

BOARD OF REGENTS
BRIEFING PAPER

1. AGENDA ITEM TITLE: 2019-21 Biennial Operating Budget, explanation of the budget calculations, final review of the NSHE Budget Submission Supplemental Request and approval of the new performance pool targets.

MEETING DATE: August 24, 2018

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

As NSHE has built the 2019-21 Budget request, the NSHE Board of Regents has had a number of presentations and passed a number of action items relating to the budget. These items are as follows:

1. Capital Improvement Plan and ranking of projects
2. Funding request for maintenance and enhancements totaling approximately \$120 million
3. Guidance for a supplemental budget request to be submitted to the Governor in the event additional funding beyond the current budget request is identified through the budget process.

Per state budget instructions, the NSHE 2019-21 budget will be loaded into the Nevada Executive Budget System by August 31, 2018. System Administration staff will be meeting with staff from the Governor's Finance Office (GFO) in September to discuss the budget submission as well as address any questions the GFO staff may have in relation to the NSHE budget request.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

An explanation is attached that details the calculations relating to the formula calculations and budget formulation provided by System Administration staff in response to questions that were raised at the June Board of Regents meeting in order to provide clarification as to the process and rationale for the budget numbers.

The Board is also requested to review and approve the draft letter to the Governor relating to the NSHE supplemental funding request for the 2019-21 operating budget, which will be jointly sent by the Chair of the Board of Regents and Chancellor to the Governor. Finally, the last step in the budget preparation is resetting the performance pool targets for years 7 and 8 of the program. Attached is a memo with recommendations for the new targets, which take the current targets from 2017 and increase them by 2% for the next 2 years. These targets were set, with institutional input, by a campus working group with recommendations from all 7 institutions and are in line with the goals that have been agreed upon in the current measurement period.

System staff will be ready to address any other questions relating to the Budget request the Board may have. This is considered the final piece of the budget request for incorporation into the Governor's executive budget.

4. IMPETUS (WHY NOW?):

The Board of Regents has approved all of the maintenance and enhancement requests related to the 2019-21 operating budget in order to meet the deadline mandated by statute. There were a number of questions at the July special Board meeting relating to the budget calculations that are being addressed in this agenda item. Also, the Board directed that a supplemental funding request letter be prepared in the event that additional funding for higher education is identified during the budget process and that letter is being submitted for Board review and approval. The last step of the budget process will be resetting the performance pool goals, which determine if individual institutions are able to earn back 20% of their State Supported Operating Budget (SSOB) general fund allocation as mandated by the NSHE funding formula model.

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

- Access (Increase participation in post-secondary education)
- Success (Increase student success)
- Close the Achievement Gap (Close the achievement gap among underserved student populations)
- Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)
- Research (Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile)
- Not Applicable to NSHE Strategic Plan Goals

INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

The NSHE operating budget is necessary to support all of the strategic goals that have been approved by the Board of

Regents as the budget provides the fiscal resources needed to pursue the goals. The Performance Pool targets provide institution specific goals tied to the strategic initiatives that institutions actually have to earn back through demonstrated performance in attaining goals that have been increased from the current baselines.

6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

Given the timing in the budget cycle, NSHE has to wrap up all of the budget by August 31, 2018. In addition, the Board wants to go on the record as the Governor's Finance Office is putting the Governor's Budget the request for supplemental funding as early as possible in the event there is additional funding for higher education identified.

7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None

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

Just go with the base, maintenance and enhancement budget requests for the formula budgets and base and maintenance for the non-formula and forgo requesting any supplemental funding.

9. RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:

Approve the draft supplemental funding letter and new performance pool target recommendations.

10. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title #____ Chapter #____ Section #____
- Amends Current Board Policy: Title #____ Chapter #____ Section #____
- Amends Current Procedures & Guidelines Manual: Chapter #____ Section #____
- Other:_____
- Fiscal Impact: Yes No _____

Explain: __The NSHE State Supported Operating Budget (SSOB) is the primary source of fiscal resources for NSHE institution operating budgets.

Clarification regarding budget presentation to Board of Regents 7/20/18

Relating to some of the feedback received from the July 20th, 2018 Board of Regents meeting, the following clarifications relating to the calculations used to build the 2019-21 budget request.

State Supported Operating Budget

State budget requests consist of three components: Base, Maintenance, and Enhancement. The State Budget Instructions and budget policy guide the development of each component and what costs are allowable (and disallowable).

Base Budget

During the fall of 2017, the institutions requested that FY 18 be used as the base budget year. While NSHE has historically not used the even numbered fiscal year as the “base” budget year for future biennia, this change made NSHE compliant with the State Budget Instructions and consistent with other State agencies.

Maintenance

While FY 18 expenditures serve as the basis for the “base” budget, certain modifications are allowed. These modifications include: adding the COLA included in FY 18 and FY 19 to the “base” for FY 20 and FY 21, as well as adding the enhancement for the full increase in CTE weighting at the FY 19 amount (the weighting went to 4.0 for CTE courses up from 3.5 in FY 18). Similarly, the incremental increase between the FY 18 and FY 19 enhancement for the build out of the UNLV School of Medicine was added to the base budget.

To provide a representation of how these steps impact the formula budget calculations, Great Basin College and Nevada State College are used as examples of the budget calculations:

	GBC	NSC
FY 18 base budget (per legislative closing documents):	\$13,466,383	\$15,890,343
COLA for both FY 18 and FY 19	\$710,210	\$764,744
FY 19 CTE Enhancement (incremental funding increase)	\$577,165	N/A
Total Calculated Base Budget for FY 21 and FY 22 *	<u>\$14,753,758</u>	<u>\$16,655,087</u>

*The actual SSOB for GBC for FY 18 with COLA is \$13,751,044 (including the CTE enhancement) and the actual SSOB for NSC for FY 18 with COLA is \$16,295,792. Because of the CTE enhancement you can see the base budget calculated for GBC is actually greater than the actual FY 18 funding and for NSC it is actually less due to the impact of COLA.

The most impactful adjustment within the formula funded budget accounts is the change in enrollment/caseload growth from 2016 to 2018, which is a maintenance adjustment.

In looking at how the budget was calculated for GBC for FY 20 and FY 21 including caseload growth and the impact of the CTE enhancement:

- For GBC, the number of weighted student credit hours (WSCH) increased from 69,321 WSCH in 2016 to 76,324 WSCH in 2018, or 7,003 WSCH. This increase includes the additional weighting for CTE courses, which are factored into the 2018 WSCH calculation. The additional 7,003 WSCH are

multiplied by the FY 18 WSCH rate (\$156.01), resulting in a General Fund increase of \$1,092,538 for the GBC budget for FY 20 and FY 21.

The 2017 Legislature approved funding in FY 18 and FY 19 for the anticipated fiscal impact of increasing the CTE weighting. This is the first time the Legislature approved payment for growth in the WSCH prior to those hours being included in the measurement year. In a sense the legislature pre-funded, through an enhancement, this change in the funding formula. For GBC, the prepayment of the projected WSCH increase (resulting from the increase in WSCH) totaled \$2,308,569 for FY 19. When calculating the caseload growth for the 2019-2021 biennium, it was necessary to adjust for the prepayment (or advance) of the projected growth in WSCH resulting from the increased CTE weighting. For the BOR July 20, 2018, meeting, this adjustment was conveyed by reducing the actual caseload growth by the amount of the FY 19 enhancement, which had already been built into the base budget (money cannot be counted twice – once in the base budget and again as maintenance or enhancement).

For GBC, this adjustment resulted in a net GF reduction because the college received more funding in FY 18 and FY 19 via the CTE enhancement than it earned in FY 20 and 21 through caseload growth. Without the increase in CTE weighting in 2018, the WSCH for GBC decreased by 2,507 WSCH. ($2,507 \times 156.01 = 391,117$)

- The Small Institution Factor is another maintenance adjustment that impacts the community colleges, specifically GBC and WNC. The small institution factor provides additional funding to institutions that have between 50,000 and 100,000 WSCH. Eligible institutions receive \$30 per WSCH less than 100,000 WSCH. As institutions increase their WSCH, the amount of funding from the Small Institution Factor decreases. Because the net WSCH for GBC increased (by 7,003 WSCH), the Small Institution Factor will decrease by (\$210,090) in FY 20 and FY 21.
- So, for GBC when you take the calculated base of \$14,753,758, less the net caseload growth (which is the caseload growth less the CTE enhancement) and the decrease in small institution funding, the requested state supported FY 20 budget for GBC is \$13,369,224**.

In looking at how the budget was calculated for NSC for FY 20 and FY 21 including caseload growth:

- For NSC, the number of weighted student credit hours (WSCH) increased from 101,857 WSCH in 2016 to 126,472 WSCH in 2018, or 24,615 WSCH. NSC did not have the impact of the CTE weighting in FY 18 so there was no enhancement for CTE to be factored into their calculation for FY 20 and FY 21. The additional 24,615 WSCH are also multiplied by the FY 18 WSCH rate (\$156.01), resulting in a General Fund increase of \$3,840,186 for the NSC budget for FY 20 and FY 21.
- For NSC, when you take the calculated base of \$16,665,087, plus the caseload growth of \$3,840,186, the SSOB formula request for FY 20 is \$20,976,390**.

**Note for the total SSOB request for both GBC and NSC, the amount is slightly greater than the simple math of adding the caseload growth to the FY 18 baseline since there is a slight redistribution of funding in the formula funding model as the calculated amount per WSCH changes. In this case, it was favorable for both institutions.

Enhancements

GBC and NSC (as are all institutions) are requesting a portion of year 2 of the capacity building initiative that was first funded in FY 19. For GBC, the additional \$500,000 in FY 20, results in a total GF budget in FY 20 of \$13,869,224. For NSC the amount is \$700,000 for a total GF budget in FY 20 of \$21,676,390.

While GBC will lose funding for caseload growth related to their overall enrollment decline as well as the adjustment to the Small Institution Factor, GBC will gain funding through the Capacity Enhancement, resulting in an overall increase in their budget comparing FY 18 to FY 20 totaling \$118,180.

For NSC the overall increase in funding for FY 20 as compared to their actual funding of \$16,295,792 in FY 18 is \$5,380,598, which is primarily due to the increase in enrollment from 2016 to 2018.

