



NEVADA FACULTY ALLIANCE

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Date: May 29, 2024  
To: NSHE Ad Hoc Committee on Higher Education Funding  
From: Kent Ervin on behalf of the Nevada Faculty Alliance  
Subject: Analysis and Recommendations

We thank committee members for your service to higher education and careful consideration of the recommendations from the institutions, consultants, students, and faculty.

We recently published [six articles](#) analyzing various recommendations and their intended and unintended consequences. This written submission to the committee for the May 30th meeting includes those analyses with an update to part one based on the new recommendations from HCM Strategists being presented to the committee on May 30th.

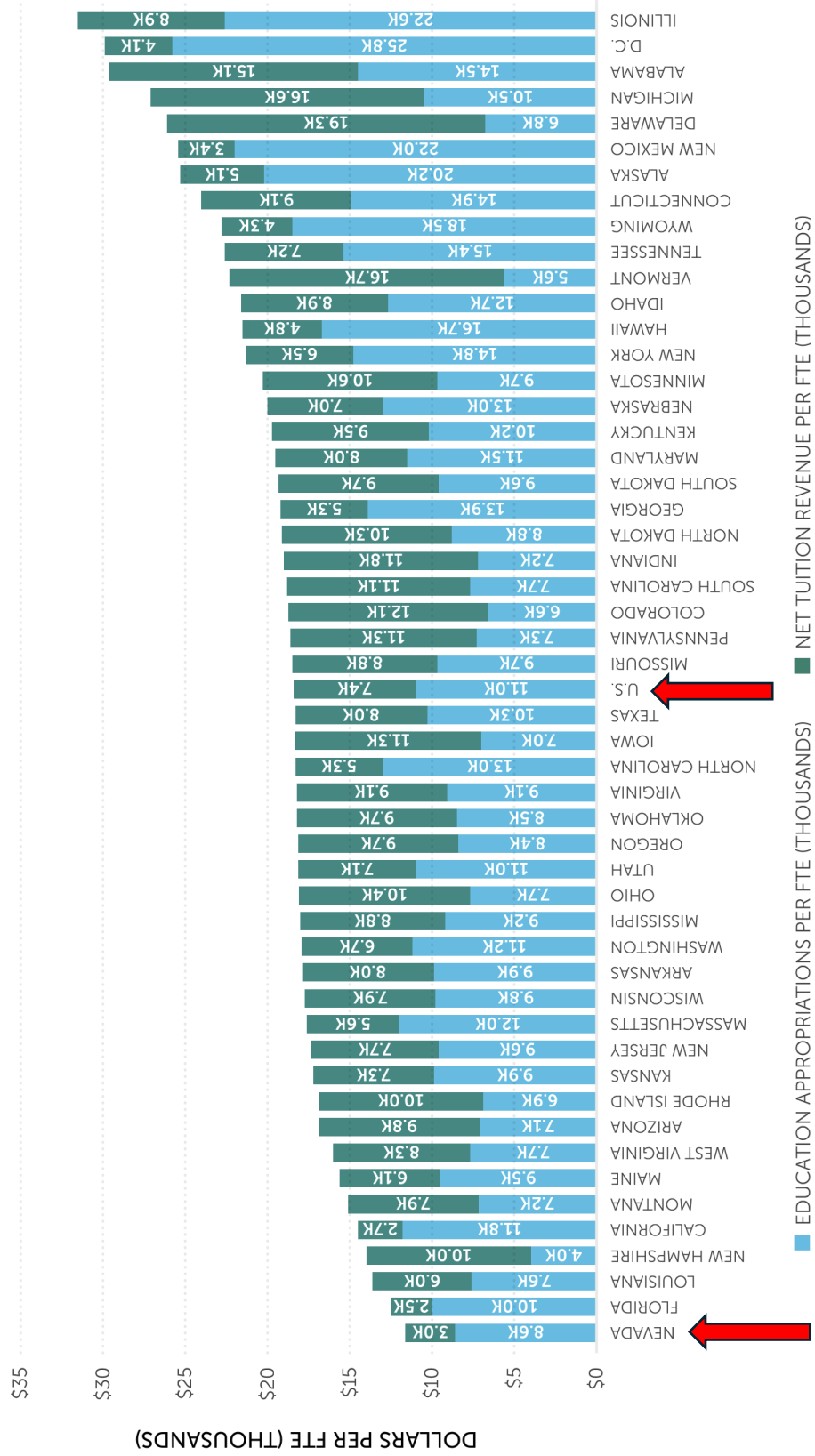
The recommendations from the Nevada Faculty Alliance in part six are presented in good faith as ways to improve the funding formula and meet achievable goals. We appreciate the Committee's difficult task and hard work. Our shared concerns are in serving students across the state, especially those in underserved areas.

Any changes to the funding formula that merely redistributes existing funds will create winners and losers among the colleges and universities, and will fail to improve higher education for all students. **Total funding per student full-time-equivalent in Nevada ranks at the very bottom of the 50 states** according to the [FY2023 State Higher Education Funding](#) report from the State Higher Education Executive Officers (see the figure copied on the next page). All of the institutions are underfunded. **The perceived disparities in funding among NSHE colleges and universities should be corrected by bringing up the most underfunded through funded enhancements to the formula, not by taking funds away from others.** At the minimum, any recommended changes to the formula that have negative impacts to some institutions should be contingent upon hold-harmless funding.

**The Committee cannot appropriate funds, but it can recommend changes in the formula be contingent upon full funding.**

Thank you for your attention and consideration.

# EDUCATION APPROPRIATIONS AND NET TUITION REVENUE PER FTE BY STATE, FY 2023 (ADJUSTED)



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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 our members to be wholly engaged in our mission to help students succeed.

The data used for analyses in this submission are based on public reports and records. Corrections from authoritative sources are welcome.

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## 1. Consequences of the Recommendations of HCM Strategists

*Note: Our original [series of articles](#) was written based on the preliminary recommendations of the committee's consultant, HCM Strategists, which were summarized in [part 1](#) of the series, as well as the recommendations from the institutional presidents. Since HCM has substantially revised those recommendations, in this revised part one, we briefly review the new recommendations and their consequences.*

### Overview of HCM recommendations

The major change recommended by HCM is to divide the current funding distributed by completed resident Weighted Student Credit Hours (WSCHs) into three parts: 40% distributed by WSCH, 40% distributed by student headcounts, and 20% distributed by performance outcomes using a relative growth model.

Other recommendations include:

- Include all summer courses in the WSCH distribution formula, with or without additional funding.
- Increase the Small Institution Factor, carved out before the distribution of other funds.
- No new cost study to adjust student credit hour weightings—just modify key areas based on state workforce needs.
- No changes to Performance Pool metrics.
- Do not create separate formulas for different institutions

### NFA Analysis

**Every formula change has “winners” and “losers” unless the changes are fully funded and there are hold-harmless provisions for a transition period. A new formula that merely redistributes existing funding will be a failure.** Some of HCM's recommendations will have unintended consequences based on current budgeting practices at the various institutions at NSHE (for example, how or whether summer school revenue is shared with departments). NFA is providing analyses of the consequences of various funding proposals in parts 2 to 6.

