

Nevada System of Higher Education

FY 2024 and FY 2025 Budget Process & Funding Formula Review

NSHE Board of Regents Meeting
January 14, 2022



Topics for today

2023-25 Biennial Budget Planning

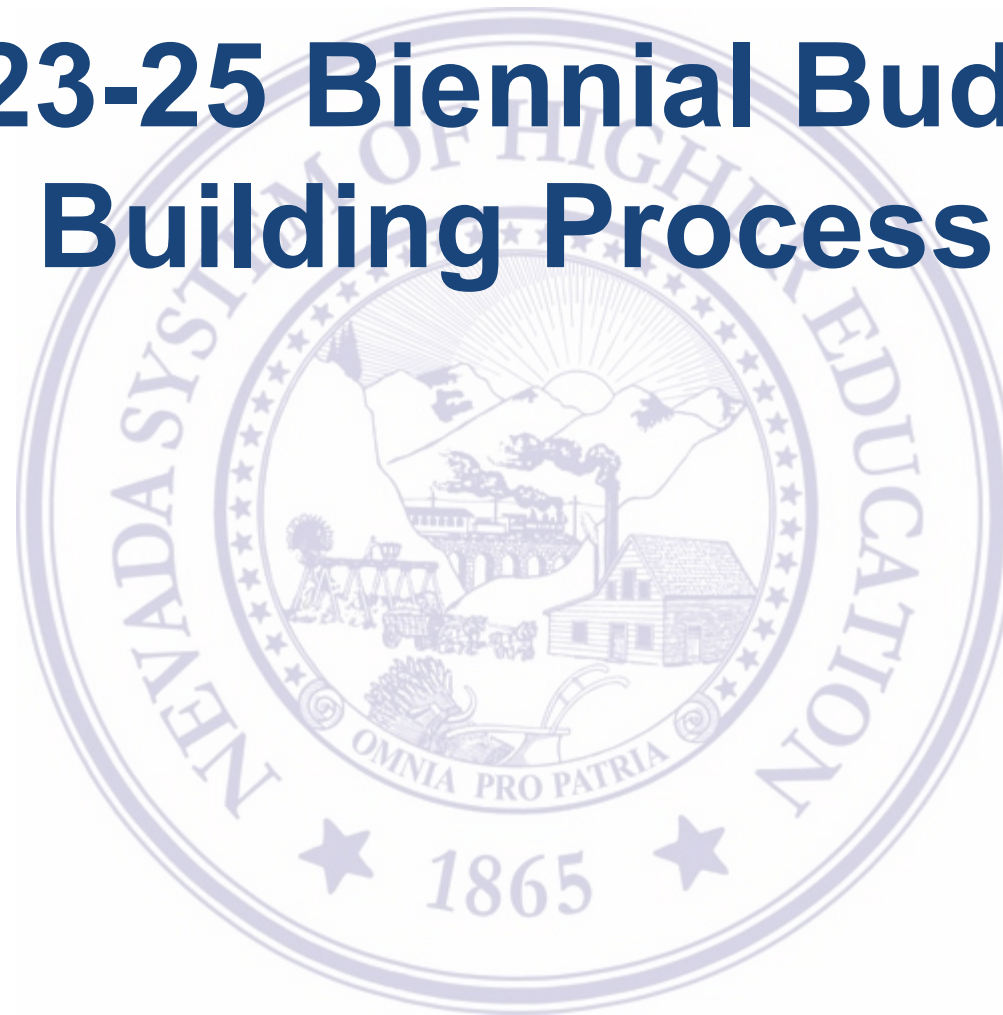
- Process for preparing the 2023-25 biennial budget
- Strategic goals and initiatives
- Risks

Funding Formula Review

- Primary funding formula drivers
- Walk through formula calculations
- Historical analysis of funding formula
- Performance pool



2023-25 Biennial Budget Building Process



Process for Preparing the 2023-25 Budget

Campus visits will be held in January 2022

- All campuses will be visited on site by Chancellor and System staff
- In-depth presentations on current budget execution, issues, enhancement requests, deferred maintenance issues and capital requests
- Presentations made by institution administration, faculty and students



Process for Preparing the 2023-25 Budget

Initial Board Presentation January 2022

- Strategic goals and initiatives
- Review of funding formula
- Risks
- Board discussion and guidance



Process for Preparing the 2023-25 Budget

Follow-up and final recommendations:

- March 3 – 4, 2022 Quarterly Board Meeting
 - Presentations made by institutions on enhancement and capital requests
- May 2022 – Special Board Meeting
 - Prioritize capital requests
- June 9 – 10, 2022 Quarterly Board Meeting
 - Finalize Board of Regents priorities for 2023-25



Process for Preparing the 2023-25 Budget

Follow-up and final recommendations (continued):

- End of June 2022 Course Taxonomy data for count year (2021-22)
- August 26, 2022 Special Board Meeting
 - Finalize the Board of Regents budget recommendation for submission to the Governor's Finance Office



