

Nevada System of Higher Education

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TO: Board of Regents
NSHE President

FROM: Thom Reilly, Chancellor

DATE: January 17, 2019

RE: Preliminary Analysis of Governor's Recommended Budget, 2019-2021

The following is a preliminary analysis of Governor Sisolak's recommended budget for the 2019-2021 biennium, specifically those related to NSHE's strategic goals. Additional information will be provided as it becomes available.

Cost of Living Adjustment (COLA):

The Governor recommended a 3% COLA in the first fiscal year of the 2019-2021 biennium for all State employees, including permanent NSHE Professional and Classified staff.

Base and Maintenance Items:

Caseload Growth: Between FY 16 and FY 18 (the years of measure for caseload growth), the total number of weighted student credit hours (WSCH) earned by NSHE institutions increased by 136,698 WSCH. This increase includes an adjustment for an increase in CTE weighting at for specific community college courses. The increase in caseload generated \$21.3 million in additional General Fund revenue in each fiscal year of the 2019-2021 biennium. The General Fund increase for WSCH growth was based on \$156.01 per WSCH, the amount approved for the current biennium.

Performance Funding Pool: Consistent with the Funding Formula Summary, prior Legislative action, and the Board of Regents' recommended budget, the Governor recommended continuation of the (current) Performance Pool. This carve-out of General Fund dollars from the instructional (formula) budget accounts will be held in a separate account until intuitional performance is known (each fall), after which funds earned will be transferred back to the instruction focused budget accounts, in advance of the respective fiscal year. The Executive Budget includes Performance Funding Pool carve-outs totaling \$104.4 million in FY 20 and \$105.7 million in FY 21.

DRI: Consistent with the approved DRI funding model, the Executive Budget includes an increase totaling \$232,665 in each year of the 2019-2021 biennium, which is slightly less than the amount included in the BOR recommended budget, \$309,872 per fiscal year. The Executive Budget also includes an enhancement request for inflationary adjustments, which are not

otherwise accounted for in the current DRI funding model, totaling \$222,928 in FY 20 and \$228,084 in FY 21. This mirrors the amount recommended in the BOR budget, as a maintenance adjustment. The Executive Budget includes a reduction to O&M maintenance totaling (\$525,566) in FY 20 and (\$506,109) in FY 21. The Chief Financial Officer, Andrew Clinger is scheduling a meeting with the Governor’s Finance Office to better understand the changes made to DRI’s O&M decision unit. The BOR recommendation for O&M adjustments for DRI included an increase totaling \$325,566 in FY 20 and \$318,559 in FY 21.

Enhancements:

Governor Sisolak recommended several enhancements to the NSHE budgets, including:

UNLV School of Medicine Build-Out: The Governor’s recommended budget includes General Fund revenue totaling \$4.2 million in FY 20 and \$10.1 million in FY 21 (in addition to base budget funding) to continue the build-out of the UNLV School of Medicine. The recommended enhancement includes funds for additional staff and equipment necessary to provide superior medical education to students (240 in FY 21) and medical residents (more than 300 in FY 21). This mirrors the recommendation made by the Board for the upcoming biennium.

Capacity Building: The Governor’s recommended budget includes General Fund revenue totaling \$18.2 million in FY 20 and \$22.45 million in FY 21 for the expansion of programs directly related to workforce and economic development in Nevada. This is consistent with the Board’s recommendation.

Recommended Capacity Building Enhancement		
Institution	FY 20	FY 21
University of Nevada, Las Vegas	\$5,300,000	\$6,500,000
University of Nevada, Reno	\$4,100,000	\$5,000,000
Nevada State College	\$700,000	\$900,000
College of Southern Nevada	\$4,800,000	\$5,800,000
Great Basin College	\$500,000	\$700,000
Truckee Meadows Community College	\$1,700,000	\$2,250,000
Western Nevada College	\$600,000	\$300,000
Desert Research Institute	\$500,000	\$1,000,000
Total GF	\$18,200,000	\$22,450,000

Prison Education Program: The Governor’s recommended budget includes General Fund revenue totaling \$361,251 in FY 20 and \$396,126 in FY 21 to continue and expand the Prison Pilot Education Program, which was established by the 2017 Legislature as a pilot program. During the 2019-2021 biennium, the program, which provides higher education and workforce readiness opportunities for program participants, with the goal of increasing their future employability, is recommended to continue at CSN and expand to TMCC and WNC.

