Nevada System of Higher Education

FY 2025 - FY 2027 Biennial State Budget Process Overview

NSHE Board of Regents Meeting
January 19, 2024
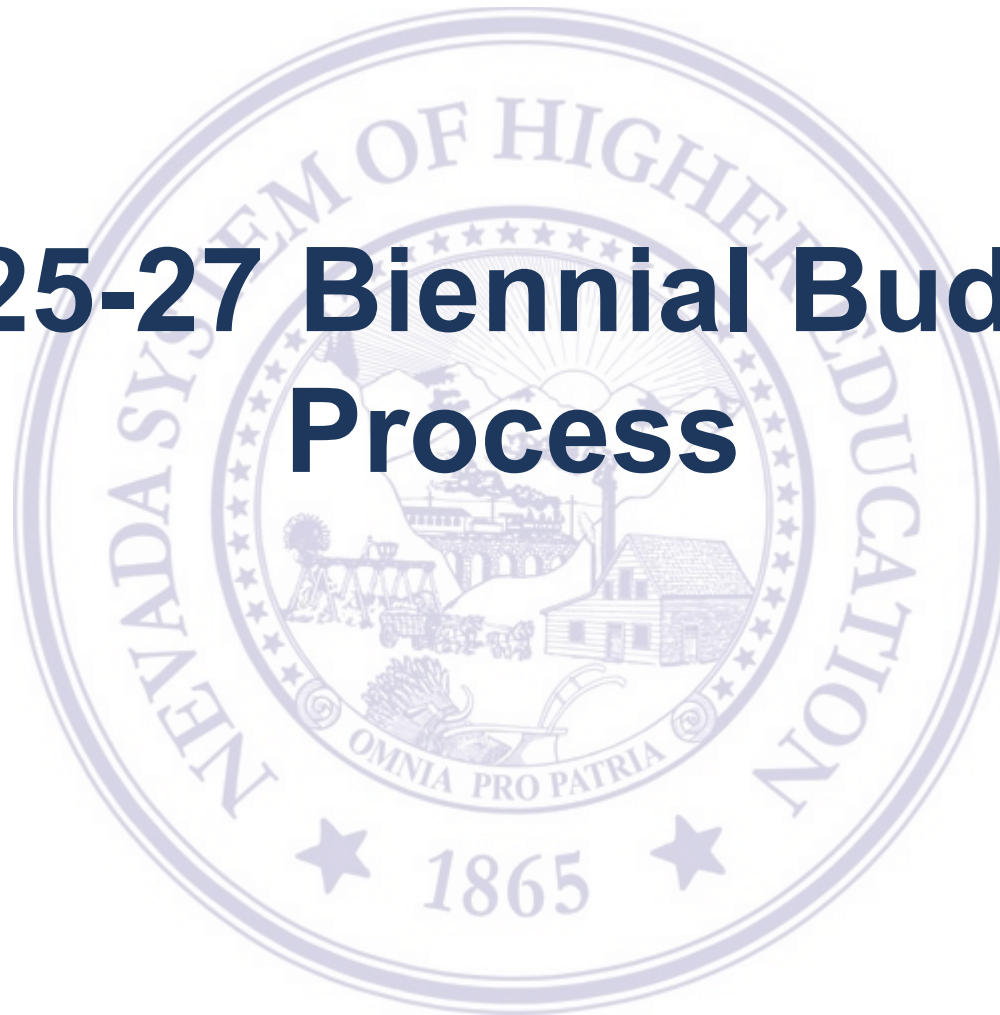
Topics for today

2025-27 Biennial Budget Planning
- Process for preparing the 2025-27 biennial budget
- Summary of 2023-25 and starting point 2025-27
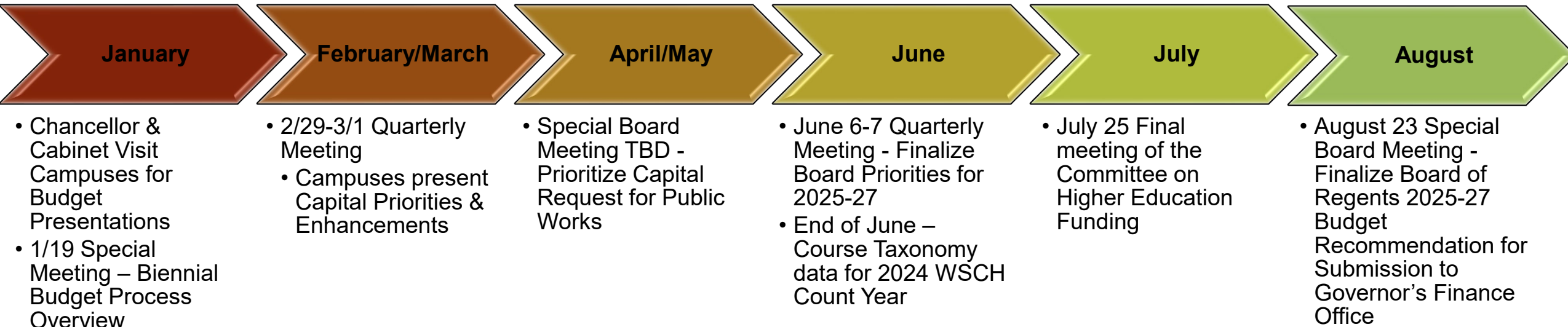- Risks

