



**James E. Rogers,
Chancellor**

Nevada System of Higher Education

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MEMORANDUM

DATE: July 7, 2008

TO: NSHE Board of Regents

FROM: James E. Rogers, Chancellor

CC: NSHE Presidents

RE: THE REALITY NOW – NSHE BUDGET CUTS SET IN

Yesterday's fear of looming budget cuts is now a reality that will have serious repercussions for years to come. The Nevada System of Higher Education has been forced to cut its already lean campus budgets in ways that have a direct, negative and severe impact on its students. The System must now attempt to deal with the new reality of reducing course offerings and creating overcrowded classrooms. Students will take longer to graduate and many will not graduate at all. I am frustrated, enraged and totally disappointed that Nevada's leadership simply keeps score rather than trying to develop solutions to our problems. The governor asserts that people come up to him on the street and thank him for not considering raising taxes. I would suggest that those people, along with many other Nevadans, are those who care nothing about the state, its future, or anything other than their own pocketbook. I am not persuaded that thinking and caring people do not want a higher education that is at least adequate. There has been a lot of rhetoric over the past year, much of it from me. Now, the rhetoric has turned into reality and I want you all to know the early consequences and severe impacts of these budget reductions that we can identify even at this early stage.

No campus is suffering more than any other campus in this budget crisis and no campus is exempt. EVERY NSHE institution has been impacted by this dire situation as each is now compelled by rigid leadership to make the difficult and heart-wrenching decisions to cut services and programs in the current biennium. Each of the eight institutions must now face even deeper and damaging cuts in the 2009-2011 biennium. The System's future performance in terms of its inevitable decline in its graduation rate is now assured.

The intellectual beacon of the Governor Kenny Guinn Millennium Scholarship has also suffered. As you are aware, the passage of Assembly Concurrent Resolution 2 (Chapter 2, *Statutes of Nevada 24th Special Session*) eliminated the \$7.6 million transfer from the Abandoned Property Trust Account to the Millennium Scholarship Trust fund for FY 2008-09. I will be the first to concede that prior to this elimination of real dollars, the program was eroding in terms of its real and perceived value to students. I fear the small crack in the foundation of this program, a

program intended to increase the number of Nevada students attending NSHE institutions, is growing to Grand Canyon proportions as the program further erodes with fewer dollars. The positive impact this program has had on retaining Nevada's best students is undeniable and substantial. The loss of one of the few highly visible tools available to NSHE institutions in recruiting Nevada students is but one example of the desperate situation our campuses now face.

Today's unfortunate reality is that the reduction in dollars to the Millennium Scholarship described above is but a drop in the bucket compared to the \$80 to \$100 million that must be cut from the entire budget of the NSHE in the 2009-2011 biennium. The System has lost critical administrative and faculty positions, funds for day-to-day operations, has reduced the number of course sections offered, and has reduced significant advisory services to students. Following are specific examples of the impact budget reductions have ALREADY had on the campuses:

University of Nevada, Las Vegas

The University of Nevada, Las Vegas most recently issued 28 notices of non-reappointment for a total of 98 for the 2007-2008 academic year, and UNLV reduced its part-time instructor expenditures by 20 percent. Approximately 500 fewer class sections will be offered in the 2008-2009 academic year. Student support in admissions, registration, and financial aid offices, and counseling and advising, will operate at significantly lower levels. Computers will not be replaced and wherever possible maintenance and repairs of facilities will be deferred. The university has even cut janitorial services so the facilities will no longer be cleaned on a daily basis.

