

**NEVADA SYSTEM OF HIGHER EDUCATION (NSHE)
2005 LEGISLATIVE SESSION
BUDGET REPORT**

June 8, 2005

CAPITAL BUDGET - The Governor signed the Capital Improvement Bill (Senate Bill 524) that includes an unprecedented budget of \$256.6 million for new buildings for Nevada's higher education institutions financed through a combination of state funds, General Obligation Bonds, estate tax, and institutional funds. A complete schedule of the approved projects follows, and includes the completion of NSC's first building, a new classroom facility for CCSN's West Charleston Campus, the first phase of the automotive technology building at CCSN, a Computer Automated Virtual Environmental (CAVE) facility at DRI, the Greenspun building and expansion at UNLV, the long awaited UNLV Student Services building and the Math and Science Center for UNR.

- **Revenue Bond Authority** - The Governor signed Assembly Bill 534, a NSHE-sponsored measure which increases the authorized maximum amount of revenue bonds for the System. In addition to significantly higher limits at UNR and UNLV, the bill provided bonding authority for the first time for CCSN, and WNCC. The additional authority will allow revenue bonds to be issued to finance parking facilities at CCSN, a residence hall at WNCC, and numerous capital projects at the two universities. A combination of user fees and student fees will provide the revenue stream to pay the debt on the new facilities.
- **Nevada Cancer Institute of Nevada (NVCi)** – While not a part of the Regent-approved priorities for capital projects, the Legislature approved and the Governor signed measures to finance \$20.15 million for the Nevada Cancer Institute, the official cancer institute of the State of Nevada with which the University of Nevada School of Medicine has an Affiliation Agreement relating to faculty and research. Appropriations included \$10.00 million to construct a building on the UNR campus which would be shared among the UNSOM, the NVCi and the Whittemore Family sponsored Center for Excellence. The facility, which may be coupled with a larger facility funded through the retention of indirect cost recovery dollars, will be used to expand research, treatment, education, and teaching opportunities in Nevada. In addition, the NVCi was appropriated \$10.0 million in start-up research expenditures and \$150,000 to conduct a pain study. These latter funds are solely for the NVCi but may have some benefit to the UNSOM through its affiliation Agreement.

OPERATING BUDGET - The major budget bills that include the NSHE 2006-2007 biennial budget (Appropriations Act – Assembly Bill 576, and Authorizations Act – Senate Bill 522, and the Pay Bill – Assembly Bill 577) have also been signed by the Governor. As a result, the state-supported budget for the NSHE includes the following elements:

- **Formula Funding Level & Student Enrollments** – The Legislature chose to apply the Governor's recommendation for the percentage of formula funding, and approved the formula-driven budgets with 2005 enrollments at 84.40% of formula costs for FY 06 and 84.50% for FY 07. The actual 2005 student FTE enrollments were 2,068 lower than the Governor's recommendation in FY 06 and 2,940 lower in FY 07. I would be remiss if I did not say that the failure to have any of these funds appropriated to the System was a major disappointment. We fought to retain the Governor's recommended dollar level of funding and the Governor supported this request. In the end, we simply did not prevail on this item.
- **Base & Maintenance** - The Governor's recommendations for the adjusted base budget and maintenance items were approved, and include inflation, new/lease space, energy conservation measures, a community college salary adjustment, graduate assistant health insurance, the athletics

recharge mechanism at UNR, the professional school recharge mechanism at UNLV pursuant to a 2003 Letter of Intent, law school enrollments, new academic leases at UNLV, the Lou Ruvo Center for Alzheimer's and Brain Aging, fringe benefit adjustments, salary increases for UNLV dispatchers, and implementing the FICA Alternative Plan for part-time, seasonal, and temporary employees in accordance with the guidelines established by the State's Deferred Compensation Committee.

- **Budget Adjustments** –

- Approved institutional appeals totaling \$7.12 million to the Governor's recommendation, which offset reductions for technical corrections (-\$5.16 million) and revenue adjustments (-\$2.19 million). Appeals included funding the "hold harmless" provision for GBC and new/leased space adjustments for UNR, UNLV, and NSC.
- Added direct appropriations frozen at the FY 06-level to support athletic fee waivers for the universities; denied the concept of fee waivers for the community colleges.
- Reduced by \$.55 million the pool of professional merit by excluding topped out administrative salaries.

- **State Funding for New Initiatives / Unfunded Priorities** –

- Increased by 2% in FY 07 the Governor's recommendation for COLA, resulting in a 2% COLA in FY 06 and a 4% COLA in FY 07 for both professional and classified employees; provide for the addition of a 10th step for classified employees (Assembly Bill 577).
- Included \$1.01 million in the base budget for the 30-year old Weather Modification (Cloud Seeding) Program at DRI.
- Included \$.74 million in the base to accommodate a 2-grade increase for University Police Officers.
- Included \$10.5 million for on-going technology, nursing capacity expansions, and other health-related initiatives at the UNSOM.
- Replenished by \$50,000 the trust fund allowing the financing of higher education for children of slain law enforcement officers (Senate Bill 1, 22nd Special Session).
- Continued operational support for the Pediatric Dental Residency Program in the amount of \$300,000 (Senate Bill 1, 22nd Special Session).
- Created the Basque Genealogy Center at UNR with a \$250,000 appropriation to establish a biographical database, a publications series, and form a group of experts in the field (Senate Bill 1, 22nd Special Session).
- Provided \$1.0 million to DRI to purchase equipment and services necessary to analyze groundwater yields in arid basins (Senate Bill 1, 22nd Special Session).
- Provided \$300,000 to UNLV's Women's Research Institute of Nevada to support employees and operational costs (Assembly Bill 580).

- Approved a \$4.0 million appropriation to the Interim Finance Committee for distribution to the UNR's School of Medicine to pay for architectural and engineering expenses of an organ transplant center located in Clark County (Assembly Bill 580).

- **Policy Changes Affecting NSHE Budgets** -

- Approved 100% retention of the Indirect Cost Recovery revenues for NSHE institutions.
- Revised residency requirements to conform to the western states standard for a 12-month timeframe (Senate Bill 32).
- Eliminated the sunset provision for National Guard Fee Waivers (Senate Bill 78).
- Approved the ability to balance forward unexpended state funds for committed research grants (Assembly Bill 576).
- Established a nursing ratio for community colleges through modification to the existing funding formula, which will generate additional funds to support each institution's effort to comply with the State Board of Nursing's clinical staffing requirements.
- Established for 3 biennia a formula-driven salary equity pool for CCSN.
- Transferred remedial education from universities to the community colleges.

- **Letters of Intent** – As part of the budget closing actions, the Legislature approved Letters of Intent advising the NSHE to:

- Reserve for reversion the savings accrued through the implementation of the FICA Alternative Plan.
- Maintain the current percentage allocation of Student Fee revenues to the State-supported operating budget.
- Retain 100% of the indirect cost in future biennia, despite the funding replacement shortfall in FY 06-07.