Funding Formula Review
- Primary funding formula drivers
- Walk through formula calculations
- Performance pool

2025-27 Biennial Budget Process

Schedule for Preparing the 2025-27 Budget

January
- Chancellor & Cabinet Visit Campuses for Budget Presentations
- 1/19 Special Meeting – Biennial Budget Process Overview

February/March
- 2/29-3/1 Quarterly Meeting
- Campuses present Capital Priorities & Enhancements

April/May
- Special Board Meeting TBD - Prioritize Capital Request for Public Works

June
- June 6-7 Quarterly Meeting - Finalize Board Priorities for 2025-27
- End of June – Course Taxonomy data for 2024 WSCH Count Year

July
- July 25 Final meeting of the Committee on Higher Education Funding

August
- August 23 Special Board Meeting - Finalize Board of Regents 2025-27 Budget Recommendation for Submission to Governor's Finance Office

Summary of State Operating Appropriations

	2023-25 State Appropriation	Initial 2025-27
Instructional Formula Budgets	$1,091,419,191	$1,097,131,058
Professional Schools Budgets	205,709,083	205,928,140
Desert Research Institute	17,666,709	17,683,460
Other Non-Formula Appropriations	152,943,082	153,764,526
FY24 (12%) & FY25 (11%) COLA	180,942,554	368,024,130
2023-2025 "one-shot" appropriations	82,965,906	-
Total NSHE operating appropriations	**$1,731,646,525**	**$1,842,531,314**

Increase before any adjustments other than FY24 and FY25 COLA

⬆ **$110,884,789 6.4%**

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Risks

- 2023-25 "One-Shot" appropriations

  - Enrollment Recovery

  - Nursing Expansion

  - UNLV KKSOM Expansion

- Base inflation

  - FY24 & FY25 COLAs

  - Potential 2025-27 PERS Contribution Increase

- Formula Committee Recommendations/Timing

2023-25 "One-Shot" Appropriations

Purpose	2023-25 Funding
Enrollment Recovery & Lake Tahoe Transition	$ 16,374,592
Professional Retention	7,000,000
Continuity of Service	5,522,169
Expansion of Nursing Programs	20,000,000
UNLV KKSOM Expansion	9,200,000
Behavioral Workforce Development	2,054,247
CSN NV Grow	1,900,000
UNLV Thomas & Mack Legal Clinic	1,000,000
UNLV Greenspun College of Urban Affairs Tourist Safety Initiative	1,000,000
UNLV IGI Expanding the Leaderverse	1,000,000
NV Small Business Development Center	1,000,000
CSN Center for Excellence in Public Safety	4,500,000
Native American Student Waivers	914,898
DRI Cloud Seeding	1,200,000
Locating & Mapping Real Property-UNR & UNLV	300,000
Formula Funding Study	2,000,000
NV Net Dark Fiber Lease	3,000,000
NV Net Equipment Renewal	5,000,000
NSHE Total 2023-25 "One-Shot" appropriations	**$ 82,965,906**

2023 Capital Appropriations

Institution	Capital Project	2023 Funded
NSHE	Higher Education Capital Construction / Special Higher Education Capital Construction Deferred Maintenance Funding	$ 15,000,000
DRI	Chilled Water Central Plant - Northern Nevada Science Center	5,382,593
NSHE	Deferred Maintenance Funding	50,000,000
	NSHE Total	**$ 70,382,593**

Funding Formula Overview and 2023-25 Budget Closing Details

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 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.

- Performance Pool: 20% of each institution's formula budget is subject to achieving its performance target

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 to Line-Item Budgets: Funding for the professional schools as well as NSHE's remaining 14 budget accounts are 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.

2023 Session–Instructional Formula

- 2023 Session suspended the distribution component of the formula allocating General Fund to the institutional instruction budgets using traditional base, maintenance & enhancement approach.

- Given the potential for a new funding methodology to be presented during the 2025 session, the 2023 Legislature recommended NSHE present and submit a budget for the 2025-27 biennium in a manner consistent with the approach approved by the Legislature for the 2023-25 biennium

2023 Session–Desert Research Institute

- The 2023 Legislature approved the Governor's recommendation to prospectively change the funding policy for the DRI by eliminating the existing DRI-specific formula and directed the DRI to build future biennial budgets using the base, maintenance, and enhancement model.