It is important to note for the record comments made during the July 20, 2018 Board meeting that the revised capacity build out plans need to maintain institutional flexibility to build new/maintain existing capacity as each President determines is appropriate.

In Conclusion

Since the state in FY 18 and FY 19 essentially pre-funded the increase in CTE weighting as an enhancement it makes a true apples-to-apples comparison difficult for all of the community colleges. For GBC if you back out the impact of the capacity growth initiative in FY 20, they will be looking at decrease in their SSOB of around \$380,000, tied to their decline in completed WSCH. The Board may also note that this discussion is only addressing the general fund – which will be added to revenue generated by the 4% increase in tuition and fees as well as changes in enrollment for the net State Supported Operating Budget.

For NSC, the calculation is much more straightforward as you look at their actual FY 18 SSOB of \$16,295,792 and add in the increase due to enrollment growth \$3.84 million for the total of \$20,976,390 net of the capacity enhancement.

One last point, prior to the increase in CTE weighting that was requested and approved by the 2017 legislature, the FY 16 state budget (including COLA) for GBC was approximately \$12.2 million. Thus, there are several take-aways:

1. The impact of the increase of CTE weighting for FY 18 and 19 is very significant (in a positive way) for all of the community colleges, but since the CTE courses have effectively doubled in weight, any decline in enrollment will have a greater impact than in prior years.
2. For GBC, if you were to back out in the increase due to CTE weighting, the FY 20 operating budget of \$13.87M is significantly greater than the SSOB in FY 16 of \$12.2 million prior to the CTE weighting.

SUMMARY: BOR Recommended State Operating Budget: 2017-2019
Formula Funded Budget Accounts
(as of July 13, 2016)

FY 2018										
Institution	MAINTENANCE					FY 2017 Carve Outs	Total GF following redistribution @ \$158.63	ENHANCEMENT		TOTAL BASE + MAINTENANCE + ENHANCEMENT
	FY 2018 TOTAL BASE	Caseload Growth	Net Adjust to Research O&M	Net Adjust to Small Institution Factor	TOTAL BASE + MAINTENANCE			Increase CTE Weighting	Capacity Building	
UNR	\$ 108,035,295	\$ 10,594,156	\$ (270,089)		\$ 118,359,362	\$ (4,102,076)	\$ 118,336,316	\$ -	\$ 2,200,000.00	\$ 120,536,316
UNLV	\$ 151,080,257	\$ 14,804,359	\$ 705,854		\$ 166,590,470	\$ (5,008,199)	\$ 165,784,168	\$ -	\$ 2,900,000.00	\$ 168,684,168
NSC	\$ 14,827,799	\$ 1,171,139			\$ 15,998,938	\$ -	\$ 16,157,503	\$ -	\$ 399,999.00	\$ 16,557,502
CSN	\$ 91,326,841	\$ 219,737			\$ 91,546,578	\$ -	\$ 92,021,166	\$ 6,100,619	\$ 2,600,000.00	\$ 100,721,785
GBC	\$ 10,970,667	\$ 1,127,540		\$ (213,360)	\$ 11,884,847	\$ (1,133,730)	\$ 11,916,711	\$ 2,308,659	\$ 300,000.00	\$ 14,525,370
TMCC	\$ 31,313,698	\$ 1,040,819			\$ 32,354,517	\$ -	\$ 32,489,816	\$ 2,531,567	\$ 1,000,000.00	\$ 36,021,383
WNC	\$ 12,252,005	\$ 549,343		\$ (100,950)	\$ 12,700,398	\$ (835,470)	\$ 12,729,432	\$ 1,304,150	\$ 393,189.00	\$ 14,426,771
NSHE TOTAL	\$ 419,806,562	\$ 29,507,094	\$ 435,765	\$ (314,310)	\$ 449,435,110	\$ (11,079,475)	\$ 449,435,111	\$ 12,244,995	\$ 9,793,188.00	\$ 471,473,294

FY 2019										
Institution	MAINTENANCE					FY 2017 Carve Outs	Total GF following redistribution @ \$158.63	ENHANCEMENT		TOTAL BASE + MAINTENANCE + ENHANCEMENT
	FY 2018 TOTAL BASE	Caseload Growth	Net Adjust to Research O&M	Net Adjust to Small Institution Factor	TOTAL BASE + MAINTENANCE			Increase CTE Weighting	Capacity Building	
UNR	\$ 108,035,295	\$ 10,594,156	\$ (270,089)		\$ 118,359,362	\$ (4,102,076)	\$ 118,336,316	\$ -	\$ 5,500,000	\$ 123,836,316
UNLV	\$ 151,080,257	\$ 14,804,359	\$ 705,854		\$ 166,590,470	\$ (5,008,199)	\$ 165,784,168	\$ -	\$ 7,250,000	\$ 173,034,168
NSC	\$ 14,827,799	\$ 1,171,139			\$ 15,998,938	\$ -	\$ 16,157,503	\$ -	\$ 1,359,416	\$ 17,516,919
CSN	\$ 91,326,841	\$ 219,737			\$ 91,546,578	\$ -	\$ 92,021,166	\$ 6,100,619	\$ 6,500,000	\$ 104,621,785
GBC	\$ 10,970,667	\$ 1,127,540		\$ (213,360)	\$ 11,884,847	\$ (1,133,730)	\$ 11,916,711	\$ 2,308,659	\$ 750,000	\$ 14,975,370
TMCC	\$ 31,313,698	\$ 1,040,819			\$ 32,354,517	\$ -	\$ 32,489,816	\$ 2,531,567	\$ 2,500,000	\$ 37,521,383
WNC	\$ 12,252,005	\$ 549,343		\$ (100,950)	\$ 12,700,398	\$ (835,470)	\$ 12,729,432	\$ 1,304,150	\$ 849,572	\$ 14,883,154
NSHE TOTAL	\$ 419,806,562	\$ 29,507,094	\$ 435,765	\$ (314,310)	\$ 449,435,110	\$ (11,079,475)	\$ 449,435,112	\$ 12,244,995	\$ 24,708,988	\$ 486,389,094

Note: This is a summary of the document included in the BOR budget book (2016); please refer to that document for more detailed information and calculations.

Proposed BOR Recommended State Operating Budget: 2019-2021
Formula Funded Budget Accounts
with application of funding distribution methodology
(as of July 20, 2018)

FY 2020										
Institution	BASE	MAINTENANCE				Redistribution based on WSCH FY 20 \$165.85	ENHANCEMENT			TOTAL BASE + MAINTENANCE + ENHANCEMENT
	FY 2018 L01 + COLA - M150 = TOTAL BASE	M-203 Caseload Growth	M-200 Research O&M	M-201 Small Institution Factor	TOTAL BASE + MAINTENANCE		Capacity	Summer School	Performance Pool @ \$7.5M	
UNR	\$ 125,055,386	\$ -	\$ 1,315,074		\$ 126,370,460	\$ 131,733,975	\$ 4,100,000	\$ -	\$ -	\$ 135,833,975
UNLV	\$ 174,606,410	\$ -	\$ 235,479		\$ 174,841,889	\$ 184,670,573	\$ 5,300,000	\$ -	\$ -	\$ 189,970,573
NSC	\$ 16,655,087	\$ -			\$ 16,655,087	\$ 20,975,147	\$ 700,000	\$ -	\$ -	\$ 21,675,147
CSN	\$ 101,442,028	\$ (6,100,619)			\$ 95,341,409	\$ 103,999,226	\$ 4,800,000	\$ -	\$ -	\$ 108,799,226
GBC	\$ 14,753,758	\$ (2,308,659)		\$ (210,090)	\$ 12,235,009	\$ 13,368,474	\$ 500,000	\$ -	\$ -	\$ 13,868,474
TMCC	\$ 36,616,251	\$ (2,531,567)			\$ 34,084,684	\$ 36,315,105	\$ 1,700,000	\$ -	\$ -	\$ 38,015,105
WNC	\$ 14,506,830	\$ (1,304,150)		\$ (323,040)	\$ 12,879,640	\$ 14,721,521	\$ 600,000	\$ -	\$ -	\$ 15,321,521
NSHE TOTAL	\$ 483,635,750	\$ (12,244,995)	\$ 1,550,553	\$ (533,130)	\$ 472,408,178	\$ 505,784,021	\$ 17,700,000	\$ -	\$ -	\$ 523,484,021

FY 2021										
Institution	BASE	MAINTENANCE				Redistribution based on WSCH FY 20 \$165.85	ENHANCEMENT			TOTAL BASE + MAINTENANCE + ENHANCEMENT
	FY 2018 L01 + COLA - M150 = TOTAL BASE	M-203 Caseload Growth	M-200 Research O&M	M-201 Small Institution Factor	TOTAL BASE + MAINTENANCE		Capacity	Summer School	Performance Pool @ \$7.5M	
UNR	\$ 125,055,386	\$ -	\$ 1,571,506		\$ 126,626,892	\$ 131,990,407	\$ 5,000,000	\$ 2,850,000	\$ 1,934,810	\$ 141,775,217
UNLV	\$ 174,606,410	\$ -	\$ 235,479		\$ 174,841,889	\$ 184,670,573	\$ 6,500,000	\$ 6,950,000	\$ 2,710,000	\$ 200,830,573
NSC	\$ 16,655,087	\$ -			\$ 16,655,087	\$ 20,975,147	\$ 900,000	\$ 1,000,000	\$ 260,000	\$ 23,135,147
CSN	\$ 101,442,028	\$ (6,100,619)			\$ 95,341,409	\$ 103,999,226	\$ 5,800,000	\$ 3,200,000	\$ 1,580,000	\$ 114,579,226
GBC	\$ 14,753,758	\$ (2,308,659)		\$ (210,090)	\$ 12,235,009	\$ 13,368,474	\$ 700,000	\$ 300,000	\$ 230,000	\$ 14,598,474
TMCC	\$ 36,616,251	\$ (2,531,567)			\$ 34,084,684	\$ 36,315,105	\$ 2,250,000	\$ 900,000	\$ 560,000	\$ 40,025,105
WNC	\$ 14,506,830	\$ (1,304,150)		\$ (323,040)	\$ 12,879,640	\$ 14,721,521	\$ 300,000	\$ 200,000	\$ 230,000	\$ 15,451,521
NSHE TOTAL	\$ 483,635,750	\$ (12,244,995)	\$ 1,806,985	\$ (533,130)	\$ 472,664,610	\$ 506,040,453	\$ 21,450,000	\$ 15,400,000	\$ 7,504,810	\$ 550,395,263

Nevada System of Higher Education

System Administration
4300 South Maryland Parkway
Las Vegas, NV 89119-7530
Phone: 702-889-8426
Fax: 702-889-8492



System Administration
2601 Enterprise Road
Reno, NV 89512-1666
Phone: 775-784-4901
Fax: 775-784-1127

August 24, 2018

Honorable Brian E. Sandoval, Governor, State of Nevada
State Capitol Building
101 N. Carson Street
Carson City, NV 89701

Re: Nevada System of Higher Education (NSHE) Supplemental Budget Request

Dear Governor Sandoval:

All of the NSHE institutions have been working hard since last November to quantify and prioritize their budget enhancement requests as to ensure they are both working to support the educational and economic goals for Nevada that have been articulated by your administration, as well as address the five strategic goals for higher education that were promulgated by the Board of Regents earlier this year. The Budget guidance provided by your staff has been invaluable to all of our campuses to focus on initiatives that provide the greatest return on investment and have the most positive impact on our varied stakeholders, while at the same time recognizing the fiscal realities facing our state.

