.

Regent Sisolak objected that students were not in session when decisions were being made, adding that they had not been provided an opportunity for appropriate input.

Regent Leavitt offered a friendly amendment that the institutions not proposing a surcharge be included proportionately in the \$10 million reallocation. The friendly amendment was accepted by Regents Rosenberg and Knecht.

Chair Wixom felt the suggested motion was to accept the institutions proposals, as-is, with the qualification that the \$10 million be allocated between the institutions on a pro-rata basis so that they can allocate the savings individually as they deemed appropriate.

Regent Sisolak objected to the Board mandating that every institution (*including UNLV and NSC*) employ a student tax.

Regent Rosenberg clarified that it was merely suggested so that the institutions who did not propose a surcharge be allowed to participate on a pro-rata basis. Regent Sisolak disagreed and felt it would actually increase those institutions' proposed reductions.

The meeting recessed at 1:18 p.m. and reconvened at 1:20 p.m. with all members present except Regents Anthony and Whipple.

Regent Rosenberg withdrew his motion. Regent Knecht withdrew his second.

Regent Rosenberg moved approval for the \$10 million to be credited to each of the institutions, on a pro-rata basis, so that no student surcharge is required. Regent Sisolak seconded.

Regent Gallagher stated that although she is not against the motion, she was unsure how it would work. Since UNLV did not propose a surcharge, would President Ashley be able to use their portion for whatever purpose he deems appropriate.

Regent Sisolak clarified that the institutions must use their portion of the \$10 million to eliminate the student surcharge prior to using the funds for any other purpose.

Regent Knecht felt that the current motion would give the institutions that did not propose a surcharge a head start over the institutions that did. He felt that there should be flexibility for the institutions to use their portion as they deemed appropriate.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Crear felt the issue was becoming convoluted. The campuses have made their reduction choices. He did not understand how the \$10 million would be equitably allocated back to the campuses and suggested that the institutions return to the Board with a plan for that allocation.

Regent Alden indicated his opposition to the proposed budget reductions if a student surcharge is involved.

Ms. Stewart felt the complexities of this discussion required further input by the faculty and students.

Regent Knecht related that higher education is vitally important and that he was serving on the Board for future generations of younger students of the System. He felt the only way to improve and enhance the quality of programs offered is to allow the various institutions flexibility on their campuses.

Regent Gallagher felt the money should be given back to the institutions without a mandate for applying it to student surcharges.

Regent Sisolak requested a point of legal clarification. He asked if the System needed to seek IFC approval for the fees to be reverted back to the institutions if a surcharge was also being imposed. Executive Vice Chancellor Klaich felt the Board had the ability to impose fee surcharges without approval from any other body. Regent Sisolak observed that since the Presidents do not have the authority to implement surcharges without the approval of this Board, they cannot be expected to determine what an appropriate fee would be after the application of their portion of the \$10 million.

Chair Wixom stated that if the Board adopted the proposed plans, the student surcharge requests would in effect also be approved. Regent Sisolak stated that if the Board approved the surcharge, then their reduction plans wouldn't reflect the deduction from their portion of the \$10 million. Executive Vice Chancellor Klaich felt that the Presidents would have to impose the surcharge in the amounts proposed in their plans or else return for further Board approval.

Regent Rosenberg offered to withdraw his motion so that the Board could vote on a motion to approve the reduction plans as presented and then subsequently consider returning the \$10 million to the campuses to be used as they deem appropriate.

Regent Sisolak questioned the appropriateness of authorizing a fee that may not be implemented. Regent Geddes noted that a "not to exceed" fee could be introduced.

Chair Wixom stated that one solution would be to accept the budget reduction plans as submitted by the Presidents and then place an item for discussion on the February 7-8, 2008, agenda for how to allocate the \$10 million.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Executive Vice Chancellor Klaich noted that a number of the Presidents would have preferred to have had the option to consider other levels of savings prior to presenting their proposals. He instructed them not to do so. They should each have an opportunity to allocate their portion of the savings in a subsequent report.

Regent Knecht agreed with Chair Wixom's suggestion.

Regent Geddes asked how any action at the February meeting would be affected if IFC approval is required for a surcharge. Executive Vice Chancellor Klaich stated that if it is determined that IFC approval is required for a surcharge, and a surcharge is not approved until the February meeting, he will need to return to the IFC after the February meeting.

Regent Sisolak expressed concern for the amount of time required if subsequent reports from the campuses are entertained. The idea was to eliminate the portion of the burden allocated to the students, irrespective of contributions made by the faculty and administration. He preferred to make a determination at this meeting.

Chair Wixom expressed concern for the proposals as presented in that there would still be a shortfall of \$1.2 million in covering the surcharge imposed by CSN. He also cautioned that hurried, rapid action creates unintended consequences. He felt the Board could accept the plans as presented and then allocate time at the February meeting for further discussion as to how to allocate the \$10 million in reverted iNtegrate funds.