NV Teach: The Governor's recommended budget includes \$300,000 in FY 20 for the Nevada Teach program at the University of Nevada, Reno (Statewide Programs). Nevada Teach was initially funded during the 2017-2019 biennium and allows university students to earn dual degrees in secondary education and one of many STEM majors.

The Governor's recommended budget does not include the Board's recommended enhancements for Summer School or an incentive focused Performance Pool.

Capital Improvement Projects:

The Governor recommended three items for NSHE in the 2019 Capital Improvement Program.

NSC Education Building: The Governor's recommended budget includes \$55.9 million for the construction of a 65,000 square foot education building at NSC. NSC previously committed to a \$6 million institution match toward the building. The building will include class rooms, offices, and study space, as well as a Speech Pathology Lab and an Early Childhood Education Center.

CSN Health and Sciences Building: The Governor's recommended budget includes \$70.7 million to construct a 70,000 square foot health and sciences building at the CSN Henderson Campus. This is in addition to the funds already obligated for planning and design and the \$6 million match from CSN and NSC. This joint use, health sciences facility will expand capacity for CSN and NSC and allow more students to effectively enter and complete healthcare training programs.

HECC/SHECC Deferred Maintenance: The Governor recommended continuation of the \$15 million allocation for deferred maintenance projects, as requested by the Board. Historically, slot tax revenue has funded \$5 million of this allocation (SHECC); however, as slot tax revenue continues to decline, additional General Funds (approximately \$1.6 million) have been added to the ensure the funding remains constant at \$15 million per biennium.

Non-NSHE Budget Items:

Promise Program:

The Governor's recommended budget includes \$4.5 million to continue the Nevada Promise Scholarship program.

The Legislative Commission's Budget Subcommittee will begin meeting two weeks prior to the start of the 2019 Legislative Session to review the Governor's recommended budget. NSHE is scheduled to present an overview of the System, its priorities, and the recommended budget on January 24, 2019, at 10:00 a.m. After the Legislature convenes on February 4, 2019, the Senate Committee on Finance and the Assembly Committee on Ways and Means will continue to review the Governor's recommended budget. The Board will be notified as the dates and times for these hearings are finalized.

Additional information regarding the Governor's recommended budget will be provided throughout the legislative session. In the meantime, if you have any comments or questions, please let me know.



NEVADA SYSTEM OF HIGHER EDUCATION

Biennial Budget Summary 2019-2021 Budget Request: General Fund (in millions)