The following table shows how changing the share of funding among institutions affects each institution's total formula-funded budget based on the full recommendations from HCM. Even a small percentage change in the share of the total NSHE funding can mean a large change in the institutional budgets especially for the smaller colleges. However, **HCM is recommending large changes in how existing funding is distributed, which would create major budget crises at three of the institutions (UNLV, UNR, and WNC), with new budget cuts of 5% to 11%.** HCM's recommendation to phase in the changes simply delay those dire effects.

**FY25 Impact of HCM's Complete Recommendations (40%-40%-20% plus other recommendations, all combined) on Total Formula Allocations**

Institution	FY 2025 Total Allocation		FY 2025 Total Allocation - With All Recommendations		Change		NFA Calculation*
	\$	Share of Total Formula Funding	\$	Share of Total Formula Funding	\$	Change in Share of Total Formula Funding	Percent Change of Institution's Funding
UNLV	\$203,911,119	38.0%	\$192,825,572	35.9%	-\$11,085,547	-2.1%	-5.4%
UNR	\$138,154,676	25.7%	\$122,721,694	22.9%	-\$15,432,982	-2.9%	-11.2%
NSU	\$30,696,028	5.7%	\$31,162,562	5.8%	\$466,534	0.1%	1.5%
CSN	\$97,888,483	18.2%	\$121,010,978	22.6%	\$23,122,495	4.3%	23.6%
GBC	\$14,715,080	2.7%	\$15,394,586	2.9%	\$679,506	0.1%	4.6%
TMCC	\$35,402,848	6.6%	\$38,497,669	7.2%	\$3,094,821	0.6%	8.7%
WNC	\$15,851,936	3.0%	\$15,007,110	2.8%	-\$844,826	-0.2%	-5.3%
<b>Total</b>	<b>\$536,620,170</b>	<b>100%</b>	<b>\$536,620,170</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>	<b>0.0%</b>

Note: The \$ change in this table does not match the sum of all individual recommendations changes due to interactions.

Source: HCM Strategists proposal 5/30/2024, p. 57. \* Column8 = Column6/Column2 NFA 5/28/2024

<https://nshe.nevada.edu/html/wp-content/uploads/file/HEF/2024-05/HEF-5.pdf#page=57>

The largest redistribution from the HCM recommendation comes from the 40% allocation to student headcounts. Using student headcounts is justified by the services needed by students, especially underserved populations, regardless of the number of courses they take. As explained in part 4, however, only 8% of the current budgets on average are allocated to Student Services. The costs to teach students in the classroom and provide credits to a degree or certificate are mainly proportional to student credit hours, not headcounts. A much lower percentage could be allocated to headcounts, starting with 8% and increasing that with new funding for an enhancement based on the number of underserved students in various categories. That would be reasonable and provide resources to serve the needs of those students.

The 20% carve-out for Outcomes-Based Funding using relative growth in performance metrics will also produce winners and losers as it is implemented to create competition among institutions for funding. HCM is not recommending any changes to the metrics from the current Performance Pool, simply using them in a different way. However, those metrics have been set by each institution for their different goals and do not create a consistent set of incentives nor consistent measures of relative growth that would be used as the yardsticks for distributing funding. If the Committee chooses to implement this recommendation, a much lower percentage should be used, 5% or less.

## 2. Reslicing the Higher Education Funding Pie: Winners and Losers

The ad hoc [NSHE Committee on Higher Education Funding](#) has been tasked with evaluating other states' higher education funding models to support their NSHE-similar institutions. These models are to be compared to Nevada's current model, including allocation and institutional costs to deliver instruction. The committee will then determine whether other funding allocation methods would be appropriate for NSHE. **The Nevada Faculty Alliance has stated to the committee that a new formula will be a failure if it merely redistributes the existing funding without new resources.**

### Impact of Formula Changes

The total funding per student at Nevada's public colleges and universities was [third-from-bottom](#) among all states in FY2022, and dropped to the bottom by one of the same measure in FY2023 (see chart in cover letter). **It can be simultaneously true that certain institutions—for example, Nevada community colleges—are disadvantaged by the current formula and that all institutions are underfunded.** Presidents will naturally recommend formulas that favor their own institutions, but the Committee must balance students' different needs and resources and recommend an equitable funding formula.

The current formula distributes funding to the seven NSHE colleges and universities in proportion to resident Weighted Student Credit Hours (WSCH). A change from the resident WSCH to a different formula could result in a major disruption to funding. For example, as the following data will show, changing from WSCH to "unduplicated resident headcounts" in 2021–2022 would have decreased UNLV's state appropriation by \$55 million (–29%) and increased CSN's by \$69 million (+74%), out of a total \$500 million appropriated to all seven institutions.

**NFA maintains that any additions to the formula (e.g., including summer school courses in the WSCHs) must be fully funded. Any changes to the distribution formula must be implemented only with hold-harmless provisions for at least two biennia to allow institutions to adjust.** Furthermore, different measures may be appropriate for a portion of the budget—for example, headcounts for non-instructional student support services—but not for the entire budget.

### Comparison of Different Formula-Distribution Metrics

The following tables and charts show how different distribution formulas would affect the seven NSHE colleges and universities, using 2021–2022 data. Tables 1A and 1B show the state appropriations in percentages of the total and estimated percentage change

after a shift from resident WSCHs. Tables 2A and 2B show the appropriations and changes in millions of dollars.

**Switching completely from WSCHs to other enrollment metrics for the funding distribution formula would benefit the community colleges and NSU, but without additional funding would require drastic budget cuts at UNLV and UNR, comparable to recent pandemic budget cuts.** Alternatively, different funding distribution formulas could be implemented for different institution types. Without additional funding, however, that could bake in disparities in the current formula.

The first data column in Table 1A shows resident WSCH percentages, which is how the current formula distributes funding. That is compared to unweighted student-credit hours (same as average annual full-time-equivalent enrollment) in the second column. The weightings of courses by levels and discipline are intended to account for the different costs of instruction.

The tables and Chart 1 compare three different headcount measures. Headcounts generally peak in the Fall semester. Total headcounts include out-of-state students; resident headcounts do not and are therefore lower. The “unduplicated resident headcount”, however, counts any individual student who has taken a state-supported course during the year. These can exceed the peak total headcounts because some students take courses sporadically. Because most of those students do not need year-round support, the unduplicated resident headcounts are a poor measure for the resources needed for student support services. **We recommend the Fall headcounts, or an average of Fall and Spring, as more accurate for distributing funding for student services.**

Finally, maintained square footage is included in the tables and Chart 2 because a bill in the 2023 legislature would have shifted the formula to consider only building square footage on each campus. Square footage has been mentioned in the funding committee discussions mainly in the context of fixed facility operations and utility costs.

