



NEVADA FACULTY ALLIANCE
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Date: April 24, 2024

To: Ad Hoc Committee on Higher Education Funding

From: Kent Ervin, Nevada Faculty Alliance

Subject: Budgeting processes, Agenda item 5, meeting of 4/24/2024

Thank you for your service on this committee and dedication to improving Nevada's public higher education.

We appreciate CFO Christopher Viton's presentation in Agenda item 5 on the budgeting process from NSHE's perspective. Note that the only place the Weighted Student Credit Hour (WSCH) formula comes into play is in the caseload maintenance item, adjusting for enrollment changes with a two-year lag from the count year and presumably using the dollar value per resident WSCH from the past biennium, which is not inflation-adjusted. The rest of the budget-building process does not account for enrollment or performance factors. Resident WSCHs are only used to redistribute the instructional budgets among the seven educational institutions after the total budget is set. It's a distribution formula, not a funding formula. The Performance Pool is a 20% carve-out applied at the end but has never resulted in a funding change after probationary periods.

Page 11 of CFO Viton's presentation indicates that NSHE submits its budget request in August, and then the Governor's recommended executive budget (GovRec) is announced the following January. What happens in between is the big mystery—it's a confidential process.

Looking at past Executive Budgets gives a clue. From FY2014 through FY2025, GovRec has held the total NSHE budget at 65% from the state general fund and 35% from student fees and other revenue. That proportion has been consistent within 1–2% in every Executive Budget from the 2013 session through the 2023 session, regardless of swings in total funding under four different Governors. (See also the charts on page 3. Quantitatively, from FY2014 through FY2025 the average state funding proportion in GovRec was 64.8% with a standard deviation of 1.1%.)

Another way of looking at the near-constant percentage of state funding is that Governors have only proposed a general fund budget increase for NSHE if student fees were projected to increase also. This hidden formula implies that the Board of Regents needs to raise student fee revenue if it wants an increase in state funding.

The fixed proportion of state funding is for the total NSHE budget, including the professional schools and non-formula statewide programs. For the individual formula-driven instructional budgets of the seven colleges and universities, the situation is murkier. According to the FY2024 NSHE State-Supported Operating Budget Report, the percentages of state funding for those

budgets in FY2024 vary widely: UNR – 56.9%, UNLV – 61.9%, NSU – 71.1%, CSN – 73.3%, GBC – 74.9%, TMCC – 75.2%, and WNC – 77.2%. There may be different reasons for this variation, including non-resident tuition, but it seems peculiar that even the four community colleges have a rather large spread. As shown in the chart on page 4, these percentages also vary from year to year despite the nearly constant percentage of state funding for the overall NSHE budget.

The NFA recommends that the total instructional budgets should first be determined based on the requirements to fund high-quality education, then separately determine the proportions to be funded by the state versus students.

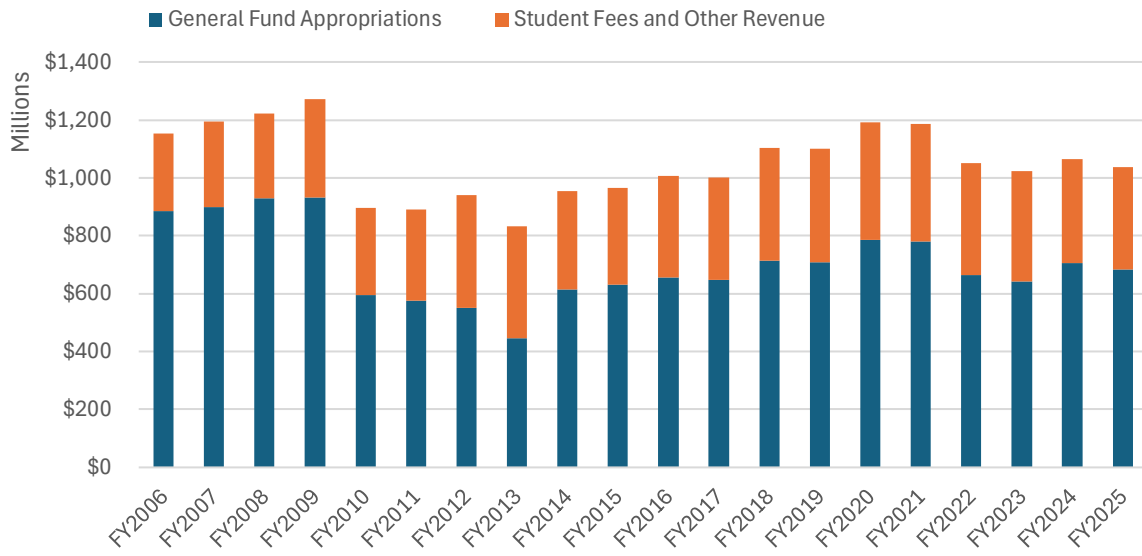
As you consider a new funding formula, the committee needs to take into account how it will be implemented in the budgeting process. Rather than rely on our reverse engineering of the public budget data, **we recommend that the Committee invite representatives from the Governor’s Finance Office and the Legislative Council Bureau to explain the budgeting processes within their responsibility.**

Thank you.