Changes to State Funding for FY 22 & FY 23

Additional funds approved by the 2021 Legislature

- Caseload growth - \$48M
- Capacity Enhancements - \$21.9M
- Total Caseload and Enhancement funding - \$69.9M

General Fund Budget Reductions:

- \$73.3M state budget reductions in operating and travel
- \$93.2M state position reductions restored using federal ARP funds



NSHE Capacity Building Enhancements

Institution	FY 2022	FY 2023
CSN	5,204,398	5,204,398
GBC	500,000	500,000
TMCC	2,250,000	2,250,000
WNC	300,000	300,000
NSC	900,000	900,000
DRI	1,000,000	1,000,000
Total	10,154,398	10,154,398



Strategic Goals and Initiatives

Access	Success	Achievement Gap	Workforce	Research
Mental Health Initiative				
Equity in Hiring & Retentions Initiative			Teacher Pathways Initiative	Joint Research Initiative
Dual Enrollment Initiative			Workforce Development Initiative	
Online Learning Initiative			AB 450 Committee	



Risks

State Funds

Formula Questions

- Budget reductions & restorations
- Weighted student credit hours
- DRI funding formula

Capacity Building Enhancements

- Ending in FY 2023

Inflation (currently more than 5%)

Restorations/adjustments for non-formula budgets



Risks

Non-State Funds

- Impact of COVID on enrollment/fees
- HEERF funds ending (approximately \$209M since March 2020)