University of Nevada, Reno

Last week, the University of Nevada, Reno issued 36 notices of non-renewal (NNR) to administrative and academic faculty effective July 1, 2009. These most recent NNRs were given now in response to the planning target of 14% reduction for the 2009-11 biennium and the fact that Board policy requires 12 months notice PRIOR to July 1 for this class of employees. All told, the university issued a total of 78 NNRs during fiscal 2008, 36 in anticipation of the budget reduction and the remainder due to performance or loss of external funding. We have attempted to protect the academic units at the expense of other units but some important functions that have been noted widely include downsizing, eliminating, or restructuring the Center for Excellence in Teaching, VP and Office of Marketing and Communications, marching band, Oral History, Career Counseling, and many others. In an effort to avoid broader reductions in force, the university is increasing its efforts to find savings in energy consumption and other areas of potential cost savings. The university will also offer a "buy-out" program for selected faculty and staff positions as a means of increasing savings.

The university is continuing a strategic hiring freeze in place for the previous fiscal year and has identified approximately 70 vacant faculty and administrative positions for possible elimination. Many of these positions are part of core instructional disciplines such as English, Mathematics, Biology, Chemistry, Nursing and Journalism. Losing these positions will dramatically impact our ability to provide sufficient number of classes for Fall 2009. Eliminating all 70 positions, something we could not do, would generate approximately \$8.8 million; less than 1/3 of the amount needed to meet the 14% reduction target. In addition, the provost has directed each dean to begin planning for significant reductions to their departmental budgets. Implementation of these plans will seriously erode the depth and breadth of the institution and compromise its

ability to serve the needs of our students and the state. The provost and academic leadership council are beginning the difficult task of evaluating options with respect to each academic program including assessing the possibility of alternative funding sources, downsizing and phase out. These processes require full consultation with the faculty and others.

Nevada State College

At Nevada State College, currently 25 percent of the teaching and administrative positions across the institution are vacant, most of which will remain vacant to meet the required budget reductions. These vacancies have translated into the closure of four academic and faculty support centers including the Community-Based Learning Office, the Office of Teaching and Learning Excellence, the Applied Science Office, and the Fine Arts Office. Eight notices of non-reappointment have been issued for administrative as well as teaching positions.

College of Southern Nevada

The College of Southern Nevada will eliminate 20 administrative positions in the current biennium and an additional 38 positions in preparation for anticipated cuts in the 2009-2011 biennium. Additional operating reductions will substantially reduce laboratory materials, supplies and library resources. Hours for computer labs, libraries, and other campus facilities will also be limited. Course sections will be cut, creating crowded classrooms which will further impact the quality of the school's product and image.

As CSN is the System's largest institution, affecting the greatest number of students, especially minorities, closing its centers in Boulder City Center, Downtown Learning Center, A.D. Guy Center, Lincoln County Center, Moapa Valley Center, and Sahara West, will go to the very core of education in Southern Nevada. These closures will translate into the college permanently retreating from its mission of open access. Additionally, CSN, which today serves four counties, will only serve Clark County when the cuts are complete.

Great Basin College

Twelve full-time and three part-time positions must remain unfilled this year. These vacancies translate into fewer course offerings, crowded classrooms for those remaining courses, reduced library hours, and reduced services in areas of student retention and mentoring. Reductions in certain areas such as student services will mean delays in processing financial aid packages and delays in providing student advice and mentoring services. Reductions in institutional support will create delays in payments to vendors, employees, and students who require financial aid.

Truckee Meadows Community College

Truckee Meadows Community College eliminated 27 positions and has 46 vacant positions that will remain unfilled indefinitely. These vacancies cut across the board of administration, faculty and classified staff, but all impact services to students. If operating budgets are slashed, student wages and available work positions will be curtailed and in some cases eliminated.

Student retention, progress and success will suffer. There will be fewer courses available in English, math, sciences and allied health. This will immediately decrease the transfer of students to the System's four year institutions. With limitations in outreach, recruitment and financial aid, a decrease in enrollment will be inevitable.

Western Nevada College

Western Nevada College has 35 vacant positions (14 percent of the college's full-time workforce) that will remain unfilled to meet budget reductions. This will cause reduced service to students, including outreach and counseling services. Distance education will be reduced as the personnel will not be available. As the price of a gallon of gasoline approaches \$5 per gallon, students are more and more seeking distance education opportunities.