## **Conclusion and Future Analysis**

The current Weighted Student Credit Hour formula attempts to recognize the costs of offering courses to students at various levels in various disciplines. That’s appropriate for funding instructional staff and operations. Student support services geared to individual students are better correlated with student headcounts, including part-time students. There are also fixed facility and administrative costs that depend weakly on student numbers. ***In later sections, we will analyze these various cost drivers and how they might equitably be incorporated into a new formula for appropriate portions of the budgets.***

**Table 1A. NSHE Institutional Appropriation Percentages using Various Distribution Metrics**

Institution	Resident Weighted Student Credit Hours	Unweighted Resident Student Credit Hours	Total Fall Headcount	Resident Fall Headcount	Unduplicated Resident Headcount	Maintained Square Footage
UNLV	37.9%	33.7%	28.8%	28.2%	27.0%	34.2%
UNR	25.2%	20.6%	18.9%	16.7%	15.3%	37.7%
NSU	5.8%	6.8%	6.8%	7.6%	7.6%	2.0%
CSN	18.6%	24.7%	29.3%	30.8%	32.4%	14.7%
GBC	2.7%	2.9%	3.3%	3.9%	3.2%	2.7%
TMCC	6.7%	7.8%	9.3%	9.7%	10.4%	5.5%
WNC	3.0%	3.4%	3.5%	3.1%	4.1%	3.1%

Sources: NSHE public reports and records. Maintained square footage includes non-instructional space.

**Table 1B. Estimated Percentage Change in State Appropriation using Various Distribution Metrics**

Institution	Resident Weighted Student Credit Hours	Unweighted Resident Student Credit Hours	Total Fall Headcount	Resident Fall Headcount	Unduplicated Resident Headcount	Maintained Square Footage
UNLV	0.0%	-11.1	-24.0%	-25.7%	-28.8%	-9.8%
UNR	0.0%	-18.3%	-25.0%	-33.6%	-39.3%	+49.6%
NSU	0.0%	+17.2%	17.2%	+31.3%	31.0%	-65.5%
CSN	0.0%	+32.8%	57.5%	65.4%	74.2%	-21.0%
GBC	0.0%	7.4%	22.2%	43.7%	18.5%	0.0%
TMCC	0.0%	16.4%	38.8%	45.5%	55.2%	-17.9%
WNC	0.0%	13.3%	16.7%	3.4%	36.7%	3.3%



**Table 2A. NSHE Institutional Appropriations using Various Distribution Metrics (Million \$)**

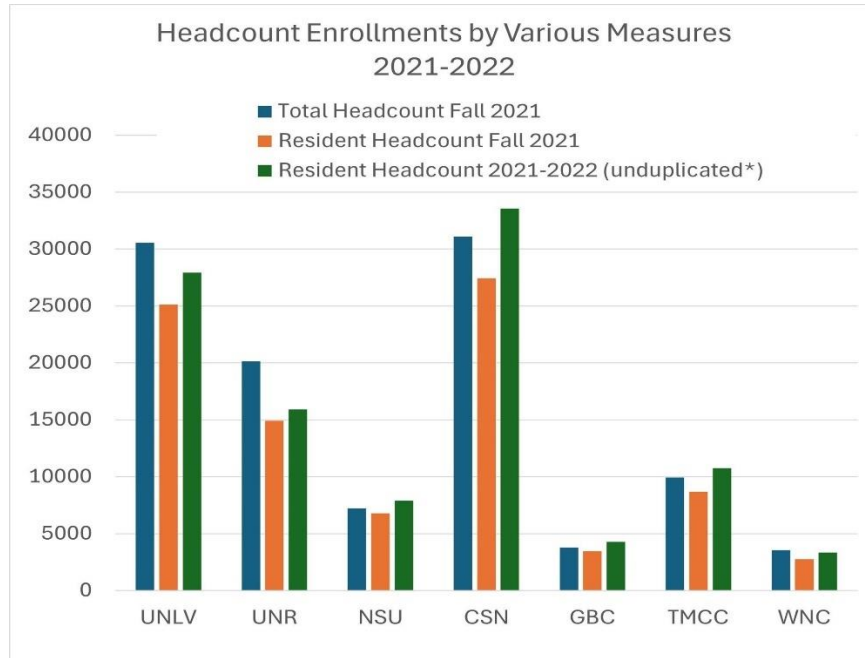
Institution	Resident Weighted Student Credit Hours	Unweighted Resident Student Credit Hours	Total Fall Headcount	Resident Fall Headcount	Unduplicated Resident Headcount	Maintained Square Footage
UNLV	\$189.5	\$168.5	\$144.0	\$140.8	\$135.0	\$171.0
UNR	\$126.0	\$103.0	\$94.5	\$83.6	\$76.5	\$188.5
NSU	\$29.0	\$34.0	\$34.0	\$38.1	\$38.0	\$10.0
CSN	\$93.0	\$123.5	\$146.5	\$153.8	\$162.0	\$73.5
GBC	\$13.5	\$14.5	\$16.5	\$19.4	\$16.0	\$13.5
TMCC	\$33.5	\$39.0	\$46.5	\$48.7	\$52.0	\$27.5
WNC	\$15.0	\$17.0	\$17.5	\$15.5	\$20.5	\$15.5

Sources: NSHE public reports and records. Assumes \$500 million total appropriation.

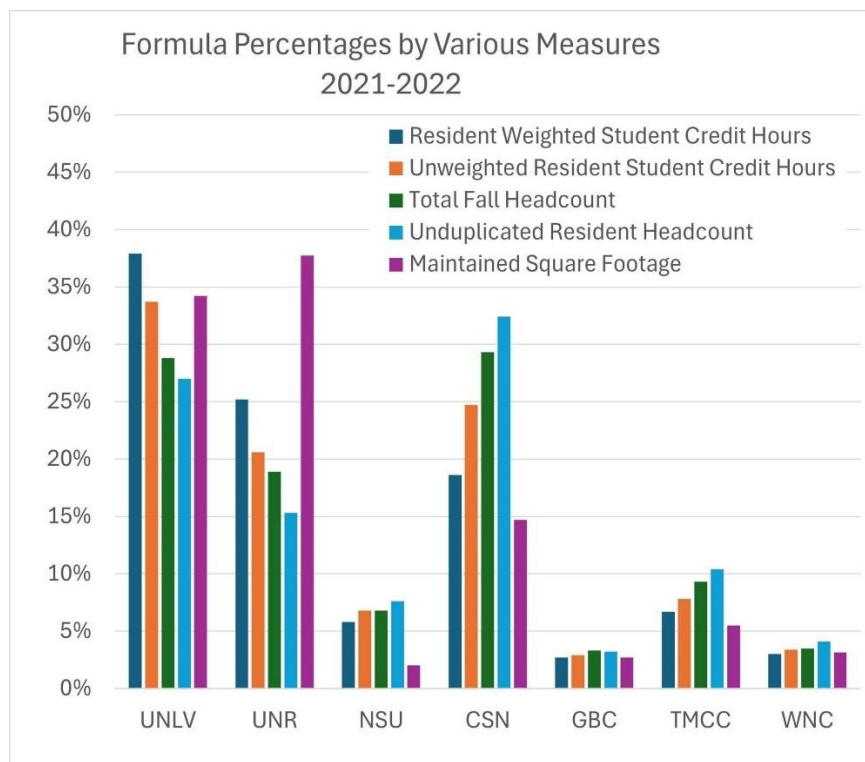
**Table 2B. Estimated Changes in State Appropriation using Various Distribution Metrics (Million \$)**