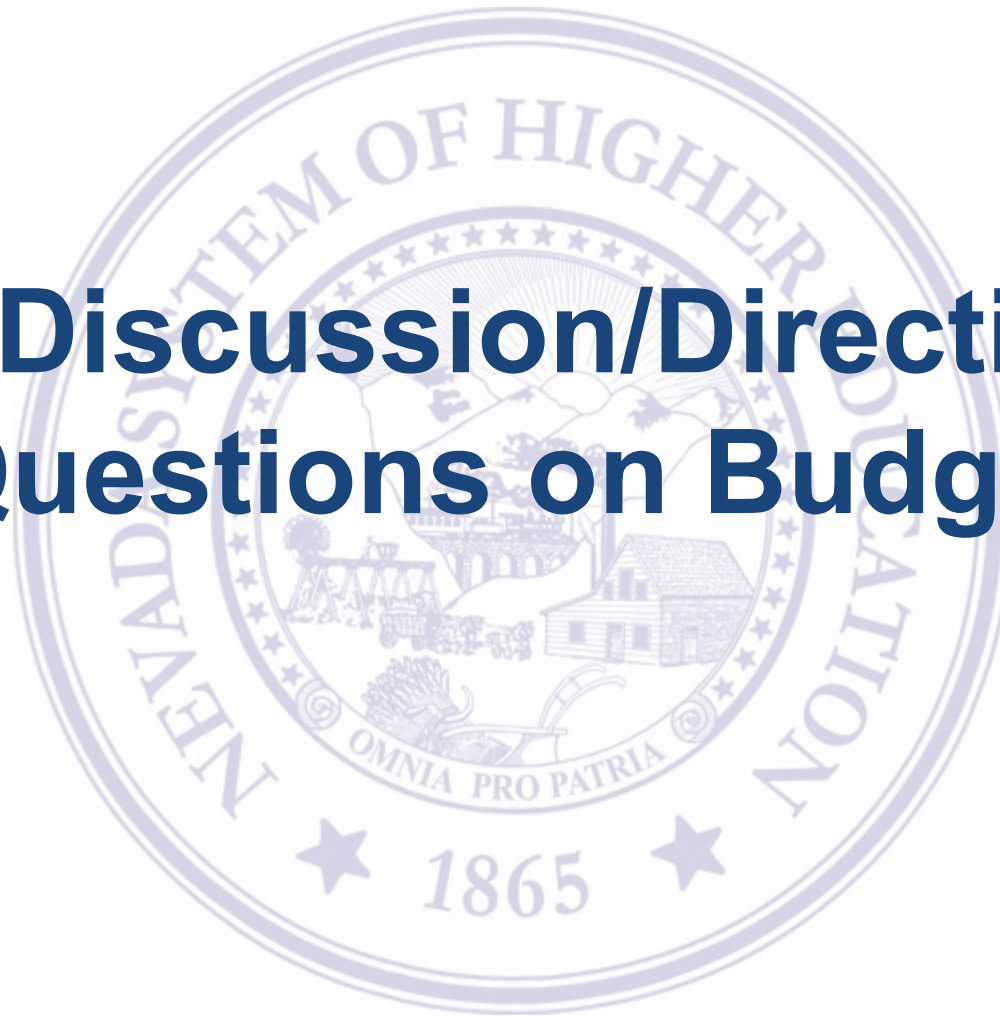


Formula Risks

Institution	FY 2020 WSCH	FY 2022 Leg Appr WSCH Rate	Leg Approved (before budget reductions)	FY 2022 WSCH Including Budget Reductions	State Funding w/Post Reduction WSCH Rate	Difference
UNR	783,516	166.24	130,250,691	146.54	114,816,420	(15,434,271)
UNLV	1,115,625	166.24	185,460,021	146.54	163,483,629	(21,976,392)
CSN	663,630	166.24	110,320,928	146.54	97,248,267	(13,072,661)
GBC	87,716	166.24	14,581,797	146.54	12,853,903	(1,727,894)
TMCC	227,510	166.24	37,820,974	146.54	33,339,315	(4,481,659)
WNC	87,071	166.24	14,474,490	146.54	12,759,311	(1,715,179)
NSC	157,417	166.24	26,168,720	146.54	23,067,814	(3,100,906)
Total	3,122,483		519,077,621		457,568,659	(61,508,962)



Board Discussion/Direction and Questions on Budget



Funding Formula Review

Major Components of Funding Formula



Funding Formula

Major Components:

- General Fund Only: Determines the level of state General Fund support for the seven instructional institutions – non-General Fund revenues are not included within the new funding formula and institutions retain all fee and tuition revenues, with no offset to General Fund support.
- Focus on Outputs: The primary driver is based on student course completions (outputs) – not student enrollments (inputs).
- Discipline Matrix: A matrix is utilized that weights courses based on the relative cost of instruction by discipline and course level.
- Weighted Student Credit Hours: Weighted student credit hours are determined by multiplying the weights in the discipline matrix by the number of credit hours.



Funding Formula (continued)

- Application of WSCH: Funding is based on a dollar amount per weighted student credit hour that is the same amount for all teaching institutions.
- Non-Resident Students (for tuition purposes) Not Included: Student credit hours from students deemed non-residents are excluded from the formula. Institutions retain non-resident tuition and fees, but do not receive state support for non-resident generated student credit hours.
- No Impact on Line-Item Budgets: Funding for the professional schools, as well as NSHE's remaining 14 budget accounts, stay as separate line-item budgets.