In June the Board of Regents approved a budget outline that will request approximately \$120 million in additional funding as compared to the fiscal year 2018 baseline. This funding is a mix of budget maintenance items such as enrollment/caseload growth, as well as a couple of enhancement requests. As enrollment continues to grow at the majority of our institutions, we will be requesting approximately \$41.3 million to support this growth, within the parameters of the NSHE funding formula. Leading this growth is Nevada State College, which is seeing growth exceeding 25% per year. The Board also approved continuing the capacity building enhancement initiative, which was presented as a 4-year program in the 2017 session and year one was funded for fiscal year 2019. We will be requesting continuing to fund this initiative for years two and three at a cost of \$40.65 million. This is less than was requested in 2017 for those years, and realizing the fiscal realities, the Board of Regents elected to stretch out the program and fund it over 5 years vs. 4 as was originally proposed.

The Board also voted to request funding to continue the ramp-up of the UNLV School of Medicine. It is envisioned that an additional \$14.3 million will be needed as the school comes up to full operation. Lastly, the Board approved requesting funding for two new initiatives, both of which will significantly enhance the application of the current NSHE formula funding model first used in 2013. We will be requesting \$15.4 million to partially fund enlarging our summer school programs at all campuses for STEM and career and technical education and \$7.5 million for a new performance-based incentive program that will incentivize our institutions to perform above and beyond the baselines in the current NSHE performance plan. The current NSHE

performance plan essentially carves out 20% of the NSHE base operating budget for all of our teaching institutions and requires them to earn back the funding through a series of performance metrics. While we feel this model has worked well since being incorporated in 2013, beyond increasing the standards by a minimum amount per year, the model does not provide any meaningful incentives to perform above and beyond that year's minimum standards. The Board would like to provide a series of stretch goals centered around persistence and graduation and this program would provide an incentive to tackle those goals.

We also plan on working with the Treasurer's Office to seek the necessary funding to continue to administer and grow the Nevada Promise program that was approved by the 2017 Legislature. The Promise Scholarship is just the latest way the state legislature and NSHE are working to increase access to higher education for Nevada student, including through the Governor Guinn Millennium Scholarship, the Silver State Opportunity Grant and campus-based access funds.

All of these programs are vitally necessary to continue the momentum we have in seeing record numbers of graduates from Nevada institutions receiving degrees and workforce certifications, including record numbers of high school students receiving associate degrees through our dual enrollment programs.

While the Board of Regents made some difficult trade-offs in approving a budget request that is within the overall budget framework that was provided to NSHE, there were a number of very important initiatives that could not be funded. We would like to bring to your attention two of these initiatives that we would like to be considered for funding in the event that additional funding for higher education is identified through either the budget or economic forum processes. The first of these two initiatives is funding for faculty and staff compensation to address compression and equity issues that have been growing since before 2008 and were recently quantified by a compensation study performed by Gallagher Benefit Services and was reported to the Legislative (AB 202) Committee to Study the Cost and Affordability of Higher Education. The second initiative(s) is a series of non-formula funding enhancements for 4 of our institutions, UNLV, UNR, CSN and DRI.

On the faculty salary compression issue, we are requesting approximately \$20 million in enhancement funding as a down payment on what was identified as a nearly \$90 million issue. As both UNR and UNLV drive toward attainment of Carnegie R-1/top tier research status, they are facing increasing pressure to retain tenured and highly qualified faculty. Since NSHE pay was essentially frozen from 2009 through 2015, we are seeing situations where new faculty members are making the same, or in some instances, more than some of our most valued long-term employees. Attached is a white paper which outlines the issue as well as a proposal for addressing it over the next three legislative sessions.

For the so-called non-formula funding enhancements, which include statewide programs such as the UNR cooperative education program and enhancing the DRI mission, the Board approved 8 initiatives as candidates for supplemental funding. Those initiatives are attached in priority order along with the amount requested and an explanation of how they will further educational and economic goals in our state.

The Board of Regents and all of our institutions very much appreciate the support your administration has shown for Higher Education in Nevada. The record increase in funding approved by the 2017 legislative session is already paying dividends at a number of our institutions. We would like to express our appreciation in advance for your consideration of our budget request, including the supplemental initiatives outlined in this letter. If you or your staff have any questions or concerns relating to any of these requests, we stand by ready to meet at your convenience.

Kevin J. Page
Chairman,
Board of Regents

Thom Reilly
Chancellor,
Nevada System of Higher Education

Policy Paper Related to 2019-21 NSHE Budget Submission

Issue: Faculty and Staff compensation related to compression and equity issues identified in the recent NSHE compensation study and the report of the AB 202 Legislative Committee.

Background:

In 2018, the Nevada System of Higher Education commissioned a salary study regarding faculty and staff compensation. This study was completed by an independent 3rd party, Gallagher Consultants, and presented to both the AB 202 Interim Study Committee as well as the Board of Regents in May 2018. While the study concluded that overall faculty and staff compensation is at or above market in both actual salary and salary schedule, the study identified a major issue with pay compression related to experienced and newly hired employees in the same job/grade. This problem has been growing since the great recession in 2008 with a number of years where pay was frozen coupled with no funding being received for merit pay in the majority of the past 10 years and salary policies for professional staff that does not provide for regular in-rank salary increases. In addition, one of the recommendations of the AB 202 study commissioned by the 2017 Nevada Legislature is a bill draft request to establish a structure for a comprehensive and sustainable compensation system, that would include regular in-rank salary increases.

To address the salary compression issue, the Gallagher salary study recommended that regular in-rank salary increases be provided to allow an employee with satisfactory performance to reach mid-point in the salary schedule after 7 years in position and to reach the range maximum salary in an additional 14 years. As it was felt that the current salary ranges are either competitive or highly competitive, there was no recommendation to adjust the current salary schedules for administrative faculty.

Recommended Option(s):

In order to address the compression and equity issues identified in the salary study, the total cost was estimated to be \$38,410,801 for administrative faculty and \$49,004,881 for academic faculty. This is a cost of \$87,415,682. Once implemented there would obviously be on-going costs associated with the revised salaries. As this issue has been over 10 years in the making, and given the substantial price tag to address, it is probably not feasible to fully correct in one legislative session. It is recommended that the NSHE Board of Regents develop a strategic plan to address the compression issue over the next 3 legislative sessions.

This plan would request funding to address the most pressing compression and equity issues as a supplemental request to the Governor's Office to address approximately one-third of total amount with the remaining amounts to be requested in 2021 and 2023 respectively. The initial cost of addressing this issue is projected at \$29,138,560. It is envisioned that there would be a proportional cost share in implementing these adjustments between the state general fund and the campuses non-appropriated revenues. The institution share could be addressed through a combination of sources that could include savings in other areas of operations/restructuring as

Policy Paper Related to 2019-21 NSHE Budget Submission

well as growing revenue. Additionally, since one of the primary drivers for this recommendation is to be able to retain the most qualified employees, it is anticipated that some of the funding may be provided by being able to shift funds from recruitment and training as a result of a projected reduction in staff turn-over.

This funding request would be consistent with the AB 202 request for a sustainable faculty salary compensation system to promote the recruitment and retention of high-quality faculty for NSHE. It must also be stressed that the adjustments to NSHE salaries recommended by the Gallagher study are solely as a one-time “fix” to address the compression issues that have built up over a number of years. To address this issue permanently, there must also be a change to the current compensation policy that would allow for regular in-step pay increases for professional employees.

In addition to this supplemental funding request, the System will also work with Legislative Members and Staff to remove language included in statute during the 2017 legislative session that prohibited NSHE from using any state funds for merit or other performance pay to any NSHE faculty or staff.