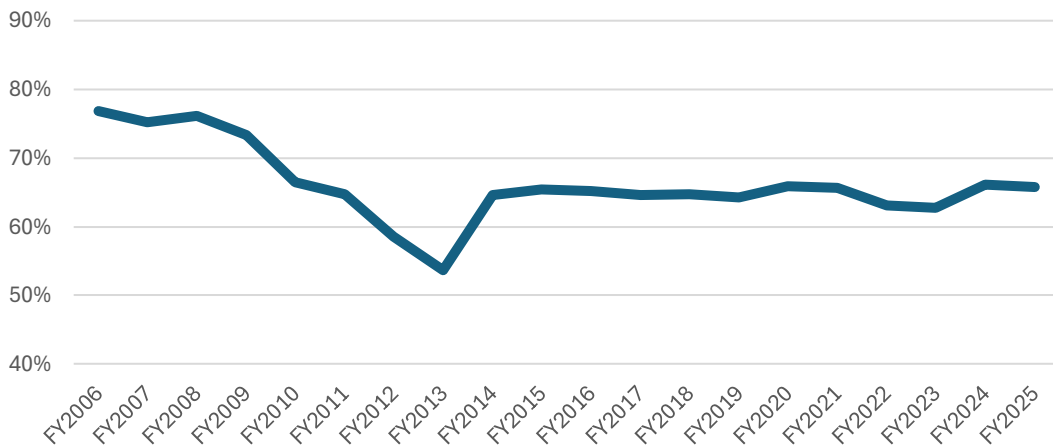
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The [Nevada Faculty Alliance](#) is the independent statewide association of professional employees of the colleges and universities of the Nevada System of Higher Education. The NFA is affiliated with the [American Association of University Professors](#), which advocates for academic freedom, shared governance, and faculty rights, and the [American Federation of Teachers/AFL-CIO](#), representing over 300,000 higher education professionals nationwide. The NFA works to empower faculty to be wholly engaged in our mission to help students succeed.

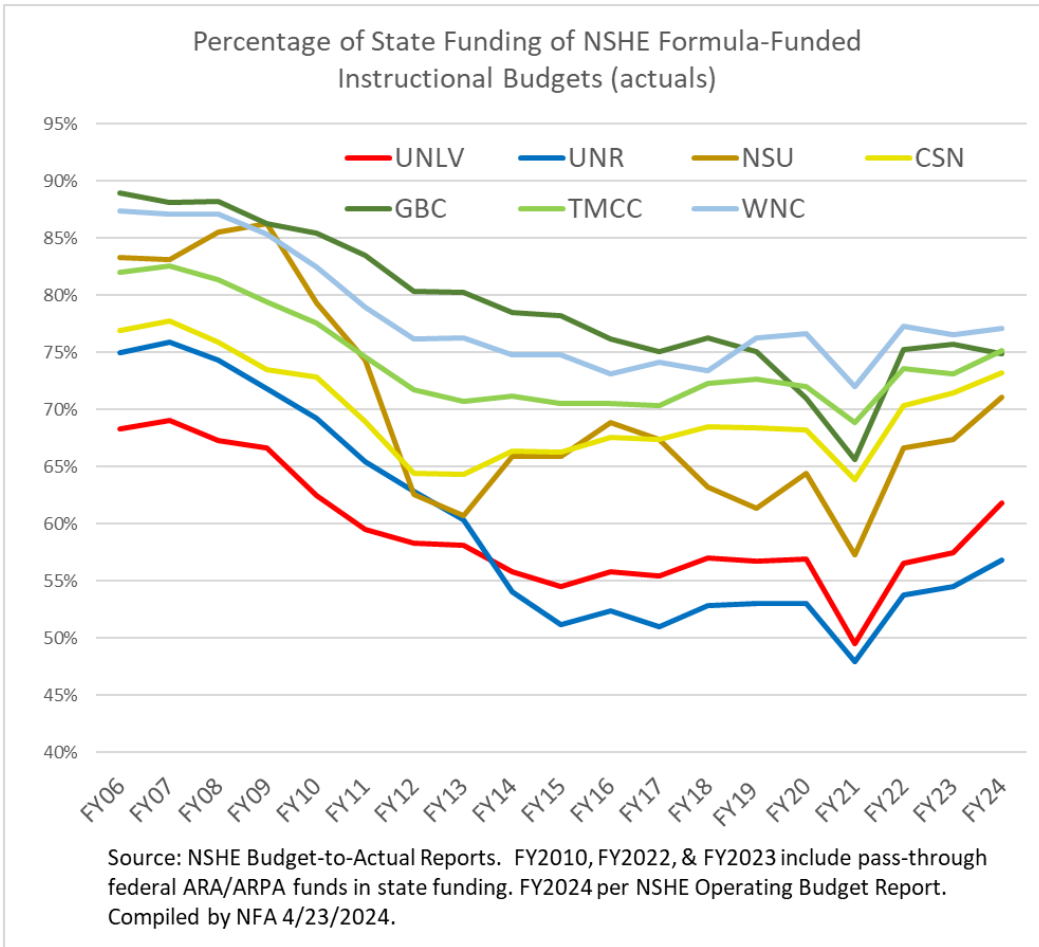
NSHE State Budget Appropriations and Authorizations per GovRec in FY2023 Dollars