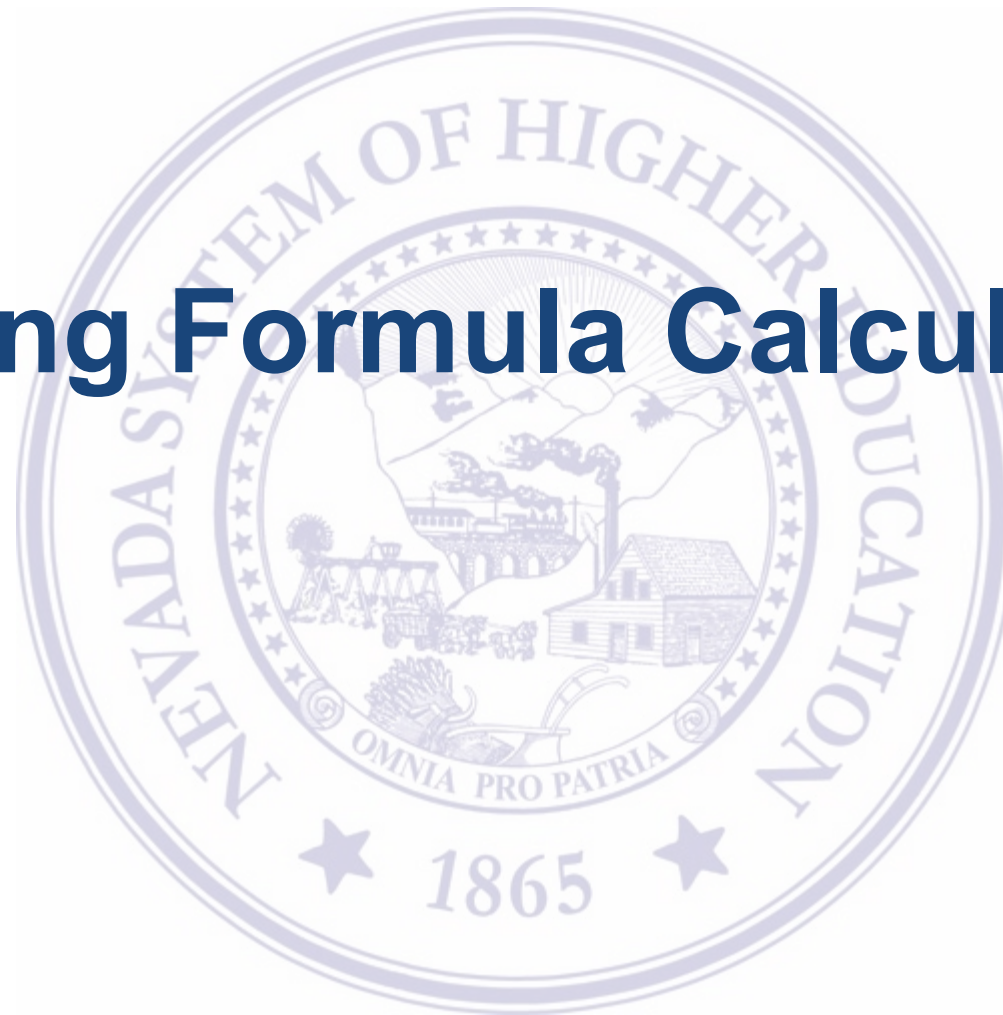


Other Formula Factors

- **Small Institution Factor:** A base level of support for administrative costs is provided – the factor provides additional administrative funding to Western Nevada College and Great Basin College due to the small number of students at each institution.
- **Research Factor:** To recognize the research mission at UNR and UNLV, the university discipline matrix includes an additional 10% additional weighting factor that is applied to all upper division undergraduate and graduate credit hours to account for costs related to universities' research mission.
- **Operation & Maintenance (O&M) of Plant:** O&M of the physical plant is included in the base funding for all institutions. An exception is made for certain research facilities at UNLV and UNR that do not directly generate student credit hours.



Funding Formula Calculations



Funding Formula UNLV – Research O&M

FY 22 & FY 23 Research O & M	
FY 20 O & M Budget	\$38,452,916
Divided by:	
Net Maintained Gross Square Feet	3,368,749
Net Rate Per Gross Square Foot	\$11.41
Multiply by:	
Dedicated Research Space	399,789
Research Space O & M	\$4,563,431
Less:	
FY 20 Research O & M	\$4,151,084
M200 Research O & M Adjustment	\$412,347



Funding Formula UNR – Research O&M

FY 22 & FY 23 Research O & M	
FY 20 O & M Budget	\$38,816,392
Divided by:	
Net Maintained Gross Square Feet	3,530,365
Net Rate Per Gross Square Foot	\$11.00
Multiply by:	
Dedicated Research Space	518,072
Research Space O & M	\$5,696,206
Less:	
FY 20 Research O & M	\$5,404,240
M200 Research O & M Adjustment	\$291,966



Funding Formula

Small Institution Factor (SIF) – FY 22 & 23

Great Basin College (GBC)	
WSCH Target	100,000
Less:	
FY 20 Actual WSCH	87,716
Difference	12,284
Multiply by:	
\$30 per WSCH =	\$368,520
Less:	
FY 20 SIF	\$710,280
M201 Small Institution Factor	\$(341,760)

Western Nevada College (WNC)	
WSCH Target	100,000
Less:	
FY 20 Actual WSCH	87,071
Difference	12,930
Multiply by:	
\$30 per WSCH =	\$387,885
Less:	
FY 20 SIF	\$411,480
M201 Small Institution Factor	\$(23,595)



Funding Formula – FY 22 & 23

M203 – Caseload Growth Adjustment

Institution	FY 18 Actual WSCH	FY 20 Actual WSCH	WSCH Change FY 18 vs. FY 20	Caseload @ FY 21 WSCH Rate \$164.61
UNLV	1,078,174	1,115,625	37,451	\$6,164,743
UNR	763,270	783,516	20,246	\$3,332,678
CSN	627,075	663,630	36,555	\$6,017,236
GBC	76,324	87,716	11,392	\$1,875,237
TMCC	218,966	227,510	8,544	\$1,406,428
WNC	86,284	87,071	787	\$129,466
NSC	126,472	157,417	30,945	\$5,093,774
Total	2,976,565	3,122,483	145,918	\$24,019,562



Funding Formula – FY 22

Total Base + Maintenance

Institution	Adjusted Base Budget	M100 Statewide Inflation	M300 Fringe Benefits Rate Adjustment	M200 Research O & M	M201 Small Institution Factor	M203 Caseload Adjustment	Total Base + Maintenance
UNLV	\$185,809,886	\$(1,894)	\$(2,017,022)	\$412,349	\$0	\$6,164,743	\$190,368,062
UNR	\$134,197,868	\$(6,703)	\$(1,615,241)	\$291,966	\$0	\$3,332,678	\$136,200,567
CSN	\$105,017,312	\$134	\$(1,017,497)	\$0	\$0	\$6,017,236	\$110,017,185
GBC	\$13,546,797	\$(612)	\$(149,366)	\$0	\$(341,760)	\$1,875,237	\$14,930,296
TMCC	\$36,676,141	\$(377)	\$(348,895)	\$0	\$0	\$1,406,428	\$37,733,297
WNC	\$14,854,033	\$(450)	\$(133,350)	\$0	\$(23,595)	\$129,466	\$14,826,104
NSC	\$21,100,464	\$64	\$(176,151)	\$0	\$0	\$5,093,774	\$26,018,151
Total	\$511,202,501	\$(9,838)	\$(5,457,522)	\$704,315	\$(365,355)	\$24,019,562	\$530,093,663