Non-Formula Funded Account Enhancements
Board of Regents
Ranked July 20, 2018

Institution	Project	FY 20	FY 21	Total
CSN	Prison Education Program	\$ 150,000	\$ 150,000	\$ 300,000
UNR	Cooperative Extension	\$ 1,170,000	\$ 3,516,000	\$ 4,686,000
DRI	Nevada Graduate Fellowship	\$ 360,328	\$ 540,492	\$ 900,820
DRI	Nevada Cloud Seeing	\$ 899,659	\$ 899,205	\$ 1,798,864
UNR	Statewide Programs	\$ 871,332	\$ 2,059,672	\$ 2,931,004
UNLV	School of Dental Medicine	\$ 1,051,600	\$ 792,100	\$ 1,843,700
UNLV	Student Athlete Financial Aid	\$ 2,933,619	\$ 2,933,619	\$ 5,867,238
CSN	Athletic Scholarships	\$ 250,000	\$ 250,000	\$ 500,000
		\$ 7,686,538	\$ 11,141,088	\$ 18,827,626

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: College of Southern Nevada

Proposed Enhancement: Priority 1: Prison Education Program

Revenue	FY 20	FY 21	Total
General Fund	\$ 150,000	\$ 150,000	\$ 300,000
Registration Fees	\$ 16,988	\$ 16,988	\$ 33,976
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 166,988	\$ 166,988	\$ 333,976

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 61,800	1.00	\$ 61,800	1.00	\$ 123,600
Classified/Tech Salaries	\$ -	0.00	\$ -	0.00	\$ -
Fringe Benefits	\$ 22,359	0.00	\$ 22,359	0.00	\$ 44,718
Professional LOAs/PT	\$ 27,825	1.12	\$ 27,825	1.12	\$ 55,650
GA/TA	\$ -	0.00	\$ -	0.00	\$ -
Wages	\$ 7,356	0.00	\$ 7,356	0.00	\$ 14,712
Medical Residents	\$ -	0.00	\$ -	0.00	\$ -
Operating	\$ 47,648	0.00	\$ 47,648	0.00	\$ 95,296
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ -	0.00	\$ -	0.00	\$ -
Total Expenditures	\$ 166,988	2.12	\$ 166,988	2.12	\$ 333,976

Est WSCH Generation (if applicable) 225.00 225.00

BOR Strategic Goals:	Access	x	Success	x	
Close Achievement Gap	x	Workforce	x	Research	_____

Summary Narrative:

Senate Bill 306 passed into law in 2017, providing CSN \$300,000 to create and implement a two-year, post-secondary education pilot program for inmates who were nearing release from High Desert State Prison and Florence McClure Women’s Correctional Center. CSN partnered with the Nevada Department of Corrections, Workforce Connections, Hope for Prisoners and The Southern Nevada Laborer’s Union to successfully implement this higher education and workforce readiness programming to 50 inmates (25 men and 25 women) during the 2017-18 academic year. Early program assessment results indicate that the first cohort of inmates in this pilot program have successfully completed the coursework during both the fall and spring semesters. The inmates (students) were well behaved outside of class, respectful of program faculty and staff while in class and appreciative of the opportunity to participate. To date, four inmates have been released from state custody and have followed through with the commitment to connect with Hope for Prisoners and CSN in an effort to continue their education and to find gainful employment. CSN will repeat the same programming for 50 more inmates during the 2018-19 academic year, impacting a total of 100 inmates who will have participated over the two-year pilot program. CSN requests \$300,000 to continue the same program for 2019-2021. As the program continues into the second year of the initial pilot (and beyond), additional program assessment will continue.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: College of Southern Nevada

Proposed Enhancement: Priority 1: Prison Education Program

Summary Narrative (continued):

CSN, in partnership with Hope for Prisoners, will continue to assist inmates upon release to find gainful employment and to continue their enrollment in college. This initiative supports the following NSHE strategic goals: access, student success, closing the achievement gap, and workforce.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: University of Nevada Cooperative Extension

Proposed Enhancement: Focused Capacity/4H and Youth Enhancement

Revenue	FY 20	FY 21	Total
General Fund	\$ 1,170,000	\$ 3,516,000	\$ 4,686,000
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 1,170,000	\$ 3,516,000	\$ 4,686,000

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 453,822	4.40	\$ 1,843,949	18.00	\$ 2,297,771
Classified/Tech Salaries	\$ 419,727	8.50	\$ 839,454	17.00	\$ 1,259,181
Fringe Benefits	\$ 296,451	0.00	\$ 832,597	0.00	\$ 1,129,048
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ -	0.00	\$ -	0.00	\$ -
Wages	\$ -	0.00	\$ -	0.00	\$ -
Medical Residents	\$ -	0.00	\$ -	0.00	\$ -
Operating	\$ -	0.00	\$ -	0.00	\$ -
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ -	0.00	\$ -	0.00	\$ -
Total Expenditures	\$ 1,170,000	12.90	\$ 3,516,000	35.00	\$ 4,686,000

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals: Access X Success X
 Close Achievement Gap _____ Workforce X Research _____

Summary Narrative:

Nevada joined other land-grant universities to make education available and affordable to everyone after Congress signed the Smith-Lever Act in 1914. The mission of UNCE is to discover, develop, disseminate, preserve and use knowledge to strengthen the social, economic and environmental well-being of people. For over 100 years, Cooperative Extension has been delivering impactful programs across the state of Nevada. The issues have changed over the years, but the need to provide research-based useful information in real time to the citizens of Nevada remains essential for progress and for meeting challenges faced by Nevada's communities. UNCE is part of a national network of state extension services in all U. S. states and territories.

This is a two part request for strategic expansion:

- Focused Capacity Enhancement. This proposal will increase the number of specialists and educators in Nevada Cooperative Extension. Those in southern Nevada will work closely with the faculty and staff from throughout the Nevada System of Higher Education, including the University of Nevada, Las Vegas,

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: University of Nevada Cooperative Extension

Proposed Enhancement: Focused Capacity/4H and Youth Enhancement

Summary Narrative (continued):

the College of Southern Nevada, Nevada State College and the University of Nevada, Reno. Educators in Clark and Washoe counties will increase programming designed to meet local needs. Educators in Storey and Lyon counties will develop programs for the growing population associated with increased manufacturing jobs in northern Nevada. Educators in Nye and Esmeralda counties will renew programs for the growing population center of Pahrump in southern Nye County and for the largely rural populations in northern Nye and Esmeralda counties. Educators and Specialists will design and deliver programs that engage diverse populations, including the growing Hispanic population. Specialists will add capacity to address critical programming needs in the areas of Child Development and Families, Food Safety, Health and Nutrition, Horticulture (especially in urban Clark County), Animal Science and Livestock, and Range Management/Invasive Weeds.

- **4-H and Youth Enhancement:** Nevada Cooperative Extension's 4-H program would like to double the current number of participants by 2024, reaching enrollment of more than 110,000 youth. This will have many benefits for Nevada youth, and significantly benefit Nevada's goal of maintaining its upward trajectory as a home for advanced manufacturing in the western United States. Currently most county staff members have part time positions, with the majority of support provided by counties. Several counties do not have enough staff to accommodate expansion of clubs and programs. Enhanced funding will strengthen county 4-H clubs and programs by increasing support for existing staff in all 17 counties, and will add a 4-H Statewide Events Coordinator and a Volunteer Coordinator as part of statewide 4-H administration.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: Desert Research Institute

Proposed Enhancement: Nevada Graduate Fellowship

Revenue	FY 20	FY 21	Total
General Fund	\$ 360,328	\$ 540,492	\$ 900,820
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 360,328	\$ 540,492	\$ 900,820

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 66,000	0.50	\$ 99,000	1.50	\$ 165,000
Classified/Tech Salaries	\$ -	0.00	\$ -	0.00	\$ -
Fringe Benefits	\$ 32,208	0.00	\$ 48,312	0.00	\$ 80,520
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ 222,120	4.00	\$ 333,180	6.00	\$ 555,300
Wages	\$ -	0.00	\$ -	0.00	\$ -
Medical Residents	\$ -	0.00	\$ -	0.00	\$ -
Operating	\$ 40,000	0.00	\$ 60,000	0.00	\$ 100,000
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ -	0.00	\$ -	0.00	\$ -
Total Expenditures	\$ 360,328	4.50	\$ 540,492	7.50	\$ 900,820

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals: Access _____ Success x
 Close Achievement Gap _____ Workforce _____ Research x

Summary Narrative:

The proposed Nevada Graduate Fellowship endeavors to recruit top-tier students to Nevada in order to develop the next generation of home-grown scientists and engineers. The Fellowship will be available to students pursuing PhD degrees. Students will conduct dissertation work with DRI scientists and matriculate at any degree granting institution within NSHE. Funding includes full stipend for the student (\$45K/yr), tuition & health insurance (\$7,000/yr), other operating (\$3,000/yr) and a stipend for the DRI dissertation supervisor (15% of a scientist's time). This budget reflects four students for FY2020 and six students for FY2021 and **the funding commitment must be over a four year period to cover the entire period of study.** This is modeled after the prestigious National Science Foundation Graduate Fellowships. The program will:

- Support students whose work will solve key challenges facing society
- Serve as Nevada’s premier graduate recruitment resource aid
- Directly support the NSHE goal of achieving R1 status at the Universities
- Produce life-long leaders that contribute significantly to Nevada’s economy, scientific innovation, and teaching
- Build on the reputation of the DRI Nevada Medal awarded since 1988

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: Desert Research Institute

Proposed Enhancement: NV Cloud Seeding

Revenue	FY 20	FY 21	Total
General Fund	\$ 899,659	\$ 899,205	\$ 1,798,864
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 899,659	\$ 899,205	\$ 1,798,864

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 83,250	0.50	\$ 87,412	0.50	\$ 170,662
Classified/Tech Salaries	\$ 129,662	2.00	\$ 136,145	2.00	\$ 265,807
Fringe Benefits	\$ 121,771	0.00	\$ 127,672	0.00	\$ 249,442
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ 20,061	1.00	\$ 20,061	1.00	\$ 40,122
Wages	\$ 10,750	0.00	\$ 10,750	0.00	\$ 21,500
Travel	\$ 13,128	0.00	\$ 13,128	0.00	\$ 26,256
Operating	\$ 279,395	0.00	\$ 307,395	0.00	\$ 586,790
O&M	\$ 175,643	0.00	\$ 175,643	0.00	\$ 351,285
Equipment	\$ 66,000	0.00	\$ 21,000	0.00	\$ 87,000
Total Expenditures	\$ 899,659	3.50	\$ 899,205	3.50	\$ 1,798,864

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals: Access _____ Success x
 Close Achievement Gap _____ Workforce x Research x

Summary Narrative:

Governor Sandoval requested that the Desert Research Institute (DRI) submit a proposal to the 2017 Legislative Session to restart the suspended statewide cloud seeding program. After receiving approval from the Nevada System of Higher Education’s Board of Regents, DRI submitted a proposal restart the program to the 2017 Legislative Session. The proposal became part of Assembly Bill Number 518, which passed on May 30, 2017. The bill states that operational cloud seeding will resume in FY2019, with some initial infrastructure and permitting work done in FY2018.