Institution	Resident Weighted Student Credit Hours	Unweighted Resident Student Credit Hours	Total Fall Headcount	Resident Fall Headcount	Unduplicated Resident Headcount	Maintained Square Footage
UNLV	\$0.0	-\$21.0	-\$45.5	-\$48.7	-\$54.5	-\$18.5
UNR	\$0.0	-\$23.0	-\$31.5	-\$42.4	-\$49.5	\$62.5
NSU	\$0.0	\$5.0	\$5.0	\$9.1	\$9.0	-\$19.0
CSN	\$0.0	\$30.5	\$53.5	\$60.8	\$69.0	-\$19.5
GBC	\$0.0	\$1.0	\$3.0	\$5.9	\$2.5	\$0.0
TMCC	\$0.0	\$5.5	\$13.0	\$15.2	\$18.5	-\$6.0
WNC	\$0.0	\$2.0	\$2.5	\$0.5	\$5.5	\$0.5

**Chart 1. Headcount numbers by institution and type**



**Chart 2. Distribution Formulas by Institution for Various Measures**



### 3. Unintended Consequences of Including Summer Courses in the WSCH Formula

#### Summer Course Credits

Summer school courses have traditionally been funded by student fees, not the state. But over the years certain summer courses have been brought into the current funding-distribution formula based on resident Weighted Student Credit Hours (WSCHs). Nursing courses, science prerequisites for nursing, and teacher preparation courses were introduced as enhancements with appropriations for state-supported summer courses.

The CSN, GBC, NSU, and WNC presidents have proposed that summer courses be funded through the WSCH formula (Item #21 in [Institutional Formula Recommendations](#)). Their reasons include reducing the time to graduation by expanding summer course offerings and funding student support during the summer.

HCM Strategists, the consultants NSHE retained for the Committee, [recommend](#) adding summer courses to the WSCH formula *with or without new funding*. Although we support the general policy that the state fund all courses helping students earn their degree or certificate, bringing summer credits into the WSCH formula without additional funding would have dire consequences.

#### Budget Cuts for Rural Community Colleges

Non-state-funded summer credits range from 1% of WSCHs for GBC to 14% for NSU. As seen in Figure 1, HCM estimates that, with full funding, including all summer courses in the WSCH funding-distribution formula would cost an estimated \$48 million. HCM describes “minor shifts” in current funding if summer credit hours are counted in the WSCH formula without additional funding.

**Figure 1. Summary of including summer WSCH in the formula ([HCM, p. 23](#)).**  
Counting summer credit hours would lead to minor shifts in current funding

Institution	Change in Share of WSCH if all Summer WSCH were Counted
UNLV	0.3%
UNR	-0.4%
NSU	0.0%
CSN	0.5%
GBC	-0.2%
TMCC	-0.2%
WNC	-0.1%

- Counting all summer credits would reallocate less than 0.5% of any institution's funds.
- If funded as an enhancement, the total cost would be approximately \$48 million.
- HCM Recommendation:** Include all WSCH in the formula regardless of term to remove the disincentive to offer summer courses. NSHE could request an enhancement but should pursue this policy with or without new funding.

However, HCM's characterization of the budget effects as minor does not survive scrutiny. Table 1 examines the consequences for each institution's funding.[1] A 5% to 6% decrease in funding at GBC and WNC is hardly a "minor shift." Neither are funding cuts of 2% to 3% for NSU, UNR, and TMCC. NFA believes that any change must be fully funded.

**Table 1. Summer WSCH without additional funding.**

Institution	Percentage Change in Share of Total WSCH (Systemwide)	Change in Total WSCH Funding	Percentage Change in Total WSCH Funding
UNLV	0.77%	\$3,873,296	2.0%
UNR	-0.69%	(\$3,504,870)	-2.7%
NSU	-0.11%	(\$557,363)	-1.9%
CSN	0.49%	\$2,499,682	2.7%
GBC	-0.13%	(\$681,850)	-5.0%
TMCC	-0.15%	(\$768,229)	-2.3%
WNC	-0.17%	(\$860,667)	-5.8%
Totals	0.00%	\$0	0.0%

## Other Consequences

The discussion of summer course funding has not addressed how various institutions use summer school revenue. Although community colleges appear to collect the revenue centrally, UNLV and UNR rebate a portion to academic departments as an incentive to offer courses. Units and departments use this revenue for faculty development, conference travel for faculty and graduate students, research support, and emergencies. If summer courses are brought into state-supported operating budgets without alternative funding for these activities, many of UNR's and UNLV's academic departments will face yet another budget crisis. Also, each university will risk support for research that contributes to R1 status.

In addition, faculty workloads will be required to support expanded summer course offerings. Given the difficulty of recruiting and retaining instructors, adding summer loads will be a big lift for some institutions and programs. Departments and units may have to compensate by proportionally reducing course loads for B-contract faculty during fall and spring semesters, which could lead to students finding reduced course offerings.

## Conclusion

As previously stated by NFA, a new formula that merely redistributes available funding will be a failure. If summer WSCHs are added to the distribution formula, they must be fully funded as an added appropriation at HCM's estimated cost of \$48 million per year.

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[1] We cannot reproduce HCM's percentages in Figure 1 using available public records, but the consequences using their percentages would be similar to those in Table 1. Our [full calculations are available](#) for review; corrections from authoritative sources are welcome.

## 4. Funding Student Support Services Based on Headcounts

A valid criticism of the current funding-distribution formula, which allocates state appropriations using resident Weighted Student Credit Hours (WSCHs), is that it does not account for students from diverse backgrounds and part-time students needing wrap-around services. Several of the presidents have proposed using headcounts instead of WSCHs to distribute funding. HCM Strategists, the committee's consultant, recommend using headcounts for only a portion of the formula.

In [part 2](#), we showed that a complete switch from WSCHs to a headcount distribution formula would have disastrous consequences for multiple institutions. In this article, we analyze cost estimates for student services based on advisor-to-student ratios and recommend that funding for student service expenditures be tied to a student headcount measure.

