

BOARD OF REGENTS  
BRIEFING PAPER

**1. AGENDA ITEM TITLE: Special Distribution from Operating Fund Reserve Account**

**MEETING DATE:** June 7, 2018

**2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

NSHE staff evaluates the status of the Operating Pool reserve, and as investment market conditions allow for and needs are identified, the Board of Regents may approve a special distribution from the Operating Pool Reserve. Distributions have historically been made to meet critical needs of NSHE institutions as market conditions warrant. The Board last approved a \$25 million distribution in the March 2018 Board of Regents meeting.

Fiscal year 2018 continues to be a strong year for investment returns on the NSHE operating pool and based on the latest information, the funding level supports another special distribution. Additionally, the campuses have identified deferred maintenance as an ongoing challenge for the institutions.

**3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

The Chancellor requests approval to move forward with a plan to distribute up to \$25 Million from the operating pool reserve account to support deferred maintenance projects or other specifically identified projects that are deemed critical campus initiatives. If approved, the Chancellor will work with NSHE institutions as well as System Administration staff to compile a prioritized list of initiatives for consideration and approval by the main Board of Regents at a future meeting. This distribution, consistent with the normal 2% income distribution would be allocated to the institutions based on their relative individual balances of the operating pool reserve.

**4. IMPETUS (WHY NOW?):**

The current operating pool reserve is over \$50 million even after the previously noted \$25 million distribution completed earlier in 2018. It is felt that distributing a portion of these funds to support campus and system-wide initiatives would be beneficial to Nevada Students and further the strategic goals of the Nevada Board of Regents.

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

- X Access (Increase participation in post-secondary education)**
- X Success (Increase student success)**
- X 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)**
- X Research (Co-develop solutions to the critical issues facing 21<sup>st</sup> 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**

**6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

Market conditions currently exist to support a distribution. A one-time distribution now would support the System's efforts to move forward with the Board's strategic goals identified at the October special Board meeting as well as various campus initiatives to be identified which are in need of additional financial support.

**7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

The Board may wish to hold these funds in reserve for future initiatives or approve different uses/allocations

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

- Do not approve this distribution
- Approve a distribution, but at a different level

**9. RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:**

Approve the \$25 million distribution with the stipulation the funds are used for a prescribed purpose as deemed by the Board of Regents

**10. COMPLIANCE WITH BOARD POLICY:**

Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 7

Amends Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Other: \_\_\_\_\_

Fiscal Impact: Yes x No \_\_\_\_\_

Explain: Distribution of one-time funds from the operating reserve account in the amount of \$25 million