This budget request builds off the State’s FY2018 and FY2019 cloud seeding infrastructure investment and continues to operate a statewide cloud seeding program to maximize enhancement of State water resources. It is estimated that this program will add more than 77,000 acre-ft of water to State’s snowpack, enough water to supply more than 150,000 Nevada households. In addition, this program will also lead to improvements in the understanding of subfreezing cloud physics, snow/runoff dynamics, and ground water recharge.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: Desert Research Institute

Proposed Enhancement: NV Cloud Seeding

Summary Narrative (continued):

The requested funds include a portion of the yearly salary for the project manager/lead meteorologist, the project's 3 field technicians who fabricate equipment, install and maintain the project's infrastructure and equipment in the field, and a graduate student and part time meteorologist. Other projects not part of the state program make up the other parts of the project staff salaries. Some of the project specifics are:

- New equipment, including refurbishing equipment at a cost of \$152,000 for both FY20 and FY21.
- Cloud seeding solution (silver iodide), propane, and other consumables (\$10,000 for each of the 13 generators); training courses on electronic and computer equipment; permitting and public notices. The total for FY20 and FY21, \$294,000.
- Travel to deliver and maintain the cloud seeding program's equipment (per diem, and vehicle fuel costs), \$13,000 per year.
- The Walker and Carson Basin will include aircraft cloud seeding as a cost of \$102,000 for both FY20 and FY21.
- The old 4x4 vehicle used to tow and deliver equipment and maintain the field equipment will need to be replaced at a one-time cost of \$45,000.
- Two additional Icing detectors and weather stations are required that were not included in the FY18 and FY19 funds are included in this budget.
- The facility and IT expenses are also included at \$216,000 per year.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: UNR - Statewide Programs

Proposed Enhancement: Expand Statewide Programs

Revenue	FY 20	FY 21	Total
General Fund	\$ 871,332	\$ 2,059,672	\$ 2,931,004
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 871,332	\$ 2,059,672	\$ 2,931,004

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 190,185	2.00	\$ 906,792	10.00	\$ 1,096,977
Classified/Tech Salaries	\$ 156,896	3.00	\$ 313,792	6.00	\$ 470,688
Fringe Benefits	\$ 116,074	0.00	\$ 366,911	0.00	\$ 482,985
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ -	0.00	\$ 64,000	2.00	\$ 64,000
Wages	\$ -	0.00	\$ -	0.00	\$ -
Medical Residents	\$ -	0.00	\$ -	0.00	\$ -
Operating	\$ 175,000	0.00	\$ 175,000	0.00	\$ 350,000
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ 233,177	0.00	\$ 233,177	0.00	\$ 466,354
Total Expenditures	\$ 871,332	5.00	\$ 2,059,672	18.00	\$ 2,931,004

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals:	Access	Success
Close Achievement Gap	Workforce	Research
	X	X

Summary Narrative:

The Statewide Programs budget of UNR houses several specialty centers within the University of Nevada, Reno that provide a wide variety of research and public service functions in the areas of science, business, the environment, and information technology support. Many of these functions exist in NRS as statewide initiatives. Activities specifically funded in this budget include the Nevada Bureau of Mines and Geology, Nevada Seismology Laboratory, State Climatologist, Laboratory Animal Medicine, Basic Research Chemistry, Whittell Forest Research, Latino Research Center, KUNR, Nevada Small Business Development Center, Nevada Industrial Excellence, Academy for the Environment, VP Health Sciences, Information Technology, and the Office of Prospective Students – South. This enhancement request encompasses recommendations for strategic growth in 3 areas:

The Nevada Bureau of Mines and Geology (NBMG) is a research and public service unit of the University of Nevada and is the Nevada State Geological Survey. NBMG scientists conduct research and publish reports on mineral resources, engineering geology, environmental geology, hydrogeology, and geologic mapping.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: UNR - Statewide Programs

Proposed Enhancement: Expand Statewide Programs

Summary Narrative (continued):

As the State Geological Survey, NBMG is affiliated with the State Geologists of the 50 United States and Puerto Rico which advance the science and practical application of geology and related earth sciences in the United States and its territories, commonwealths, and possessions. Each state has a State Geologist to head this agency.

The Nevada Bureau of Mines and Geology proposes a multi-tiered enhancement request including expanded resource identification, geological hazard mapping, geothermal resource development, geoscience mapping and outreach, including the expansion of the 3-D geologic maps.

The Nevada Seismological Laboratory is a research division within the College of Science at the University of Nevada, Reno. The Laboratory has overall responsibility for instrumental studies of earthquakes in the Nevada region.

The Laboratory operates a statewide network of seismographic stations and investigates the sizes, frequencies of occurrence, and distribution of earthquakes in the region, and other problems related to seismic risk in Nevada. Public education about citizen safety response to earthquakes is delivered to over 100,000 people in the annual "Great Shake Out." Recently, cameras have been installed at monitoring sites to provide early warning of wildfires. Recent news coverage at the following link provides additional perspective on the program:
(<http://mynews4.com/news/local/unr-ramping-up-the-mountaintop-camera-network-for-this-years-fire-season>).

The Laboratory disseminates seismic information to the public and regularly publishes research results. It serves as a data repository and a resource for the public on matters related to earthquake activity and earthquake risks in Nevada and adjoining states. The Laboratory also handles grant- and contract-supported research on seismic problems of national and international importance.

Large parts of Nevada, in particular the greater Las Vegas region and many rural areas, remain poorly monitored. This enhancement request will enable expansion in earthquake monitoring, wildfire detection, and education/outreach.

The Nevada Small Business Development Center (SBDC) guides and assists Nevadans looking to start and grow businesses, with objectives to increase business starts, create and retain jobs, and increase access to capital. One-on-one counseling services are free and confidential. Nevada SBDC also offers and coordinates a wide range of workshops and courses in collaboration with public and private entities. SBDC supports 14 urban and rural offices in Carson City, Elko, Ely, Fallon, Fernley, Hawthorne, Henderson, Las Vegas, Laughlin, Mesquite, Pahrump, Reno and Winnemucca. The SBDC is affiliated with the U. S. Department of Commerce's Small Business Administration which provides one-to-one matching grants to support its operation, which connects the Nevada SBDC with a network of SBDC's across the nation.

Nevada's rapidly changing demographics have created a pressing need to support Nevada's Hispanic business community. With almost 30% of the state's population now of Hispanic origin, the SBDC proposes to expand its support for Hispanic business owners by creating two new business/outreach advisor positions – one each in Las Vegas and Reno.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: University of Nevada, Las Vegas - School of Dental Medicine

Proposed Enhancement: Community & Rural Public Health & Residency Program

Revenue	FY 20	FY 21	Total
General Fund	\$ 1,051,600	\$ 792,100	\$ 1,843,700
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 1,051,600	\$ 792,100	\$ 1,843,700

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ 300,000	2.50	\$ 300,000	2.50	\$ 600,000
Classified/Tech Salaries	\$ 90,000	2.00	\$ 90,000	2.00	\$ 180,000
Fringe Benefits	\$ 136,500	0.00	\$ 136,500	0.00	\$ 273,000
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ -	0.00	\$ -	0.00	\$ -
Wages	\$ -	0.00	\$ -	0.00	\$ -
Medical Residents	\$ 121,500	0.00	\$ 162,000	0.00	\$ 283,500
Operating	\$ 403,600	0.00	\$ 103,600	0.00	\$ 507,200
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ -	0.00	\$ -	0.00	\$ -
Total Expenditures	\$ 1,051,600	4.50	\$ 792,100	4.50	\$ 1,843,700

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals: Access Success
 Close Achievement Gap _____ Workforce x Research x

Summary Narrative:

The School of Dental Medicine seeks funding to establish a Dental Public Health (DPH) residency program. DPH is a specialty whose practitioners focus on dental and oral health issues in communities and populations, and in this case the citizens of Nevada. A DPH would complement state efforts by providing practitioners with knowledge of public health dentistry to inform policies and programs impacting community oral health at federal, state, and local levels. Lack of access to dental care for the underserved is, in part, a consequence of an inadequate dental public health infrastructure. A robust DPH infrastructure will improve the public's health through strategies that include improved health literacy; efficient, effective delivery systems; and adequate workforce to meet Nevada's oral health care needs.

In addition to requesting the funds for the DPH residency program, UNLV-SDM seeks funding for a dental mobile clinic to provide the most efficient delivery of services to the underserved throughout Nevada. Among the six Federally Qualified Health Centers (FQHCs) that provide services at 33 locations in Nevada, only three provide dental services. As of December 31, 2017, there were 81 Dental Health Professional Shortage Areas (DHPSAs) in Nevada, which served 1,246,327 people. This translates to a 36.40% unmet need. An estimated 200 additional providers who are willing to treat patients in these areas are needed to remove the HPSA designation.

A DPH program would provide a path to achieve the primary objectives for Oral Health of the Health People 2020 Initiative. In doing so, the UNLV-SDM will strive to reduce the proportion of Nevadans with untreated dental decay, increase sealant application, increase utilization of the oral healthcare system, increase preventative dental services, and increase the oral health component in school and community-based health centers. At the same time, the purchase of a Dental Mobile Clinic could provide a pathway to future loan repayment programs for graduates who commit to staffing the unit for a designated period of time in exchange for assistance in loan repayment opportunities.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: University of Nevada Las Vegas

Proposed Enhancement: Student Athlete Financial Aid

Revenue	FY 20	FY 21	Total
General Fund	2,933,619	2,933,619	5,867,238
Registration Fees	-	-	-
Non-Resident Tuition	-	-	-
Misc. Student Fees	-	-	-
Miscellaneous	-	-	-
Total Revenue	2,933,619	2,933,619	5,867,238

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	-	-	-	-	-
Classified/Tech Salaries	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Professional LOAs/PT	-	-	-	-	-
GA/TA	-	-	-	-	-
Wages	-	-	-	-	-
Medical Residents	-	-	-	-	-
Operating	2,933,619	-	2,933,619	-	5,867,238
O&M	-	-	-	-	-
Equipment	-	-	-	-	-
Total Expenditures	2,933,619	-	2,933,619	-	5,867,238

Est WSCH Generation (if applicable) - -

BOR Strategic Goals: Access _____ Success X
 Close Achievement Gap _____ Workforce _____ Research _____

Summary Narrative:

The Nevada Legislature directly appropriates general fund revenue to the Intercollegiate Athletic programs to cover costs associated with registration fees and non-resident tuition for student athletes. The amounts appropriated for Fiscal 2018 and Fiscal 2019 were \$2,375,436 and \$2,375,436, respectively. UNLV requests that these amounts be augmented to cover tuition and fee increases approved by the Board of Regents for Fiscal 2020 and Fiscal 2021. Undergraduate registration fees and the WUE rate increased 4% per year, each year FY16 through FY19. Non-resident rates increased 2% in FY18 and an additional 2% in FY19. An incremental General Fund Revenue of \$2,933,619 is needed for student athlete fees for FY20 and FY21.