### Achieving a 350-to-1 Advisor-to-Student Ratio

NSHE's service standard for student services is one academic advisor or counselor per 350 students. Table 1 provides a cost estimate for funding that many advisors system-wide.

**Table 1. Estimated cost of academic advisors and counselors**

<i>Total Student Headcount (Fall 2023)</i>	107,000
<i>Advisors at 350-to-1 students-to-advisor</i>	305
<i>Compensation per advisor (\$56K average salary + 35% fringe + 11% FY2025 COLA)</i>	\$84,400
<b>Total Cost</b>	<b>\$25,700,000</b>

The total cost of about \$25.7 million represents 2.7% of the combined total budgets of the seven NSHE colleges and universities.

### Enhancement for At-Risk and Students: Closing the Achievement Gap

Another goal is to enhance funding for services to at-risk students, including underrepresented minorities (URM), Pell Grant recipients, first-generation students, English-language learners, and students needing disability accommodations. NSHE data indicate 63% of students or 67,000 are historically minoritized and 32,000 are Pell-grant recipients (data for the other categories are not readily available). The calculations in Table 2 show a cost of about \$18.5 million overall to provide additional advisors or other program staff to support these students at the same 350-to-1 ratio as regular academic advisors.

**Table 2. Estimated cost for additional support personnel for at-risk and underrepresented students (at a 350-to-1 student-to-staff ratio)**

Institution	Fall Headcount	Under-represented Minorities	Pell Grant Recipients	Estimated Combined URM/Pell*	Estimated Combined Headcount*	Additional Program Personnel (Headcount /350)	Cost @ \$84,400 per employee
UNLV	30660	-72%	40%	83%	25509	73	\$6,151,342
UNR	20945	46%	26%	60%	12575	36	\$3,032,463
NSU	7169	80%	24%	85%	6079	17	\$1,465,983
CSN	28901	73%	29%	81%	23361	67	\$5,633,261
GBC	3197	41%	18%	52%	1650	5	\$397,956
TMCC	9651	51%	18%	60%	5773	16	\$1,392,173
WNC	3582	41%	21%	53%	1912	5	\$461,169
Total	104105				76860	220	\$18,534,346
Sources: NSHE Enrollment Dashboard and IPEDS for 2021-2022. *Assumes Pell recipients at same percentage of underrepresented minorities as overall; probably overestimates combined headcount. Cost per employee based on current average of \$56K for NSHE academic advisors, plus 35% fringe and \$11% FY2025 COLA.							

## Student Services Expenditures

Funding advisors and support personnel is only a portion of student services. We can examine current expenditures attributed to Student Services for the colleges and universities. The NSHE Operating Budgets classify expenditures using [standardized functional categories](#). Table 3 shows percentage expenditures for the NSHE colleges and universities for 2021-2022. The overall expenditure for Student Services is 8.0% of the budget, varying from 5% for UNR to 14% for NSU. Student Services include not only academic advising, but a wide range of services and programs beyond classroom instruction including information technology.



**Table 3. 2021-2022 Expenditures by Functional Categories**

<b>FUNCTION</b>	<b>UNLV</b>	<b>UNR</b>	<b>NSU</b>	<b>CSN</b>	<b>GBC</b>	<b>TMCC</b>	<b>WNC</b>	<b>Total</b>
<b>Instruction</b>	54.1%	49.9%	43.6%	54.6%	50.7%	50.3%	42.9%	51.9%
<b>Institutional Support</b>	8.8%	14.3%	20.1%	12.1%	12.2%	16.5%	24.1%	12.4%
<b>Operations &amp; Maintenance</b>	11.0%	12.7%	12.6%	12.5%	13.5%	11.3%	11.7%	11.9%
<b>Academic Support</b>	15.3%	10.3%	9.2%	7.2%	12.6%	8.3%	7.3%	11.5%
<b>Student Services</b>	6.3%	5.0%	13.7%	12.9%	11.0%	12.2%	12.2%	8.0%
<b>Scholarships</b>	3.7%	4.4%	1.4%	1.4%	0.7%	2.4%	1.7%	3.2%
<b>Research</b>	1.7%	1.2%						1.0%
<b>Public Service</b>	0.2%	0.0%		0.1%				0.1%
<b>Reserves</b>	-1.0%	2.3%	-0.6%	-0.8%	-0.6%	-0.8%		0.1%
<b>TOTAL</b>	100%	100%	100%	100%	100%	100%	100%	100%

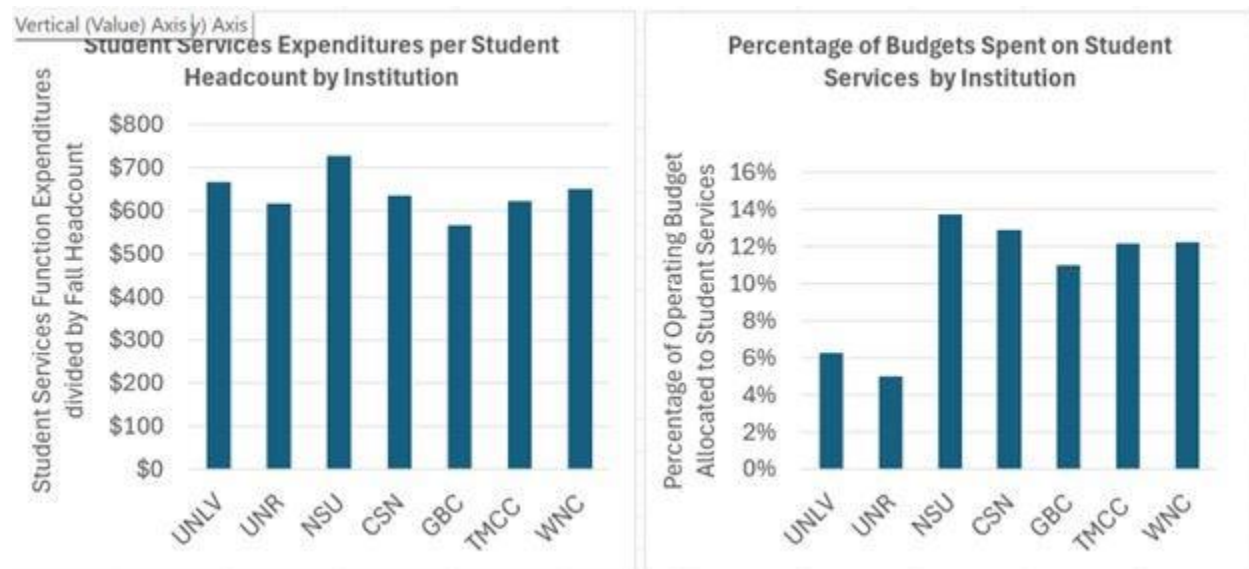
Table 4 is a correlation analysis showing that institutional expenditures for Instruction, Academic Support, and Operations & Maintenance are most highly correlated with Weighted Student Credit Hours. In contrast, expenditures for Student Services are most highly correlated with Total Fall Headcounts. Thus, the institutions are already allocating resources to serve students outside of the classroom in proportion to headcounts. The left side of Figure 1 shows that institutions are spending similar amounts on Student Services per student (\$644 overall). The right side shows, in contrast, that the two comprehensive universities spend a much smaller portion of their budgets (5 to 6%) on Student Services than do NSU and the community colleges (11 to 14%).