Funding Formula – FY 23

Total Base + Maintenance

Institution	Adjusted Base Budget	M100 Statewide Inflation	M300 Fringe Benefits Rate Adjustment	M200 Research O & M	M201 Small Institution Factor	M203 Caseload Adjustment	Total Base + Maintenance
UNLV	\$185,809,886	\$(10,211)	\$(1,266,376)	\$412,349	\$0	\$6,164,743	\$191,110,391
UNR	\$134,197,868	\$(14,807)	\$(1,001,502)	\$291,966	\$0	\$3,332,678	\$136,806,202
CSN	\$105,017,312	\$(4,839)	\$(617,367)	\$0	\$0	\$6,017,236	\$110,412,342
GBC	\$13,546,797	\$(1,316)	\$(89,324)	\$0	\$(341,760)	\$1,875,237	\$14,989,634
TMCC	\$36,676,141	\$(2,049)	\$(211,109)	\$0	\$0	\$1,406,428	\$37,869,411
WNC	\$14,854,033	\$(1,021)	\$(80,457)	\$0	\$(23,595)	\$129,466	\$14,878,426
NSC	\$21,100,464	\$(389)	\$(108,782)	\$0	\$0	\$5,093,774	\$26,085,067
Total	\$511,202,501	\$(34,632)	\$(3,374,917)	\$704,315	\$(365,355)	\$24,019,562	\$532,151,474



Funding Formula WSCH Rate Calculation

FY 22 WSCH Rate Calculation

FY 22 Base + Maintenance \$530,093,663

Less:

FY 22 Research O & M \$(10,259,637)

FY 22 Small Institution Factor \$(756,405)

Subtotal \$519,077,621

Divided by:

FY 20 WSCH 3,122,483

Equals FY 22 WSCH Rate \$166.24

FY 23 WSCH Rate Calculation

FY 23 Base + Maintenance \$532,151,474

Less:

\$(10,259,637)

FY 23 Research O & M \$(756,405)

FY 23 Small Institution Factor

Subtotal \$521,135,432

Divided by:

FY 20 WSCH 3,122,483

Equals FY 23 WSCH Rate \$166.90



Funding Formula – FY 22

M220 – Distribution Based on WSCH Value

Institution	(A) FY22 Base + Maintenance	(B) FY20 Actual WSCH	(C) GF Dist. @ FY22 WSCH Rate \$166.24	(D) FY22 M200 + M201	(E = C + D) Total FY22 GF Distribution	(E – A) FY22 M220 Redistribution
UNLV	\$190,368,062	1,115,625	\$185,460,021	\$4,563,431	\$190,022,344	\$(345,718)
UNR	\$136,200,567	783,516	\$130,250,691	\$5,696,206	\$135,949,853	\$(250,915)
CSN	\$110,017,185	663,630	\$110,320,928	\$0	\$110,320,186	\$302,831
GBC	\$14,930,296	87,716	\$14,581,797	\$368,520	\$14,950,473	\$20,154
TMCC	\$37,733,297	227,510	\$37,820,974	\$0	\$37,820,872	\$87,517
WNC	\$14,826,104	87,071	\$14,474,490	\$387,885	\$14,862,553	\$36,410
NSC	\$26,018,151	157,417	\$26,168,720	\$0	\$26,168,440	\$150,389
Total	\$530,093,663	3,122,483	\$519,077,621	\$11,016,042	\$530,094,721	