UNLV Intercollegiate Athletics (ICA) State funded financial aid has remained at its current amount of \$2,375,436 since FY12, when it decreased by \$0.7M from FY11. This, in conjunction with increased tuition and fees, has resulted in more financial aid need with less available funds.

UNLV's ICA allocation for Athletics' financial aid covers registration fees (after waiving the \$13 per credit capital improvement fee authorized by the Board Handbook, Title 4, Chapter 18, Section 1.3d) and non resident tuition for student athletes. Although UNR and UNLV both handle this process, they may not be exactly identical.

Please note: This projection is based on FY18 enrollment and FY19 Registration and Non-Resident Tuition Rates.

Proposed Non-Formula Enhancement: 2019-2021 Biennium

Institution Name: College of Southern Nevada

Proposed Enhancement: Priority 2: Athletic Scholarships

Revenue	FY 20	FY 21	Total
General Fund	\$ 250,000	\$ 250,000	\$ 500,000
Registration Fees	\$ -	\$ -	\$ -
Non-Resident Tuition	\$ -	\$ -	\$ -
Misc. Student Fees	\$ -	\$ -	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Revenue	\$ 250,000	\$ 250,000	\$ 500,000

Expenditures	FY 20	FY 20: FTE	FY 21	FY 21: FTE	Total
Professional Salaries	\$ -	0.00	\$ -	0.00	\$ -
Classified/Tech Salaries	\$ -	0.00	\$ -	0.00	\$ -
Fringe Benefits	\$ -	0.00	\$ -	0.00	\$ -
Professional LOAs/PT	\$ -	0.00	\$ -	0.00	\$ -
GA/TA	\$ -	0.00	\$ -	0.00	\$ -
Wages	\$ -	0.00	\$ -	0.00	\$ -
Medical Residents	\$ -	0.00	\$ -	0.00	\$ -
Operating	\$ 250,000	0.00	\$ 250,000	0.00	\$ 500,000
O&M	\$ -	0.00	\$ -	0.00	\$ -
Equipment	\$ -	0.00	\$ -	0.00	\$ -
Total Expenditures	\$ 250,000	-	\$ 250,000	-	\$ 500,000

Est WSCH Generation (if applicable) 0.00 0.00

BOR Strategic Goals:	Access	X	Success	X
Close Achievement Gap	X	Workforce	_____	Research _____

Summary Narrative:

Athletic scholarships are essential for the overall success, health and function of any competitive athletic program. CSN athletes have demonstrated graduation rates that exceed 80% and transfer rates that far exceed the institutional average. CSN heavily recruits many first-generation college students who also have limited resources and must try to work while attending class and participating in intercollegiate athletics. These potential scholarships will enhance the opportunities for many local first-generation students to attend CSN, compete athletically, and graduate on time. In addition to the NSHE operating investment funding, which currently provides aid to student athletes in Baseball and Women's Softball, this funding will help to fund scholarships for Women's Volleyball and Men's and Women's Soccer. All athletic aid is distributed equally to both gender programs, and Title IX regulations are strictly followed. Enhancement of athletic scholarships supports the following NSHE strategic goals: access, student success, and closing the achievement gap.

Nevada System of Higher Education

System Administration
5550 West Flamingo Road, Suite C-1
Las Vegas, NV 89103-0137
Phone: 702-889-8426
Fax: 702-889-8492



System Administration
2601 Enterprise Road
Reno, NV 89512-1666
Phone: 775-784-4901
Fax: 775-784-1127

MEMORANDUM

TO: Chancellor Thom Reilly

FROM: Vice Chancellor Crystal Abba

CC: Michael Flores, Chief of Staff
Chief Financial Officer Chet Burton
Council of Presidents

DATE: April 19, 2018

RE: Year 7 and Year 8 Performance Pool Point Target Recommendations

Attached are the point target recommendations of the Performance Pool Working Group for Year 7 and Year 8 of the NSHE Performance Pool. At your request, the working group included representatives appointed by the President of each institution, as follows:

Jean Vock, UNLV
Kevin Carman, UNR
Edith Fernandez, NSC

Mary Kaye Bailey, CSN
Lynn Mahlberg, GBC
Elena Bubnova, TMCC
Dianne Hillard, WNC

In addition to the working group members, the following individuals participated in the working group discussions: Brent Drake, UNLV; Lori McGowan, UNLV; Kathy Adams, UNLV; Sandip Thanki, NSC; Tony Scinta, NSC; John Bearce, CSN; Tom Reagan, GBC; Bret Murphy, GBC; Lora McCarty, GBC; Cathy Fulkerson, GBC/WNC; and Cheryl Scott, TMCC.

The working group was charged with recommending point targets and in doing so provide the following recommendations and rationale.

Target Recommendations

The working group recommends extending the Year 6 point targets by applying 2.0 percent to the Year 6 target for Year 7 and applying 2.0 percent to the Year 7 target for Year 8 resulting in the following point targets:

	Year 6 Approved Point Targets	Recommended Point Target (+ 2%)	
		Year 7	Year 8
UNLV	2,414.1	2,462.4	2,511.6
UNR	1,683.1	1,716.8	1,751.1
NSC	309.7	315.9	322.2
CSN	3,639.2	3,712.0	3,786.2
GBC	397.9	405.9	414.0
TMCC	1,315.1	1,341.4	1,368.2
WNC	582.5	594.2	606.0

Rationale for Point Target Recommendations

For the purpose of background, in 2014 when point targets for Year 3 and Year 4 of the Performance Pool were established, the approved point targets were based on actual points in the 2012-13 baseline year. Points are based on weighted outcomes in defined metrics that are included in the attached tables. The Year 3 target was established by applying 2.0 percent increase to actual 2012-13 figure for the universities and community colleges and a 4.0 percent increase for the state college. The Year 4 target applied the 2.0 percent increase to the Year 3 target for the universities and community colleges and a 4.0 percent increase for the state college.

Year 5 and Year 6 targets were established in 2016 by applying a 2.0 percent increase to the Year 4 targets for Year 5 and a 2.0 percent increase to the Year 5 target for Year 6 across all institutions. Thus, the Year 5 and Year 6 targets are an extension of the prior year’s targets based on the initial 2012-13 baseline year.

In recommending the point targets for Year 7 and Year 8, it is important to recognize the accumulated target increase since the 2012-13 baseline as depicted in the following table:

	Baseline	Approved Point Targets				% Increase (Yr 6 over Baseline)
	2012-13 Actual	Year 3	Year 4	Year 5	Year 6	
UNLV	2,230.3	2,274.9	2,320.4	2,366.8	2,414.1	8.2%
UNR	1,554.9	1,586.0	1,617.8	1,650.1	1,683.1	8.2%
NSC	275.2	286.2	297.7	303.6	309.7	12.5%
CSN	3,362.1	3,429.3	3,497.9	3,567.8	3,639.2	8.2%
GBC	367.6	375.0	382.5	390.1	397.9	8.2%
TMCC	1,215.0	1,239.3	1,264.0	1,289.3	1,315.1	8.2%
WNC	538.1	548.9	559.9	571.1	582.5	8.2%

Relative to the Year 6 approved point target, the working group recommended a 2 percent increase for Year 7 and Year 8 as noted in the following table:

	Baseline	Approved Point Targets				Recommended		% Increase (Yr 8 over Baseline)
	2012-13 Actual	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	
UNLV	2,230.3	2,274.9	2,320.4	2,366.8	2,414.1	2,462.4	2,511.6	12.6%
UNR	1,554.9	1,586.0	1,617.8	1,650.1	1,683.1	1,716.8	1,751.1	12.6%
NSC	275.2	286.2	297.7	303.6	309.7	315.9	322.2	17.1%
CSN	3,362.1	3,429.3	3,497.9	3,567.8	3,639.2	3,712.0	3,786.2	12.6%
GBC	367.6	375.0	382.5	390.1	397.9	405.9	414.0	12.6%
TMCC	1,215.0	1,239.3	1,264.0	1,289.3	1,315.1	1,341.4	1,368.2	12.6%
WNC	538.1	548.9	559.9	571.1	582.5	594.2	606.0	12.6%

It should be noted that a 12.6 percent to 17.1 percent growth in outcome metrics is an impressive rate of growth over an 8-year period. Already during the first five years of the program NSHE experienced growth of 2,642 additional undergraduate degrees (Associate or Bachelor's) and 120 additional certificates per year. This growth has been accomplished through a number of institutional and systemwide efforts, including but not limited to the following:

- 15 to Finish enrollment intensity and student achievement campaign;
- Gateway course completion initiative;
- Block scheduling;
- Accelerated degree programs;
- Reverse transfer; and
- Alternative pathways to graduation.

These programs and initiatives are indicative of the type of behavior changing programs the performance pool is intended to incentivize. However, degrees are a lagging outcome, tied in large part to enrollment from earlier years.

The growth in degrees is linked to the consistent enrollment growth in the NSHE institutions from 2007 to 2010 (8,306 additional students). Every NSHE institution saw enrollment growth between 2007 and 2010. However, from 2010 to 2015 enrollment in NSHE institutions declined by 8,685 students. Only UNR and NSC have had steady enrollment growth since 2010. UNLV's enrollment declined, but then began to grow again in 2014 and 2015. Since 2012, CSN, GBC, TMCC, and WNC generally experienced declining enrollment with some fluctuations.

Additionally, both the National Center for Education Statistics and the Western Interstate Commission for Higher Education project total Nevada high school graduates to show little growth until 2022, leading to continued challenges in enrollment growth within the state. This drop in enrollment over the more recent years will make sustaining year over year growth in completions highly unlikely.