**Table 4. Correlation Analysis of 2021-2022 Institutional Expenditures in Major Functional Categories**

Metric	Institutional Budget by Function				
	Instruction	Operations & Maintenance	Academic Support	Student Services	Institutional Support
Total Headcount Fall 2021	0.873	0.859	0.751	0.998	0.785
Resident Headcount 2021-2022 (unduplicated)	0.770	0.747	0.636	0.980	0.662
WSCH 2021-2022	0.998	0.981	0.967	0.889	0.908
AAFTE 2021-2022	0.978	0.968	0.901	0.957	0.902
Maintained Square Footage	0.947	0.977	0.887	0.740	0.980
Values indicate how institutional allocations of resources to various functions are correlated with each metric. A value of 1.00 means perfectly correlated; zero means uncorrelated. All of the metrics are related to size and therefore are highly correlated with each other. Small differences may not be significant. The top correlations for each budget function are highlighted.					

**Figure 1. Student Services Expenditures by Institution**



As discussed in [Part 2](#), a complete switch for the distribution formula from Weighted Student Credit Hours to headcounts would result in huge disruptions of funding. However, distribution by headcounts for up to the current 8% of expenditures for Student Services would be reasonable and would account for a variety of support services and technology infrastructure.

## Recommendations

NFA recommends that Student Services expenditures (approximately 8% of the formula-funded budgets overall) be carved out from the resident WSCH distribution formula individually for each institution and that those amounts be distributed using an average of Fall and Spring resident headcounts. In future budgets, these headcount allocations should be updated through caseload maintenance items in the state budget process, plus an adjustment inflation. Because current Student Services expenditures

are highly correlated with headcounts, this change would not cause a major disruption in funding, but it would allow for growth in services to students based on headcounts rather than student credit hours, accounting for part-time students who predominate at the community colleges.

Additionally, the headcounts should be enhanced for underrepresented minority, Pell recipients, and other identifiable at-risk or underserved students (without double counting individual students) by a factor sufficient to fund an additional counselor or other program officer per 350 of those students (roughly 0.25 to 0.30). Because the current formula does not account for these students in any way, this funding should be implemented as an enhancement. Once funded and implemented, the enhancement of headcounts for at-risk students acts as a performance factor—recruiting and retaining those students would boost future funding.

NFA also recommends that all reporting by the institutions of student credit hours, headcounts, and other factors that go into the funding formula should be audited regularly. The formula should provide incentives to serve students, not incentives for creative accounting.

## **5. A Separate Formula for the Community Colleges using Headcounts Could Decimate the Rural Colleges**

Several presidents and members of the Committee have recommended establishing separate formulas for different institution types to account for their different missions and student demographics. HCM Strategists, the Committee's consultant, has advised against that, stating that there are too few institutions for multiple formulas to be practical and that the Weighted Student Credit Hours (WSCHs) formula can provide sufficient differentiation by mission.

A simple two-formula system has been suggested to maintain the WSCH formula funding for the three universities but switch the four community colleges to a headcount formula. Table 1 shows how that system would affect the community colleges. With no additional funding or hold-harmless provisions, CSN's budget would increase by 8%, but the other three colleges would have their funding reduced by 4% for TMCC, 9% for GBC, and 33% for WNC. The smaller and rural community colleges would be significantly harmed. Such a change should not be contemplated, at least not without long-term hold-harmless funding for the smaller institutions.

As recommended in part 4, a less radical and more practical solution would be to shift funding for Student Services expenses, about 8% of the budget overall, to a headcount formula but keep the student credit hour formula to fund instruction and related academic support. A credit-hour formula, weighted or not, more accurately represents the costs of instruction than do headcounts, but student support costs are better correlated with headcounts.

Update: HCM Strategists has recommended using student headcounts for 40% of the funding formula. That would lessen the impacts to about 40% of the Change values in Table 1, which still results in major funding losses for three of the community colleges under the separate-formula scenario.

Table 1. Comparison of WSCH and headcount formulas for CSN, GBC, TMCC, & WNC

College	WSCH	Share of WSCH	Formula Appropriation (millions)	Funding Per WSCH	Headcount	Share of Headcount	Headcount Formula Funding	Funding Per Head	Change (millions)	Change (%)
CSN	564061	60.1%	\$97.0	\$172.01	33546	64.6%	\$104	\$3,127	\$7.9	8.1%
GBC	81614	8.7%	\$14.6	\$179.50	4279	8.2%	\$13.4	\$3,127	(\$1.3)	-8.7%
TMCC	204001	21.7%	\$35.0	\$171.76	10754	20.7%	\$33.6	\$3,127	(\$1.4)	-4.0%
WNC	89534	9.5%	\$15.6	\$174.65	3333	6.4%	\$10.4	\$3,127	(\$5.2)	-33.3%
Totals	939210	100%	\$162.3		51912	100%	\$162.3	\$3,127	\$0	0%

Sources: NSHE and LCB public reports. WSCH and Unduplicated Resident Headcount for the 2021-2022 count year. Formula appropriation is from the General Fund for FY2024 before COLAs and enrollment recovery funding.

## 6. Reimagining the Formula: A Win-Win for Students and Institutions, not Winners and Losers

The recommendations here from the Nevada Faculty Alliance are presented in good faith as ways to improve the funding formula and meet achievable goals. We appreciate the Committee's difficult task and hard work. Our shared concerns are in serving students across the state, especially those in underserved areas.

One of our actionable solutions begins with analyzing the current NSHE funding formula. Because it is only a distribution formula an institution can meet all of its performance goals and still experience a budget decrease because other institutions had larger enrollment growth. Any new formula that merely redistributes existing funds will produce winners and losers (as described in Part 2) and fail for Nevada's students.

Chair Hardesty and Vice Chair Charleton have emphasized the Committee's charge is to develop a new formula without new funding. Committee members have advocated for additional funds to fairly implement formula changes. As shown in Part 3, including summer course credits in the Weighted Student Credit Hour (WSCH) formula without additional funds would result in significant budget cuts for five of the seven institutions.

### Reimagining the Formula as a Funding Formula

Budgets for the seven NSHE colleges and universities are currently developed through the state budget process, starting with the base-year budget and making various maintenance adjustments including caseload. At the end of the process, the total appropriation for the seven institutions is redistributed according to their WSCHs. That is backward and it leads to constant competition among the colleges and universities.