Percentage of State Appropriated Funds vs Total NSHE State-Allocated Budgets in GovRec



Source: Governors' Executive Budgets (GovRec) for total NSHE Budgets. Adjusted to FY2023 dollars using the Higher Education Price Index (CommonFund). Compiled by NFA 4/2024



(Note that the current distribution formula using resident Weighted Student Credit Hours was implemented in 2014.)



NEVADA FACULTY ALLIANCE

*Working to empower our members to be fully engaged
in our mission to help students succeed*

The **Nevada Faculty Alliance** is the independent statewide association of professional employees at Nevada's public colleges and universities, affiliated with the [American Association of University Professors](#) and the [American Federation of Teachers](#).

Nevada Faculty Alliance Priorities for Funding Higher Education

Reinvesting in Higher Education for the Common Good

- Higher education drives upward economic and social mobility and should be affordable for all.
- NSHE colleges and universities provide workforce development, ranging from training in technical sciences and advanced manufacturing to educating future teachers, nurses, engineers, doctors, dentists, lawyers, scientists, accountants, business managers, hospitality workers, public health workers, policy-makers, communicators, etc. All are important for Nevada's economic growth.
- Workforce and economic development is fueled by discoveries made by basic and applied research.
- Student debt is a national crisis preventing generational improvement in living standards. The burden on students should be reduced through direct debt relief and by restoring student fees to pre-2008 levels.
- Funding must provide for the actual cost of delivering high-quality education for students. *A new formula that simply re-slices the funding pie will be a failure.*

Principles for Higher Education Funding

Caseload and Operational Funding

- Headcount funding should be tied to standards such as advisers per student (1 per 300 students, or more) and counselors per student. Some students require more wrap-around services because of their educational, socio-economic, cultural, or military backgrounds. Funding enhancements for these students should apply to all institutions and programs.
- Evidence-based discipline and course-level credit-hour weightings are important for instructional caseload funding, but so are standards for the number of full-time instructors per student (>1 to 18) and the percentage of courses taught by full-time instructors (60% to 80% depending on institution type).
- Infrastructure for research must be funded, along with investment in partnerships between NSHE and the state to pursue federal and private research funding.
- Allocate funds for fixed costs for facilities, operations, and administration not based on student numbers.
- At least 80% of student registration fees should go to fund instruction and student services, not be diverted to other functions such as intercollegiate athletics or capital improvements.
- Maintain established proportions of state funding versus student revenue, with inflationary factors applied to both. *Budget shortfalls should not be made up by increasing student fees.*
- To avoid pressure to relax academic standards, no funding should depend on grade assignments.

Outcomes-Based Funding

- Discontinue the ineffective Performance Pool carve-out and *establish outcomes-based funding with truly aspirational performance metrics but without jeopardizing base funding.*
- Outcomes metrics should not be based on absolute student numbers, but rather ratios that demonstrate access or success relative to target populations.
- Graduation rates have too long of a time lag for the biennial funding cycle. Semester completion better measures current progress and captures non-degree-seeking students and transfer students.
- Phase in outcomes-based funding in the new formula over several years to allow the institutions to adjust.
- Incentives should recognize an institution's own performance, not make it compete against other institutions.

Financial Aid

- Set targets for state financial aid based on the financial needs of the students at each institution.
- *Provide need-based financial aid through state funding*, not by redistributing student fees for Student Access.
- Fee and tuition waivers for selected student groups should be 100% state-funded.

Nevada Faculty Alliance (www.NevadaFacultyAlliance.org)

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