	Board of Regents Budget Request		Executive Budget Recommendation		Comparison BOR Request to Executive Budget	
	FY 20	FY21	FY 20	FY21	FY 20	FY21
Base Budget/ Maintenance Items						
Formula Caseload Growth (FY 18 WSCH over FY 16) ¹						
UNR	\$ 6.46	\$ 6.46	\$ 6.46	\$ 6.46	\$ -	\$ -
UNLV	\$ 10.78	\$ 10.78	\$ 10.78	\$ 10.78	\$ -	\$ -
CSN	\$ 1.23	\$ 1.23	\$ 1.32	\$ 1.32	\$ 0.09	\$ 0.09
GBC	\$ (1.22)	\$ (1.22)	\$ (1.18)	\$ (1.18)	\$ 0.04	\$ 0.04
TMCC	\$ (0.32)	\$ (0.32)	\$ (0.28)	\$ (0.28)	\$ 0.04	\$ 0.04
WNC	\$ 0.36	\$ 0.36	\$ 0.38	\$ 0.38	\$ 0.02	\$ 0.02
NSC	\$ 3.84	\$ 3.84	\$ 3.84	\$ 3.84	\$ -	\$ -
Formula Caseload Growth Total	\$ 21.13	\$ 21.13	\$ 21.32	\$ 21.32	\$ 0.19	\$ 0.19
DRI Formula Adjustment and O&M	\$ 0.64	\$ 0.63	\$ (0.30)	\$ (0.28)	\$ (0.94)	\$ (0.91)
UNLV School of Medicine Build-out	\$ 4.21	\$ 10.11	\$ 4.21	\$ 10.11	\$ -	\$ -
Enhancement Requests						
Capacity Enhancements - Systemwide						
UNR	\$ 4.10	\$ 5.00	\$ 4.10	\$ 5.00	\$ -	\$ -
UNLV	\$ 5.30	\$ 6.50	\$ 5.30	\$ 6.50	\$ -	\$ -
CSN	\$ 4.80	\$ 5.80	\$ 4.80	\$ 5.80	\$ -	\$ -
GBC	\$ 0.50	\$ 0.70	\$ 0.50	\$ 0.70	\$ -	\$ -
TMCC	\$ 1.70	\$ 2.25	\$ 1.70	\$ 2.25	\$ -	\$ -
WNC	\$ 0.60	\$ 0.30	\$ 0.60	\$ 0.30	\$ -	\$ -
NSC	\$ 0.70	\$ 0.90	\$ 0.70	\$ 0.90	\$ -	\$ -
DRI	\$ 0.50	\$ 1.00	\$ 0.50	\$ 1.00	\$ -	\$ -
Capacity Enhancements - Systemwide Total	\$ 18.20	\$ 22.45	\$ 18.20	\$ 22.45	\$ -	\$ -
Summer School Enhancements - Systemwide						
UNR	\$ -	\$ 2.85	\$ -	\$ -	\$ -	\$ (2.85)
UNLV	\$ -	\$ 6.95	\$ -	\$ -	\$ -	\$ (6.95)
CSN	\$ -	\$ 3.20	\$ -	\$ -	\$ -	\$ (3.20)
GBC	\$ -	\$ 0.30	\$ -	\$ -	\$ -	\$ (0.30)
TMCC	\$ -	\$ 0.90	\$ -	\$ -	\$ -	\$ (0.90)
WNC	\$ -	\$ 0.20	\$ -	\$ -	\$ -	\$ (0.20)
NSC	\$ -	\$ 1.00	\$ -	\$ -	\$ -	\$ (1.00)
Summer School Enhancements - Systemwide Total	\$ -	\$ 15.40	\$ -	\$ -	\$ -	\$ (15.40)
Performance Pool Enhancements - Systemwide						
UNR	\$ -	\$ 1.93	\$ -	\$ -	\$ -	\$ (1.93)
UNLV	\$ -	\$ 2.71	\$ -	\$ -	\$ -	\$ (2.71)
CSN	\$ -	\$ 1.58	\$ -	\$ -	\$ -	\$ (1.58)
GBC	\$ -	\$ 0.23	\$ -	\$ -	\$ -	\$ (0.23)
TMCC	\$ -	\$ 0.56	\$ -	\$ -	\$ -	\$ (0.56)
WNC	\$ -	\$ 0.23	\$ -	\$ -	\$ -	\$ (0.23)
NSC	\$ -	\$ 0.26	\$ -	\$ -	\$ -	\$ (0.26)
Performance Pool Enhancements - Systemwide Total	\$ -	\$ 7.50	\$ -	\$ -	\$ -	\$ (7.50)
DRI Inflationary Adjustments ²	\$ 0.22	\$ 0.23	\$ 0.22	\$ 0.23	\$ -	\$ -
Prison Education Program (CSN, TMCC, WNC) ³	\$ 0.15	\$ 0.15	\$ 0.36	\$ 0.40	\$ 0.21	\$ 0.25
NV Teach (UNR Statewide Programs)	\$ -	\$ -	\$ 0.30	\$ -	\$ 0.30	\$ -
Fiscal Impacts - Other State Budgets						
Nevada Promise	TBD	TBD	\$ 4.50	\$ -		

¹ NSHE adjustment for CTE based on GF revenue; GFO adjustment for CTE based on WSCH

² GFO determined decision unit was an Enhancement, not Maintenance

³ Continuation of program at CSN was included in BOR Supplemental Request (Items for Special Consideration)