Funding Formula – FY 23

M220 – Distribution Based on WSCH Value

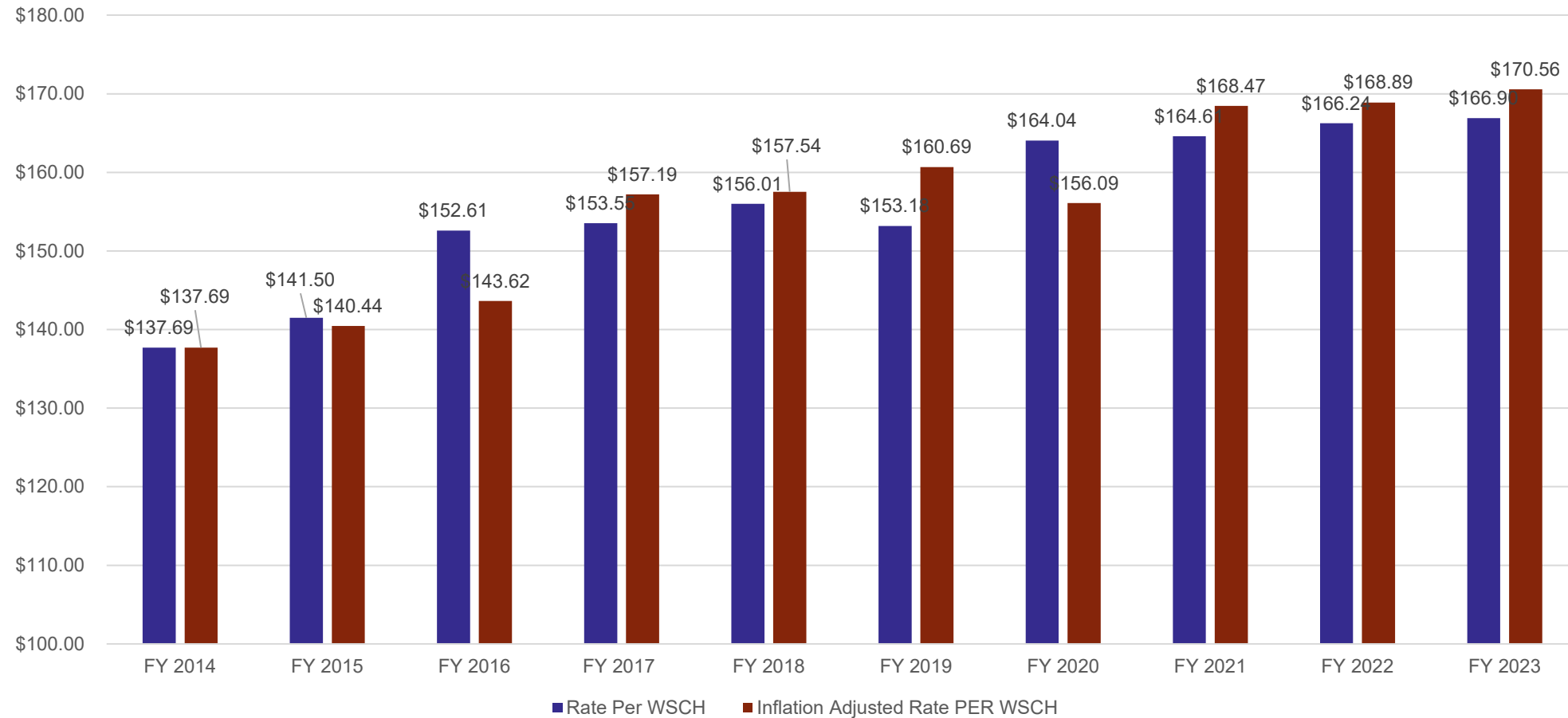
Institution	(A) FY23 Base + Maintenance	(B) FY20 Actual WSCH	(C) GF Dist. @ FY23 WSCH Rate \$166.90	(D) FY23 M200 + M201	(E = C + D) Total FY23 GF Distribution	(E – A) FY23 M220 Redistribution
UNLV	\$191,110,391	1,115,625	\$186,195,252	\$4,563,431	\$190,759,146	\$(351,245)
UNR	\$136,806,202	783,516	\$130,767,052	\$5,696,206	\$136,466,772	\$(341,558)
CSN	\$110,412,342	663,630	\$110,758,280	\$0	\$110,758,148	\$345,872
GBC	\$14,989,634	87,716	\$14,639,604	\$368,520	\$15,008,350	\$18,603
TMCC	\$37,869,411	227,510	\$37,970,910	\$0	\$37,971,010	\$101,550
WNC	\$14,878,426	87,071	\$14,531,872	\$387,885	\$14,919,971	\$41,438
NSC	\$26,085,067	157,417	\$26,272,462	\$0	\$26,272,330	\$187,329
Total	\$532,151,474	3,122,483	\$521,135,432	\$11,016,042	\$532,155,728	