Regent Knecht agreed, adding that the buy-in from faculty and administrative staff can only be achieved as a result of everyone doing their fair share. The student representatives did their jobs and have offered the Board a student opinion that quality education is important enough to pay additional incremental dollars. Finally, he felt that further discussion at the February meeting would be necessary regardless of this day's outcome.

Regent Sisolak stated that he was not implying that the student leaders were not doing their jobs. He expressed concern that the student bodies were not on campus to provide input.

Chair Wixom re-read the motion.

Upon a roll call vote the motion failed. Regents Crear, Gallagher, Geddes, Knecht, Leavitt, Rosenberg and Wixom voted no. Regents Dondero, Schofield, Sisolak and Alden voted yes. Regents Anthony and Whipple were absent.

Regent Geddes moved approval of accepting the institutions' budget reduction plans with a sunset clause at the end of the spring semester 2009. Regent Rosenberg seconded.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Leavitt offered a friendly amendment to impose a student fee surcharge for those institutions not proposing a surcharge. The friendly amendment was not accepted by the makers of the motion.

Chair Wixom offered a friendly amendment to include a discussion for how to allocate the \$10 million at the February 7-8, 2008, meeting. The friendly amendment was accepted by Regents Geddes and Rosenberg.

Regent Sisolak called a point of order. He expressed that he felt that this equated to a tuition increase requiring two separate meetings and two separate motions.

Executive Vice Chancellor Klaich stated that there is an opinion that this is a fee surcharge and not a tuition and fee increase and therefore needs to be heard just once.

Regent Sisolak challenged the motion feeling that this was in fact a tuition increase and beyond the Board's authority. He requested that the meeting minutes be expedited.

The meeting recessed at 1:51 p.m. and reconvened at 1:56 p.m. with all members present except Regents Anthony and Whipple.

Regent Sisolak stated that five of the institutions proposed a fee increase regardless of what it was called (*tax, surcharge, credit fee, etc.*). It is his contention that the motion violates Board policy that an increase of fees requires two readings. He did not claim that the student representatives have not done their jobs, but rather that the students were not afforded the opportunity to be heard because they are not on campus.

Regent Leavitt disagreed with Regent Sisolak, stating that even if it does require two readings, there is nothing to prevent a vote on this day and if it is later determined by Counsel that a second vote is required, the Board could vote a second time at the February meeting.

Chair Wixom asked Chief Counsel Patterson if the fee surcharge has to be read over two successive meetings. Chief Counsel Patterson felt that was usual Board practice but not required by the Board *Handbook*. Even if a second reading was the Board's policy, the Board could vote to waive its usual practice for a second reading in this particular situation. He offered a comparison that this was close to the Board's policy that a per-credit registration fee could be assessed to all students.

Chair Wixom asked whether it would be appropriate to entertain a motion to accept the Presidents' budget reduction recommendations as presented, to waive any Board policy that requires a second reading and to place an item on the February 7-8, 2008, meeting agenda to discuss allocation of the \$10 million. Chief Counsel Patterson replied it would be a proper motion.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Sisolak called a point of order, observing that waiver of policy required a two-thirds vote. Chief Counsel Patterson clarified that only Bylaw and Code revisions required a two-thirds vote. This was merely a policy waiver requiring a simple majority.

Executive Vice Chancellor Klaich stated that it is not embedded within *Title 4, Chapter 17, Section 1* of the *Handbook* to require two readings for fee or tuition increases, although that may be the Board's practice.

Regent Sisolak stated that even if the requirement is not in the Bylaws, it is Board practice and his contention is that it needs to occur in this instance as well.

Regent Knecht questioned whether the current motion would still require further discussion at the February 7-8, 2008, meeting, regardless of the proposed surcharge. Regent Sisolak noted that his previous motion would have eliminated the student surcharge and would not have required discussion at a future meeting.

Regent Geddes clarified that his original motion included a sunset clause to expire at the end of the 2009 semester.

Mr. Scott Wasserman clarified that the original motion on the floor was to accept the budget reduction plans as submitted by the institutions with the sunset provision included.

Regent Sisolak noted a point of order, stating that they were not only voting upon the proposed budget reductions but also upon a tuition/fee increase/surcharge.

Chair Wixom clarified that the motion is to accept the Presidents' budget reduction proposals including a qualification for a sunset clause on the student fee surcharge.

Regent Sisolak noted a point of order feeling that a separate motion was required to address the tuition surcharge.

Chair Wixom offered a friendly amendment to waive Board policy so as not to require a second reading. The friendly amendment was accepted by Regents Geddes and Rosenberg.

In response to Regent Leavitt's question, Chair Wixom stated that Legal Counsel has ruled there is not a Board Bylaw that would require a second reading but rather a vote would be appropriate to waive any Board policy requiring a second reading for approval of a fee surcharge.