A true funding formula would determine the cost of providing higher education per WSCH (or other chosen metrics), then budget that amount multiplied by the WSCHs. The existing dollar value per WSCH should be adjusted for inflation according to the [Higher Education Price Index](#) (HEPI). Then that value multiplied by each institution's WSCHs would be the institution's new base budget. The detailed budget (including cost-of-living adjustments) for each institution would be developed with the formula funding totals. **Using WSCHs as the starting point for budgeting would prevent a redistribution or competition between institutions.**

If the state provides insufficient funds to fully fund the formula, the only alternative is to reduce the appropriation per WSCH across the board by the same percentage and then raise student fees or cut services to compensate. That's the reality regardless of which formula is established.

In case another sudden drop in enrollment were to occur, as happened during the pandemic, the best of the past two years of the WSCHs should be used to provide time for recovery or adjustment. (A three-year average has been proposed, but that still counts even and odd years differently with a biennial budget and increases the lag

between count and budget years.) Ideally, projected enrollments would be used, but further study would be needed to find a feasible and accurate projection method.

### **Funding Student Services**

In Part 4, we recommended shifting funding for existing Student Services expenditures from the WSCH to a headcount to reflect the costs of providing student services beyond the classroom. To implement that in a revenue-neutral way, each institution's current student services expenditures would be carved out of their WSCH allocation (8% overall but varying from 5% to 14%). The total amount would then be redistributed according to the average of fall and spring student headcounts, resulting in an initial minor funding shift. For future budgets, the total student service funding would be divided by the total headcounts to obtain the dollar value per headcount. That value would be increased by HEPI inflation to set the budget based on each institution's new headcount.

### **Funding Enhancements**

**The Committee cannot appropriate funds, but it can recommend additional changes in the formula be contingent upon full funding. These should include:**

Adding all summer course credits to the WSCH formula, with an appropriation to cover the full cost. Unintended consequences of including summer credits without additional funding are discussed in Part 3. If all summer school courses convert to regular WSCH funding in the state-supported operating budget, then UNR's and UNLV's academic departments must receive equivalent funding levels to support their research missions.

Enhancing the headcount formula to fund additional wrap-around services for at-risk and underserved students, counting them at 1.25 to 1.30, with an appropriation to cover the full cost. The categories of at-risk students should include Pell-grant recipients, underrepresented and first-generation students, English-language learners, and students needing disability accommodations. Details can be found in Part 4.

An adjustment to the weighting in the WSCH formula for Nursing and possibly other critical needs. Again, weight enhancements must be fully funded to avoid robbing one institution to pay another. The Committee should also recommend a regular procedure to update the level and discipline weights in the WSCHs. They should be revised every four to six years to keep up with changes in the cost of instruction and the state's critical economic areas.

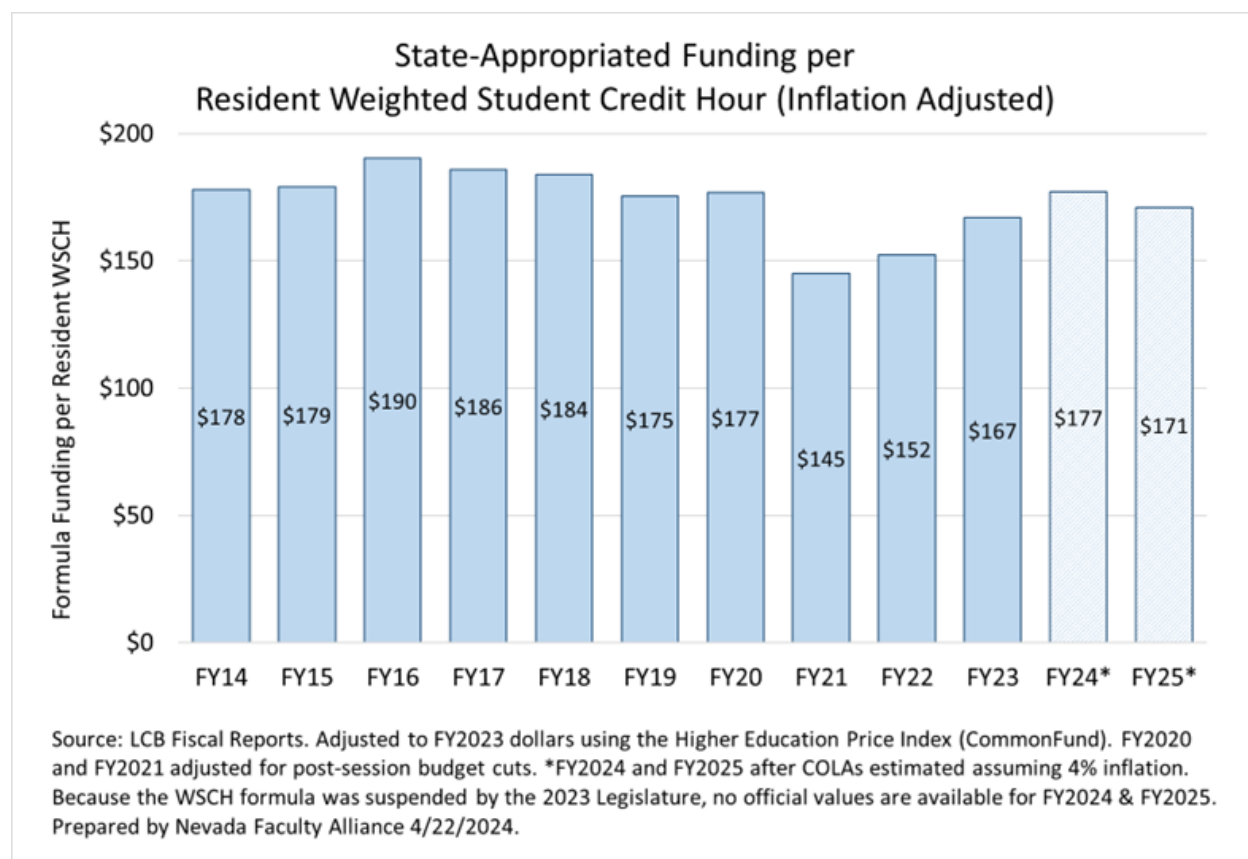
Without full funding for these enhancements, smaller institutions would face severe budget cuts because existing funds would be redistributed to larger institutions. Recommending formula enhancements contingent upon funding would provide a path to future budget requests.

### **Inflation Adjustments**

NSHE already has a policy to raise student registration fees according to HEPI, and state funding should keep up. A funding formula that is not adjusted for inflation results

in cuts that prevent our ability to serve students and compensate faculty and staff fairly and competitively. The [HEPI by Commonfund](#) is a reasonable national measure of inflation in the higher education sector. For each biennial budget, the WSCHs or headcounts should be adjusted for the most recent two years of HEPI inflation.