Funding Formula Historical Analysis



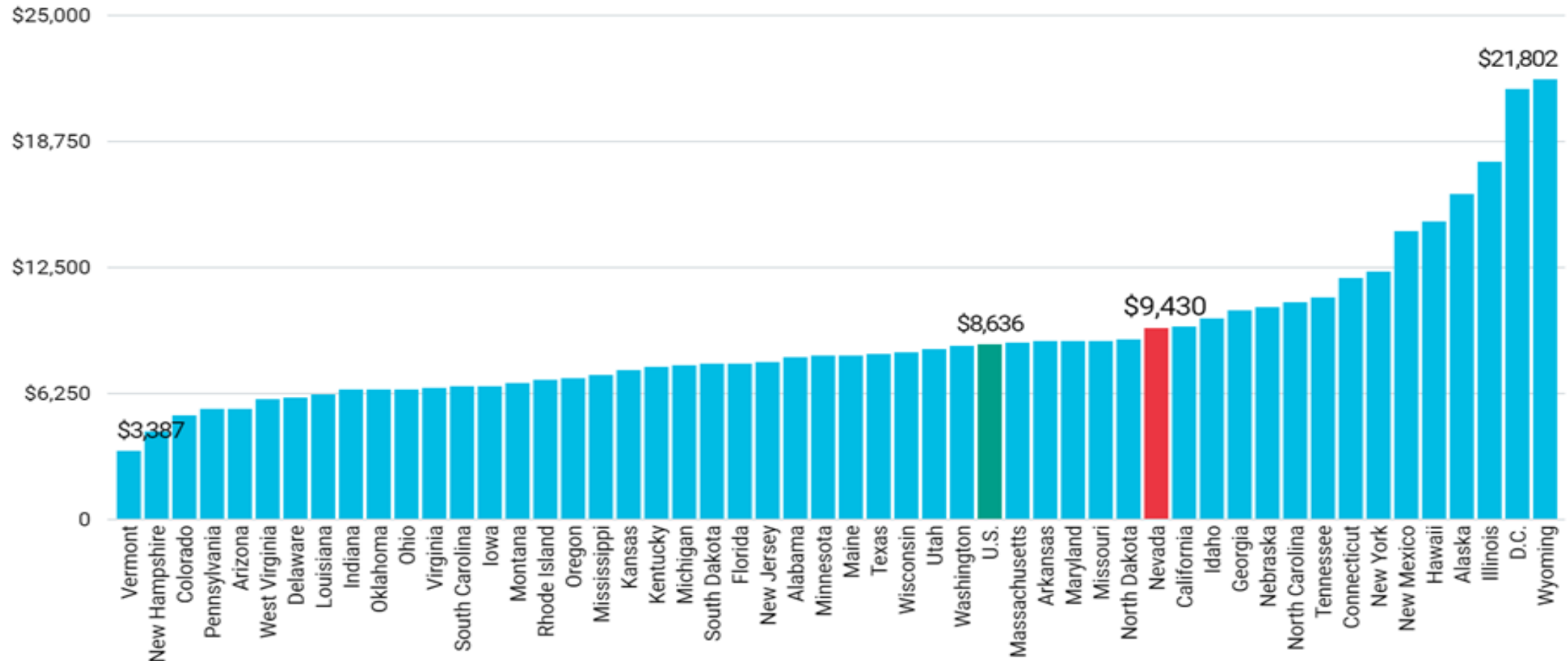
State Funding per WSCH



FY14 through FY20 adjusted using Higher Education Price Index (HEPI). FY21 through FY23 inflation estimated using HEPI five-year average of 2.6%



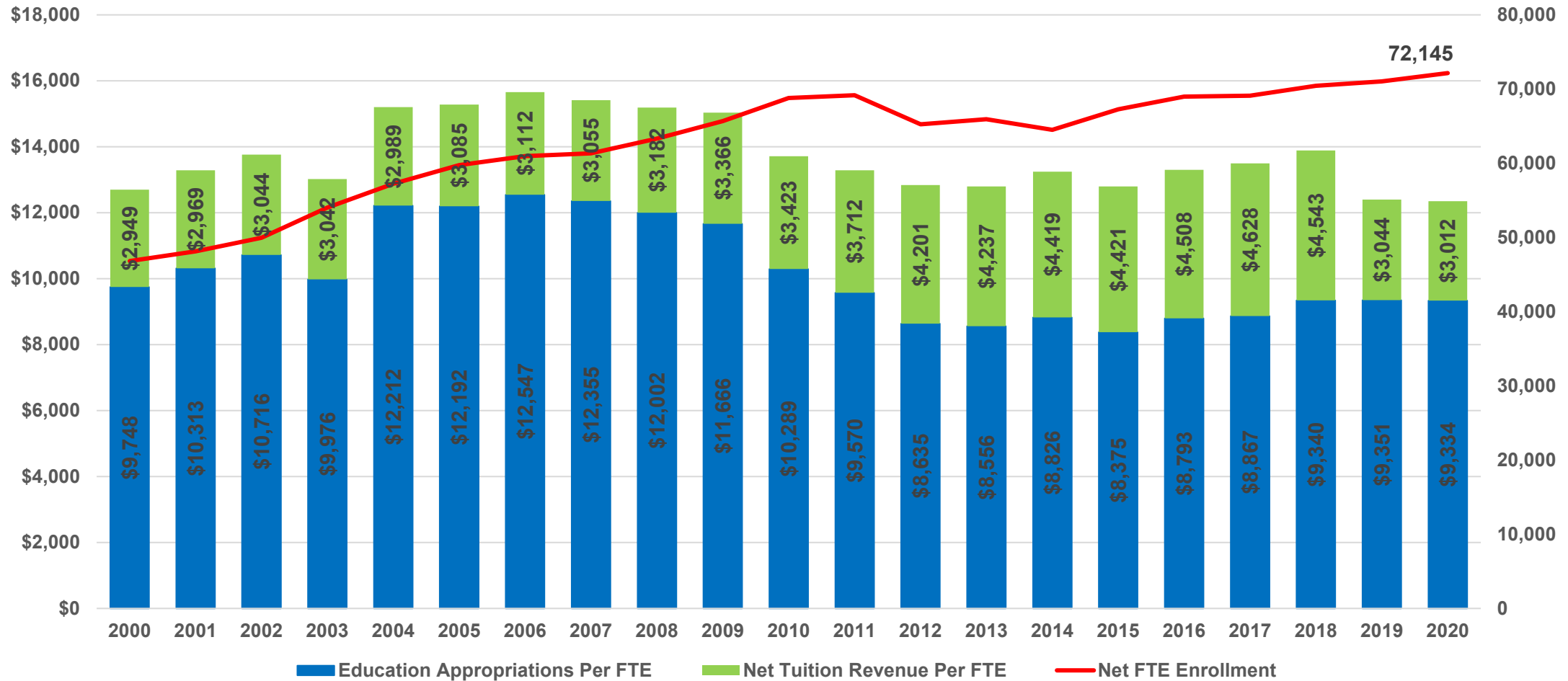
2020 Educational Appropriations per FTE



Source: State Higher Education Executive Officers, State Higher Education Finance Report, accessed at <https://sheeo.org/project/state-higher-education-finance/>.