Regent Schofield requested an explanation of the sunset provision. Chair Wixom explained that the student fee surcharge would expire at the end of this biennium. He noted that the Board would address allocation of the \$10 million as a separate agenda item at the February 7-8, 2008, meeting.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Alden clarified that approval of the motion would accept approximately \$5 million in student fee surcharges. To reject the surcharge would require the vote on the motion to fail.

Regent Leavitt clarified that approval of the motion included only accepting the student fee surcharge until the end of the biennium.

Chair Wixom clarified that the motion included waiving any Board policy relative to this so it would not require a second reading for the proposed student fee surcharge and that the Board would address allocation of the \$10 million as a separate agenda item at the February 7-8, 2008, meeting.

Upon a roll call vote the motion carried. Regents Gallagher, Geddes, Knecht, Leavitt, Rosenberg, Wixom and Crear voted yes. Regents Dondero, Schofield, Sisolak and Alden voted no. Regents Anthony and Whipple were absent.

Regent Leavitt moved approval of restoring the \$500,000 matching funds previously approved for TMCC's Spanish Springs Center project to the Estate Tax account. Regent Rosenberg seconded.

Executive Vice Chancellor Klaich explained that the Investment Committee and the Board had previously allocated \$500,000 in matching funds to TMCC for the Spanish Springs Center which TMCC is submitting as a reversion as part of their plan. He was recommending that the matching funds previously approved be returned to the Estate Tax account for future allocation. In response to Regent Sisolak's question, he clarified that there were such serious questions regarding the budget reduction plans, the Investment Committee had asked that they hold off from seeking approval from the IFC.

Regent Sisolak asked if this had anything to do with the budget reduction plans. Executive Vice Chancellor Klaich replied that it did not.

Regent Sisolak stated that the Legislature allocated \$500,000 predicated by TMCC raising a matching \$500,000. TMCC didn't raise the funds so they requested that the Board approve use of Estate Tax funds for this purpose. The Board has not done that.

Interim President Sanford clarified that the legislation indicates that NSHE was required to match the legislative funding. She explained that the IFC requested that documentation be recorded on the land but when that document (*option agreement*) was presented to the Investment Committee, it was tabled.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Sisolak asked if the \$500,000 in the motion is the state's or NSHE's money. President Sanford replied that it would be the state's money.

Executive Vice Chancellor Klaich explained that the Investment Committee was originally asked to approve the use of matching funds from the Estate Tax account, which was approved. Then to meet the other half of the legislative mandate, the System was required to provide something in writing. Upon negotiation of the option agreement, it was determined that Board approval would be required because it was an execution of a contract in respect to interest in real property. In October, the item was withdrawn from the IFC pending Board approval of the option agreement. The option agreement was not approved by the Investment Committee because of the pending budget reductions. The one-shot \$500,000 appropriation is proposed to be returned to the state as part of the TMCC budget reduction. He noted that still left the previous Board's approval of a \$500,000 allocation from the Estate Tax fund, which he is requesting be returned to the fund for future reallocation.

Regent Sisolak questioned the appropriateness of this discussion since the item was tabled by the Investment Committee.

Chief Counsel Patterson stated that the Board did not need to entertain this motion today.

Regent Sisolak was under the impression that it was never determined if this was an allowable reversion. Executive Vice Chancellor Klaich felt that there is still a \$500,000 one-shot appropriation being returned. It is possible that the System will not receive credit for the return of the funds.

Regents Alden and Leavitt left the meeting.

Chair Wixom requested that this item be discussed at a later time.

Regent Rosenberg moved approval of tabling the motion. Regent Geddes seconded. Motion carried. Regents Alden, Anthony, Leavitt and Whipple were absent.

Regent Knecht moved that the Board of Regents of the Nevada System of Higher Education convey publicly its profound gratitude and deep respect to the leadership of the Board, System and institutions for their cooperative, diligent, constructive and timely responses to the substantial challenge that the State of Nevada and the NSHE have faced in addressing the revenue shortfall and budget cuts.

1. Approved-Budget Reduction Alternatives – (Cont'd.)

Regent Sisolak noted a point of order, observing that the subject matter of the motion was not included on the agenda. Chief Counsel Patterson agreed, suggesting that it was not necessary to express the sentiment in the form of a motion.

Regent Knecht felt the intent of his motion was fully within the scope of the agenda item. As a matter of New Business he asked that it be addressed at the February meeting.

Chair Wixom expressed his appreciation to the Regents, Chancellor and staff for their thoughtful discussion and participation and to UNLV and CSN staff for their efforts in hosting the special meeting.

3. Information Only-New Business – None.

The meeting adjourned at 2:23 p.m.

Prepared by: Fini S. Dobyms
Assistant Secretary of the Board of Regents
and
Jessica Morris
Administrative Assistant IV

Submitted for approval by: Scott G. Wasserman
Chief Executive Officer of the Board of Regents

Approved by the Board of Regents at the February 7-8, 2008, meeting