Indexing the WSCH dollar value for inflation is not a major change from actual practice. For all the biennial budget requests and supposed enhancements since the current formula was established, the following figure shows that the appropriation per WSCH adjusted for inflation has been mostly flat since 2014, but declined after the pandemic and has not fully recovered.



If (and only if) the formula funding for NSHE is indexed for inflation, then the mechanism for funding COLAs for NSHE employees could be reconsidered for the formula-funded NSHE budgets. COLAs in line with the HEPI could be accommodated within the formula. Catch-up increases for competitive compensation require additional state funding, however.

### Outcomes-Based Funding

We recommend eliminating the current performance pool as a carve-out from base funding. Any outcomes-based funding should be additions to the base budgets. Our recommended enhancement to the headcount formula for at-risk and underserved students provides outcomes-based funding, applied to about 8% of the budget (versus

the 20% carve-out in the current performance pool). Institutions that recruit and retain those students would receive a funding boost based on their headcounts but without competing against other institutions for a fixed allocation or being threatened with a reduced budget for not meeting targets, as with the current performance pool. Headcount values could also include student-centric performance metrics for retention, progression, and completion. If a larger percentage of the formula is allocated to headcounts to enhance student support services (such as disability resources or mental health), it should be phased in with hold-harmless funding.

Other performance goals could be rewarded in a similar manner. For example, WSCH values could receive a bonus for efficiency measured by the number of degrees and certificates awarded per credit hour; that would prevent a reduction in funding if an institution graduates its students more quickly. All outcomes incentives must be additional funds that do not make institutions compete or put base funding at risk. No performance funding should risk base funding using metrics that track the total number of students, directly or indirectly. The WSCHs and headcounts already account for enrollment. Instead, institutions should be rewarded for increasing efficiency or reaching a higher proportion of a target population.

### **Audits**

For full transparency and to promote trust between NSHE and the Legislature, all institutional reporting of formula factors (e.g., WSCHs and headcounts) should be audited regularly. The formula should incentivize services to students, not creative accounting.



**From:** NSHE <[wp\\_administrators@nshe.nevada.edu](mailto:wp_administrators@nshe.nevada.edu)>

**Sent:** Wednesday, May 29, 2024 1:29 PM

**To:** HEFC Public Comment <[hefc\\_pc@nshe.nevada.edu](mailto:hefc_pc@nshe.nevada.edu)>

**Subject:** Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

## Public comment submitted through NSHE Online form

### Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

**Email:** [kent.ervin@nevadafacultyalliance.org](mailto:kent.ervin@nevadafacultyalliance.org)

**Name:** Kent Ervin

**Address:**

**Phone Number:**

**Representing someone other than yourself?:** Nevada Faculty Alliance

**Meeting:** Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

**Agenda Item:** General Public Comment

**In Favor / Opposed / Other:** No Position stated – Concerned or Neutral

**Comment:**

We thank committee members for your service to higher education and careful consideration of the recommendations from the institutions, consultants, students, and faculty.

Under separate cover, we have submitted detailed analyses of various recommendations that have been discussed at meetings of the Committee, along with recommendations of the Nevada Faculty Alliance to reimagine the formula as a true funding formula rather than a distribution formula with institutions competing against each other for a fixed total appropriation, creating winners and losers.

The recommendations from NFA are presented in good faith as ways to improve the funding formula and meet achievable goals. We appreciate the Committee's difficult task and hard work. Our shared concerns are in serving students across the state, especially currently underserved students.

Any changes to the funding formula that merely redistributes existing funds will create winners

and losers among the colleges and universities. and will fail to improve higher education for all students. Total funding per student full-time-equivalent in Nevada ranks at the very bottom of the 50 states according to the FY2023 State Higher Education Funding report. All of the institutions are underfunded. The perceived disparities in funding among NSHE colleges and universities should be corrected by bringing up the most underfunded through funded enhancements to the formula, not by taking funds away from others. At the minimum, any recommended changes to the formula that have negative impacts to some institutions should be contingent upon hold-harmless funding.

The Committee cannot appropriate funds, but it can recommend changes in the formula be contingent upon full funding.

Thank you for your attention and consideration.

**Agreed that all the information above is true and accurate:** Yes

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(<https://nshe.nevada.edu>)

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**From:** NSHE <wp\_administrators@nshe.nevada.edu>

**Sent:** Tuesday, May 28, 2024 1:11 PM

**To:** HEFC Public Comment <hefc\_pc@nshe.nevada.edu>

**Subject:** Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

## Public comment submitted through NSHE Online form

### Public Comment for Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

Email: [doug.unger@nevadafacultyalliance.org](mailto:doug.unger@nevadafacultyalliance.org)

**Name:** Doug Unger

**Address:** Dept. of English, UNLV – 4505 S. Maryland Parkway, Las Vegas, NV 89154-5011

**Phone Number:** 702-373-8853

**Representing someone other than yourself?:** UNLV Chapter – Nevada Faculty Alliance

**Meeting:** Meeting of the ad hoc Committee on Higher Education Funding on May 30, 2024

**Agenda Item:** General Public Comment – Response to HCM Recommendations

**In Favor / Opposed / Other:** In Opposition

**Comment:**

Doug Unger, Nevada Faculty Alliance:

Regarding final recommendations of the HCM report, to repeat a metaphor used previously with the Committee, to suggest a distribution formula with a 40% “student based” headcount really is like chopping a cabbage with an axe. Some institutions would be delivered non-digestible large chunks while our R1 universities would be on cut rations. This would be too much of a shock to the system. I suggest a more moderate, more nuanced transition, as follows:

A: Eliminate the Performance Pool funding and replace that 20% with headcount-based allocations; and to be more precise (slicing as with a scalpel) designate 8% to 10% to student-based funding targeted at expanding student support services. I suggest weighting these student-based allocations not only for two but for four categories of students by adding a quarter-point value for each: for Pell grant, Underserved Minority, First Generation, and Disability Resource students. Compound by an additional quarter point for students who overlap categories: for example, Pell Grant and UMS = 1.50; UMS, DRC, & First Gen = 1.75; single category = 1.25 (etc.). Weighting headcounts this way would better reflect the added investments our institutions need better to assure these students succeed. The remaining 10% to 12% then might be allocated as suggested by the HCM consultants. Cutting the 40% down to 20% and so nuancing student-based funding should result in more manageable budget impacts.

B: Regarding HCM’s suggestion to transition Summer School courses to Weighted Hours and/or include them in the distribution formula will result in drastic changes to the “soft” or non-state revenue that supports research and resources at department and unit levels of our R1 universities. Unless compensatory funding is found, this change could severely

negatively impact resources such as lab set-ups and R & D funding, also graduate student research and programs. Thank you for your consideration.

**Agreed that all the information above is true and accurate:** Yes

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