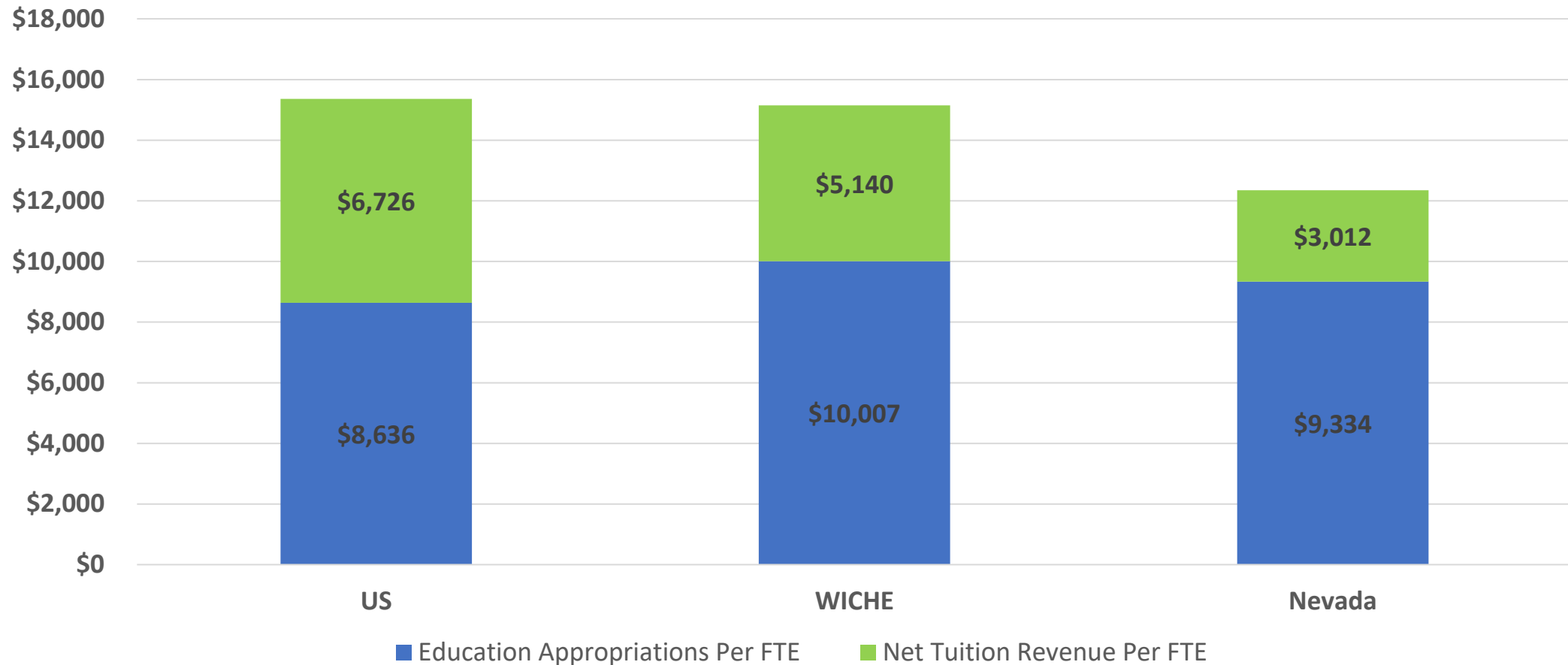
NSHE Total Educational Revenue per FTE



Source: State Higher Education Executive Officers, State Higher Education Finance Report, accessed at <https://sheeo.org/project/state-higher-education-finance/>.



FY 20 Total Educational Revenue per FTE



Source: State Higher Education Executive Officers, State Higher Education Finance Report, accessed at <https://sheeo.org/project/state-higher-education-finance/>.



Performance Pool



NSHE Performance Pool

- **Rewards Performance:** Metrics designed to reward performance that contribute to the goals of the Board of Regents and the needs of the State.
- **Year 9 and 10 Targets Set:** At the recommendation of a working group and approval of the Board of Regents, Year 9 and Year 10 point targets have been established. Targets for Year 11 and Year 12 will be made in the coming months.
- **20% Carve-Out:** From the base budget, 20% is carved-out and must be earned back by the institutions through performance outcomes.
- **Calculation of Award:** A point target is set for each institution. Amounts awarded from the performance pool based on the ratio of actual points compared to the point target for each institution.



Questions?

