

Nevada System of Higher Education

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DATE: November 23, 2020
TO: NSHE Board of Regents
FROM: Andrew Clinger, Chief Financial Officer
RE: NSHE State Supported Operating Budget, Fiscal Year 2020-21

Presented for your approval is the NSHE State-Supported Operating Budget for fiscal year 2020-21.

The 2019 Legislative Session provided funding for the NSHE State Operating Budget consisting of thirty (30) appropriation budget areas. The 2019 Legislature continued funding the seven state-supported instructional budgets, of the Nevada System of Higher Education, with the funding formula adopted by the 2013 Legislature, and distributing General Fund appropriations based on the institutions FY 2018 completed weighted student credit hours. The Desert Research Institute's budget was funded based upon implementation of the existing funding formula model for institutional support and research administration. General Fund appropriation of DRI is calculated using a sliding scale based on grant activity.

In 2012, the Interim Legislative committee to study the funding of Higher Education (SB 374) recommended a 20% carve out from each institution's general fund appropriation that would be earned back based upon performance criteria recommended by the Board of Regents. The carve-out for the initial year (FY 2015) was 5 percent and was increased by 5 percent each succeeding year until it reached 20 percent in FY 2018. The Board approved a point target increase of 2% for fiscal years 2019 and 2020.

Funding of the NSHE State Operating Budget is provided for by Legislative appropriations of state General Funds and Legislative authorizations to collect and expend within the state operating budget non-appropriated revenues such as student fees, investment income and other NSHE revenue sources.

OVERVIEW OF THE BUDGET REPORT

The FY 2020-21 State Supported Operating Budget for each appropriation area of the System begins on page 21 of the report with the System Administration budget. Each appropriation area budget shows the appropriated and authorized revenue sources; i.e. general funds, registration fees, non-resident tuition, investment income, and the budgeted expenditures by function, college/school, department, and expenditure object, i.e. salaries, fringe benefits, and operating. System wide summary tables of revenues by source and appropriation area, and expenditures by functional area and objects of expenditure are displayed starting on page 15 of the report.

Student full-time equivalent (FTE) enrollments for fiscal years 2018-19 and 2019-20 are displayed on page 19 and includes the percentage of changes between fiscal years. FTE enrollment for FY 20 was up by 1.6% over FY 19.

Also provided in this report, on pages 5 through 12, as supporting and reference materials, is a general summary of Legislative and Board of Regents actions impacting NSHE for the 2019-21 biennium which includes; (page 5) an overview of NSHE state appropriated budgets that were added by actions of the Legislature; (pages 10) a general summary of appropriated and authorized revenue sources for Nevada System of Higher Education for both fiscal years of the 2017-19 biennium with some comparisons to fiscal year 2019-21 revenues and the Board of Regents' approved student per credit hour registration fee for the universities/colleges for both years of the 2019-21 biennium; (page 6) base and performance funding of the seven state supported instructional budgets; (page 7) legislative actions regarding professional/classified employee cost of living adjustments, classified employee step increase funding and various fringe benefit rate adjustments; (page 8) a summary of legislative approved revenue appropriations and authorizations impacting NSHE; and (page 11) a summary of NSHE capital improvement projects.

2020-2021 NSHE OPERATING BUDGET

System wide summary schedules of budgeted revenues by source and appropriation area, and expenditures by function and object of expenditure for fiscal year 2019-2020 are displayed starting on page 15.

The Revenues by Source schedule (page 21) compares the fiscal year 2019-2020 budgeted revenues to fiscal year 2020-2021 and shows the percentage of each revenue source to total revenues and the dollar and percentage change between fiscal years.

General Fund revenues of \$579.4 million appropriated in FY 2020-21 are \$125 million less than the \$704 million that was available in FY 2019-20, representing a percentage decrease of 17.74%. The difference in General Fund appropriations between years was due mainly to legislative actions in the Special Session, reducing NSHE's budgets. General fund appropriations in FY 2020-21 are 72.38% of the total budget, which is approximately an 1.48% increase over the FY 2019-20 general fund appropriation percent to total budget of 64.18. Other revenues consisting mainly of student fees total \$380.8 million for FY 2020-21 and are approximately \$18.2 million greater than other revenue sources budgeted in FY 2019-20 representing a 5.03% increase. Part of the increase is due to increased enrollments and student fees.

The Allocation of Resources by Appropriation Area (page 16) shows the total authorized revenue budget for each appropriation area of the System for FY 2020-21 as compared to FY 2019-20 and includes the percentage of each budget to total budget and the dollar and percentage change of FY 2019-20 over 2020-21. Total revenues for FY 2020-21 are 10.1% less than revenues in FY 2019-20 due mainly for the decreases in General Fund appropriations and non-general fund revenue authorizations for registrations fees and non-resident tuition.