- The 2023 Legislature further approved additional General Fund appropriations totaling $1.3 million over the 2023-25 biennium in conjunction with the funding policy change.

WSCH: Calculation of WSCH Value

- Each biennial budgeting process yields a calculated value of a completed resident student Weighted Student Credit Hour

- Calculated value is a derived value determined by the NSHE base budget pool divided (after pre-formula set-asides) by the NSHE-wide WSCH for resident student completed credit hours

- Although the derived WSCH value is used to determine the applicable caseload growth maintenance adjustment as part of the base budget development, it is not otherwise used to determine or generate budget allocation

2022 WSCH Count Year-2023-25 Formula

Institution	FY 2022 WSCH	FY 2020 WSCH	Difference	FY 24 & FY 25 Funding	Enrollment Recovery Funds
UNR	763,961	783,516	(19,555)	($3,263,863)	n/a
UNLV	1,149,097	1,115,625	33,472	$5,586,493	n/a
CSN	564,061	663,630	(99,569)	($16,618,066)	12,139,324
GBC	81,614	87,716	(6,102)	($1,018,424)	419,555
TMCC	204,001	227,510	(23,509)	($3,923,652)	1,012,772
WNC	89,534	87,071	2,464	$411,158	297,917
NSC	176,879	157,417	19,463	$3,248,291	855,490
Total	**3,029,146**	**3,122,483**	**(93,337)**	**($15,578,062)**	**14,725,058**

Institution-Specific Formula Allocations

- Before the base state appropriation is allocated to the institutions through the WSCH formula, two set-asides are allocated

The small institution factor (SIF) which recognizes the disproportionate cost of administration & infrastructure for the rural service areas and smaller populations of GBC and WNC

The research operation & maintenance (O&M) adjustment supports the dedicated research space at UNR and UNLV that does not otherwise generate student credit hours

Small Institution Factor (SIF)

- The small institution factor is calculated as $30 per WSCH gap from actual to 100,000 WSCH

- For 2022 base year GBC had 81,614 WSCH
  - SIF set aside: (100,000 – 81,614) X $30 = $551,580

- For 2022 base year WNC had 89,534 WSCH
  - SIF set aside: (100,000 – 89,534) X $30 = $313,980

Research O&M

- Research O&M funding is determined by identifying dedicated research space square footage at each university. The value per square foot is institution specific based on each institution's actual O&M expenditures.

  - The 2023-25 biennium set-aside for UNR is $5,575,112 annually

  - The 2023-25 biennium set-aside for UNLV is $4,493,978 annually

2023 Formula Closing Summary

Institution	FY25 State Appropriation	Small Institution Factor	Research O&M	GA Stipends & Positions	Summer Teaching Funding	Grade & Salary Increase University Police
UNLV	$ 212,055,165	-	4,493,978	8,051,575	160,524	252,440
UNR	142,779,829	-	5,575,112	3,609,000	132,936	195,119
CSN	97,470,737	-	-	-	193,771	139,403
GBC	14,718,802	551,580	-	-	77,876	-
TMCC	35,191,759	-	-	-	-	20,648
WNC	15,673,802	313,980	-	-	-	-
NSU	30,675,435	-	-	-	475,748	-
Formula Total	**$ 548,565,529**	**865,560**	**10,069,090**	**11,660,575**	**1,040,855**	**607,610**

Performance Pool: Overview

- Institution's performance is measured based on seven metrics against the institution's baseline. Metrics are designed to demonstrate performance that contributes to the goals of the Board of Regents and the needs of the State

- The Performance Pool is a 20% carve-out of each institution's base state funding – this is not 'incentive' funds, it is 20% of the institution's base budget

- The Performance Pool carve-out is set aside to be 'earned back' by each institution based on their performance against the established metrics. The amount earned back is based on the ratio of actual points achieved compared to the point target to a maximum of 100% of the amount set-aside

Performance Pool: Metrics

- Performance metrics utilized are consistent among the institution classifications (UNR and UNLV, NSU, and community colleges):

  - Degrees/certificates awarded which includes sub-metrics for underserved populations

  - Transfer students

  - Efficiency - awards conferred per 100 student FTE

  - Awards conferred in economic development interest areas including STEM, allied health, business and management, and skills certificates

FY25 Performance Pool Set-Aside

Institution	FY25 State Appropriation	Performance Pool Set-Aside	Year 12 (FY23) % of Target*
UNLV	$ 212,055,165	$ 42,411,033	116.9%
UNR	142,779,829	28,555,966	109.0%
CSN	97,470,737	19,494,147	98.8%
GBC	14,718,802	2,943,760	114.7%
TMCC	35,191,759	7,038,352	120.0%
WNC	15,673,802	3,134,760	114.6%
NSU	30,675,435	6,135,087	165.0%
Total	**$ 548,565,529**	**$ 109,713,105**	

* Preliminary – under review

Discussion / Questions?