Resetting the baseline year of the model would exacerbate the problem as it would reset the institutions at the higher level that was achieved during the periods of greatest enrollment growth, and then require them to sustain continued growth above it. In practical terms resetting the baseline would require a 37 percent growth over 8 years for UNR and a 50 percent growth for NSC.

For these reasons the working group believes that extending the 2 percent growth figures to Year 7 and Year 8 continues to be an aggressive goal for the institutions to strive towards achieving.

Comments from the Institutions Regarding Recommendations

Because each institution is in a different situation in terms of enrollment and other factors related to degree productivity, following is a statement from each institution supporting the 2 percent recommendation for Years 7 and 8 of the performance pool.

University of Nevada, Las Vegas

When the performance pool was initially established, UNLV had just undergone four years of flat to declining undergraduate enrollment (2009, 22,719 undergraduate students; and 2012, 22,432 undergraduate students). Classes used to generate the six percent total growth in the

performance pool model could not rely on headcount growth to fuel completions. Despite those challenges, UNLV, through careful stewardship, managed to achieve the six percent growth in degrees. UNLV achieved this while maintaining its efforts to serve the residents of Nevada by keeping its resident enrollment at 84.4 percent of its total student body. When the performance pool was initially established, UNLV's degree productivity relative to other institutions was higher (due in part to the size of the institution), thus the six percent increase meant an addition of 196 extra baccalaureate degrees per year (including an increase of 60 Pell-eligible baccalaureate degrees per year) and 57 master's and doctoral research degrees per year.

The current performance pool funding model calls for a total growth of 12 percent in graduates for an academic year compared to the 2012-13 base line year, an aggressive figure in a state experiencing only a modest increase in its high school graduates since 2012, and for which both the National Center for Education Statistics and the Western Interstate Commission for Higher Education project high school graduates to remain relatively flat until 2022. UNLV through its efforts to improve completions and its growth in enrollment since 2012 believes that it is positioned to meet this significant 12 percent growth goal, but realizes that a model of continuing year over year growth without significant new investment in infrastructure is not a sustainable model.

University of Nevada, Reno

A study conducted by the Washington Post in 2014, identified UNR as the 5th fastest growing flagship university in the nation over the period of 2003-2013. Since 2013, UNR's enrollment growth exceeded the 2003-2013 period and increased from 18,776 to 21,657, which is over 15 percent. As a result of this growth in enrollment and increased retention and graduation rates, UNR significantly exceeded its performance-pool goals. In FY15, FY16, and FY17 UNR was at 112.6 percent, 120.1 percent, and 123.0 percent, respectively, of its goals. The rapid growth that UNR experienced over the past 15 years is now beginning to level off. In the fall of 2017, UNR's enrollment was 0.8 percent higher than in 2016. This is consistent with the changing demographics of the state of Nevada. A variety of scenarios for updating performance-pool goals were proposed. UNR prefers the model that uses 2014-15 as the baseline year and that incorporates the technical adjustments to bachelor and graduate degrees as identified by NSHE staff. However, we recognize the positions of TMCC and GBC that implementation of the performance pool may be quite harmful to institutions that are seeing declining enrollments. UNR supports the proposed annual 2 percent extrapolation of growth based on 2012-13 enrollment as described in this memorandum.

Nevada State College

Nevada State College is confident in the continued success of practices that have helped promote its growth in enrollment and degree completion, yet NSC is relatively conservative in its recommendation regarding performance pool funding. This circumspection is driven largely by two factors. First is the unpredictability of enrollment, particularly at a new college that is less firmly established in the public consciousness relative to its institutional peers. This unpredictability surfaced in our overall enrollment data tracing back to the founding of the college; after a sustained stretch of historic growth, we unexpectedly went through two periods of flat enrollment, in 2012-13 and 2013-14, and again in 2015-16, before again experiencing significant gains leading up to the present day. Though our expectation is to maintain robust growth – and healthy vital signs across every key metric, including graduation numbers– it is possible the college's fortunes will change, perhaps due to forces that cannot be controlled.

This, in turn, leads to the second determining factor: if the performance pool funding were aspirational in nature, such that institutions had an opportunity to secure additional funding, rather than recoup their formula funding “carve out,” we might be less risk averse with our recommendation. As it stands, we worry about how our students might be negatively impacted if we set an unrealistic performance target we could not achieve, despite our best efforts across the campus. Even now, we have seen an attenuation in our performance pool point totals in the last several years. Our actual point total grew by over 27 percent from the baseline year to Year 3, then nearly 10 percent from Year 3 to Year 4, and finally just over 3 percent from Year 4 to Year 5, the most recent complete year on record. In this light, we are concerned about resetting the baseline to a very recent year, or establishing a percentage beyond 2 percent, because both may reflect a recent but unsustainable period of record-breaking growth that we cannot sustain for years to come.

Granted, despite these concerns NSC would have supported a baseline reset to the point totals achieved in the 2014-15. However, in discussions NSC recognizes that this would unfairly disadvantage multiple institutions, and thus endorses the recommendation provided herein.

College of Southern Nevada

After review of several possible scenarios, the NSHE Performance Pool Working Group collectively decided that staying with the existing scenario, keeping FY13 as the existing baseline and continuing to increase by 2 percent per year, was the best course of action. The other scenarios generally involved using later years as base years, where the community colleges had higher actual numbers, and the concern is that those targets will be difficult to reach in the future especially with an expected increase in the target rate each year.

While in a recession, community colleges see an increase in enrollment. This occurred at the College of Southern Nevada and was significant especially at the peak in fall 2010 where headcount exceeded 44,000 students. One would expect that as long as the same economic conditions persist, those same students would be in the pipeline to drive up completion rates. Conversely, when the economy is rebounding, the exact opposite occurs. Given the current state of our economy, we expect that CSN’s pipeline for completers is shrinking. In fact, while CSN more than met its targets for FY16 and FY17, its increases are at a declining rate, correlating to the state of the economy. Enrollment data for the past several years has been declining; CSN’s current headcount is about 34,000 students. In the current year, CSN is slightly up in headcount compared to the prior year, but FTE is down, which indicates that CSN has more part-time students and that will also impact completion rates.

The aggregate growth percentage currently recognized from FY13 through FY20 under the existing scenario is almost 13 percent. That is a significant increase. Because this performance pool is a carve-out of our existing base budget that we are earning back, and given the uncertainties in the economy and enrollment, CSN again recommends that staying with the current scenario using the 2012-13 baseline and 2 percent increases for Year 7 and Year 8.

Great Basin College

In response to performance pool funding expectations, GBC actively participated in the following initiatives: 15 to Finish, accelerated degree programs, block scheduling, reverse transfer, additional training partnerships with local mining companies, 'Your Graduation Begins Today', gateway course completions with targeted advising, and stack-able certificates and degrees. GBC also increased advising in Career and Technical Education programs as well as

throughout the areas GBC serves, revised and simplified general education requirements and is currently re-designing its first-year orientation course. These projects have all produced important gains in student success.

Even so, GBC experienced fluctuating enrollment with a 14 percent increase in enrollment from 2012 to 2016 and then a 5 percent drop in one year from 2016 to 2017. The Nevada State Demographer's population projections for the ten rural Nevada counties served primarily by GBC for 2018 through 2022, anticipate a 6 percent drop in population for those 15 to 19 years of age while the total population for the counties will remain flat during the next six years. These demographic changes could negatively impact enrollment at GBC and thus Performance Pool funding. GBC supports the recommendation of a 2 percent increase in performance targets over Year 6.

Truckee Meadows Community College

Similar to all NSHE institutions, TMCC's enrollment growth is impacted by a number of external factors that are outside of our control. Over the last several years, stabilizing enrollment has been challenging for TMCC.

The original baseline year for the performance pool was 2012-13. Since then, TMCC's enrollment declined by 8 percent. During this time, there was a strong focus on completion and we have made significant gains. Those gains have been the direct result of a number of TMCC initiatives, including but not limited to, gateway student mentors, registration holds to ensure course completions, modifications in financial aid ensuring that students are taking appropriate courses for their degree program, priority registration to certain cohorts of students, and 15 to Finish. This allowed us to meet our performance pool targets as an institution, despite enrollment declines. The enrollment challenges we are experiencing will catch up with us, and 2 percent growth will not be sustainable long term. Over the last 5 years, TMCC has been in the mode of stabilizing enrollment. Thus, using the 2012-13 year as a baseline is still relevant.

Western Nevada College

Since the implementation of the performance pool, WNC focused efforts on exceeding expectations to avoid a decrease in state funding. As the performance pool is designed as a process by which an institution meets set levels of achievement or risks losing up to 20 percent of its state funding allocation, it is clear that the expectations are for institutions to make serious strides toward ensuring that their results consistently exceed minimums. The possibility of significant decrease in funds ensures that institutions act forcefully to at least meet, if not overshoot, predetermined levels of achievement.

Considering that the annual expectation is for an institution to achieve 2 percent growth (i.e. 102 percent of annual benchmark), and that year-to-year, institutions are subject to variability that is out of their control to a certain extent (e.g. enrollment fluctuations), it is reasonable that each institution would plan to overshoot measures as much as possible. In this sense, annual outcomes of 110 to 115 percent of benchmark achievement is to be expected. From the institutional perspective, an annual result of 110 percent would be seen as just 8 percentage points above the threshold of disaster.

This emphasis increased WNC's productivity by 14 percent over the first four years from the 2012-13 baseline to 2015-16. WNC initiatives to promote degree productivity, include but are not limited to, intrusive advising programs, encouraging students to enroll in 15 credits,

encouraging the completion of gateway courses in the first year of enrollment – all designed so students earn workforce training, certificates, and degrees sooner. During this same time period, enrollment at WNC dropped by 13 percent, likely due to an improving economy, and as a result, performance pool productivity dropped for the first time in 2016-17. We expect that even with our productivity gains our performance pool points will drop again over the next year or two solely due to enrollment declines during those first four years. Staying with the 2012-13 baseline and metrics is an appropriate scenario for WNC. Changing baselines when WNC over-performed by 9 percent or more would add additional challenges for WNC to simply maintain its budget.

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NSHE PERFORMANCE POOL -- YEAR 3 AND 4 TARGETS
 FINAL AS APPROVED BY THE BOARD 12/5/14 and REVISED 12/29/14

Funding Year

Measure Year

UNLV	Factors	2012-13 Baseline		2016-17		2017-18		2018-19		2019-20		2020-21		2021-22	
		Outcomes/ Points	Weighted Pts.	YEAR 3		YEAR 4		YEAR 5		YEAR 6		YEAR 7		YEAR 8	
				2014-15 Target		2015-16 Target		2016-17 Target		2017-18 Target		2018-19 Target		2019-20 Target	
Bachelor's Degrees	0.30	3,857	1,157.1	3,832	1,149.6	3,892	1,167.6	4,053	1,215.9						
Minority Bachelor's Graduates (IPEDS) (Outcomes*.4)	0.30	1,616.0	193.9	1,914	229.7	1,909	229.1	2,191	262.9						
Pell-Eligible (non-Minority) Bachelor's Graduates (Outcomes*.4)	0.30	801.0	96.1	992	119.0	952	114.2	861	103.3						
Master's & Doctoral Degrees	0.10	1,166	116.6	1,195	119.5	1,205	120.5	1,223	122.3						
Minority Master's and Doctoral Graduates (IPEDS) (Outcomes*.4)	0.10	350	14.0	367	14.7	418	16.7	451	18.0						
Pell-Eligible (non-Minority) Master's and Doctoral Graduates (Outcomes*.4)	0.10	182	7.3	217	8.7	240	9.6	191	7.6						
Sponsored/External Research Expenditures in \$100,000's	0.15	437.3	65.6	486.8	73.0	483.0	72.5	521.8	78.3						
Transfer Students w/a transferable associate's degree	0.05	1,727	86.4	2,290	114.5	2,325	116.3	2,485	124.3						
Efficiency - Awards per 100 FTE	0.20	27.5	5.5	25.1	5.0	24.2	4.8	24.4	4.9						
Economic Development (STEM and Allied Health) Graduates	0.20	852	170.4	958	191.6	1020	204.0	1089	217.8						
Economic Development (business and management) Graduates	0.20	1,587	317.4	1,496	299.2	1,356	271.2	1,315	263.0						
TOTAL WEIGHTED POINTS - ACTUAL	--	--	2,230.3	--	2,324.5	--	2,326.5	--	2,418.3	--	--	--	--	--	--
TOTAL WEIGHTED POINTS - TARGET	--	--	--	--	2,274.9	--	2,320.4	--	2,366.8	--	2,414.1	--	2,462.4	--	2,511.6
					102.2%		100.3%		102.2%						
UNR	Factors	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.
Bachelor's Degrees	0.30	2,744	823.2	3,178	953.4	3,372	1,011.6	3,587	1,076.1						
Minority Bachelor's Graduates (IPEDS) (Outcomes*.4)	0.30	640	76.8	963	115.6	1,142	137.0	1,225	147.0						
Pell-Eligible (non-Minority) Bachelor's Graduates (Outcomes*.4)	0.30	642	77.0	764	91.7	882	105.8	832	99.8						
Master's & Doctoral Degrees	0.10	732	73.2	731	73.1	791	79.1	749	74.9						
Minority Master's and Doctoral Graduates (IPEDS) (Outcomes*.4)	0.10	126.0	5.0	155	6.2	157	6.3	152	6.1						
Pell-Eligible (non-Minority) Master's and Doctoral Graduates (Outcomes*.4)	0.10	173.0	6.9	117	4.7	103	4.1	115	4.6						
Sponsored/External Research Expenditures in \$100,000's	0.15	1,017.3	152.6	839.4	125.9	895.1	134.3	940.3	141.0						
Transfer Students w/a transferable associate's degree	0.05	1,234	61.7	1,619	81.0	1,742	87.1	1,801	90.1						
Efficiency - Awards per 100 FTE	0.20	27.2	5.4	25.7	5.1	24.9	5.0	26.1	5.2						
Economic Development (STEM and Allied Health) Graduates	0.20	1,176	235.2	1,396	279.2	1,609	321.8	1,716	343.2						
Economic Development (psychology) Graduates	0.20	189	37.8	251	50.2	257	51.4	205	41.0						
TOTAL WEIGHTED POINTS - ACTUAL	--	--	1,554.9	--	1,786.0	--	1,943.5	--	2,029.0	--	--	--	--	--	--
TOTAL WEIGHTED POINTS - TARGET	--	--	--	--	1,586.0	--	1,617.8	--	1,650.1	--	1,683.1	--	1,716.8	--	1,751.1
					112.6%		120.1%		123.0%						
NSC	Factors	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.	Outcomes/ Points	Weighted Pts.
Bachelor's Degrees	0.50	303	151.5	375	187.5	410	205.0	408	204.0						
Minority Bachelor's Graduates (IPEDS) (Outcomes*.4)	0.50	117	23.4	168	33.6	167	33.4	187	37.4						
Pell-Eligible (non-Minority) Bachelor's Graduates (Outcomes*.4)	0.50	56	11.2	101	20.2	126	25.2	119	23.8						
Gateway Course Completers	0.05	709	35.5	801	40.1	985	49.3	1,161	58.1						
Transfer Students w/a transferable associate's degree	0.05	336	16.8	421	21.1	464	23.2	507	25.4						
Efficiency - Awards per 100 FTE	0.20	15.4	3.1	17.5	3.5	19.1	3.8	18.0	3.6						
Economic Development (STEM and Allied Health) Graduates	0.20	134	26.8	175	35.0	164	32.8	178	35.6						
Economic Development (business and management) Graduates	0.20	35	7.0	45	9.0	59	11.8	45	9.0						
TOTAL WEIGHTED POINTS - ACTUAL	--	--	275.2	--	349.9	--	384.5	--	396.8	--	--	--	--	--	--
TOTAL WEIGHTED POINTS - TARGET	--	--	--	--	286.2	--	297.7	--	303.6	--	309.7	--	315.9	--	322.2
					122.2%		129.2%		130.7%						

Performance Pool Outcomes - Data Definitions

Outcome	Definitions
1 to 2 year Certificate	The total number of certificates requiring 30 or more credit hours granted during an academic year. Students earning multiple certificates in an academic year will have each earned certificate count as a separate outcome. General Studies certificates are excluded. (Source: preliminary IPEDS reporting)
Associate's Degrees	The total number of associate's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. (Source: preliminary IPEDS reporting)
Bachelor's Degrees	The total number of bachelor's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. (Source: preliminary IPEDS reporting)
Master's Degrees	The total number of master's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. (Source: preliminary IPEDS reporting)
Doctoral Degrees	The total number of doctoral degrees conferred during an academic year. First-professional degrees (medical, dental, law) are not included. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. (Source: preliminary IPEDS reporting)
Awards to Minority Students	An additional weight of .4 is applied for each degree or certificate awarded to a minority student. Minority categories include all categories EXCEPT white, unknown, and non-resident alien. General Studies certificates excluded. (Source: preliminary IPEDS reporting)
Awards to Pell-Eligible Students	An additional weight of .4 is applied for each degree or certificate awarded to non-minority Pell eligible student (minority and Pell-eligible awards are mutually exclusive and awards to minority students are captured in the minority awards so are excluded from the Pell-eligible awards). General Studies certificates excluded. (Source: Data submitted by institutions identifying students who were included in the awards reported to IPEDS [preliminary reports] and were Pell-eligible at any point during their academic career)
Transfer Students w/a Transferable Associate's Degree	Total number of students transferred to a 4-year institution with a transferable associate's degree from an NSHE community college. (Source: NSHE Data Warehouse)
Transfer Students w/24 credits or Associate's Degree	The total number of students who enrolled at a four -year institution during the fall or spring semester of a given reporting year who had earned at least 24 credits or a transferable associate's degree at a community college prior to the reporting year. Students are excluded if they are co-enrolled at a 4-year institution and a 2-year institution during the term in which they otherwise would have been included as a transfer student. (Excludes courses from the 24 credit count if the grades are AU, AD, NR, ND, X, I, F, U, W.) (Source: NSHE Data Warehouse)
Efficiency - Awards per 100 FTE	The number of bachelor's, master's and doctoral awards per 100 FTE (for degree-seeking students only) at 4-year institutions and the number of certificates (including skills certificates), associate's and bachelor's (where applicable) per 100 FTE (for degree-seeking students only) at the 2-year institutions. (Source: preliminary IPEDS reporting and Official FTE [less non-degree seeking students])
Sponsored/External Research Expenditures	The total amount expended on sponsored programs/projects of research and other scholarly activities for the fiscal year. This amount includes federal, federal pass-through, State of Nevada, other state and local government, private for-profit, private non-profit. Other scholarly activity includes the instructional, public service, student services, and "other" functional grant categories, including workforce development. The figures exclude the scholarship/fellowship category. (Source: NSHE Sponsored Programs Office)
Gateway Course Completers	The total number of students (unduplicated) who successfully completed a college-level English or mathematics course (grade C- and above) in the reporting year (fall and spring only). (Source: NSHE Data Warehouse)
Economic Development - STEM and Allied Health Graduates	Total number of certificates (including skills certificates), associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP codes for STEM and health professionals as identified by NCHEMS for the NGA metrics. (CIPs: 4 - architecture and related services; 11 - computer and information sciences and support services; 14 - engineering; 15 - engineering technologies/technicians; 26 - biological and biomedical sciences; 27 - mathematics and statistics; 40 - physical sciences; 41 - science technologies/technicians; 51 - health professions and related clinical sciences; 46 - construction trades; 47 - mechanic repair technologies/technicians; 48 - precision production; and 49 - transportation and materials moving) (Source: preliminary IPEDS reporting)
Economic Development - Institution Selected Discipline (4-Year Institutions only)	Total number of bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP code selected by the institution which aligns with the state's economic development plan. (UNLV- 52 Business, Management, and Related Support Services; UNR- 42 Psychology; NSC- 52 Business, Management, and Related Support Services) (Source: preliminary IPEDS reporting)
Economic Development - Skills Certificates (Community Colleges only)	Certificates identified in APIS that provide preparation necessary to take state, national and/or industry recognized certification or licensing examinations. (Source: preliminary IPEDS reporting)