The Surgical Technology program is now at risk. The accredited one-year certificate program has prepared more than 50 students to be operating room assistants in area hospitals, clinics, physician offices and same-day surgery centers. Enrollment in the program will be deferred for the 2008-09 academic year because of the budget cuts. The college made it a priority to expand its registered nursing program to more than 100 students. In 2008 the number will be reduced by approximately 10 percent because of budget reductions. More than 77 qualified applicants have been denied admission for Fall 2009.

Desert Research Institute

To meet the 2008 governor's mandatory state funding reductions, DRI reverted \$364,000 in general fund dollars from the CRVB (Cave Building) construction funds. Specific areas in the project targeted for reduction include reduced landscaping for the courtyard and funding for an access grid node in the new building. Because DRI lives on the grants and contracts that it generates, gutting the heart of the DRI Northern Campus severely impedes DRI's fundraising ability.

To meet the additional cuts for FY 2009, DRI will not fill key administrative support positions, will return its state-provided critical equipment-purchase funds, and will return operation and maintenance dollars. As DRI already is understaffed in key areas, distributing the workloads of these unfilled positions to existing positions will be impossible. Therefore the projects will be abandoned. The loss of equipment-purchase funds will also obliterate programs that bring substantial outside support to DRI. The state lawmakers must remember that DRI has limited state support and returns more than four dollars in matched funds for every dollar it receives from the State, making the cuts it receives magnified even more.

Conclusion

How many times in our lives have we taken comfort in finding that the advice we gave someone turned out to be good advice and that not having followed our advice, disaster struck the person we advised. How many times have we all said, "I told you so. I told you so." I will take no comfort in saying "I told you so" when Nevada's higher education system is dealt a financial blow from which it will never recover. The leaders of this state have long failed to fill the longstanding financial deficit of higher education. My four years as Chancellor have taught me that academia is different from ordinary business in that "efficient production" in academia and "efficient production" in the business world are not measured by all the same standards. In spite

of those differences, I have found that if “efficient production” is the standard by which all ventures are measured to determine success, then Nevada’s system of higher education is efficient and productive. In my 45 years in the practice of law and in the operation of several businesses, including banks, whose success is measured solely by profit, my considered judgment is that contrary to the opinion of naysayers, the Nevada System of Higher Education is very “efficient and productive.” The naysayers too often forget that one of the primary goals of a quality higher education system is to develop “first-class cultures,” in addition to preparing its graduating students to add real financial value to their economies.

In spite of the difference between the broad purposes of education and the limited goals of business, there are certain indisputable and absolute rules that affect them both. The most basic is that each must be adequately supplied with resources to support the development and success of their projects, whatever those projects might be. I am sure the fiscal conservatives will agree, especially those who have been involved in either operating a business or advising a business, that 80 percent of all businesses fail, not because the owners did not work hard enough, were not intelligent enough, or were not creative enough. Businesses fail most of the time because they were undercapitalized. The accountants and business advisors in the Legislature would agree that under-financing any business endeavor is a sure road to bankruptcy.

Why is education different? Why is it believed that there is little relationship between financial investment in education and intellectual results? I have always believed that the most certain predictor of academic success is financial investment. All of the great universities, both public and private, are highly funded, whether they be public universities like the University of California, Berkeley, University of Michigan, University of Virginia, or private institutions like Princeton, Harvard, or Yale. They have all created academic excellence because they had the financial resources to do so.

I am reminded by Pete Likins, former president of the University of Arizona, that “No state legislature ever built a great university. State legislatures only build adequate higher education systems. It requires the private sector to build a great university.” While Dr. Likins’ statement is absolutely true, as proven by the Berkeleys, Michigans, and Virginias where private funds have made these schools world-class, it remains an incontrovertible fact that if the state does not provide “adequate” funding, that is at least average nation-wide funding for public universities, the private sector will not step forward to invest its money to raise the caliber of state universities to “world class” universities.

Nevada has NEVER “adequately funded” its higher education system. It is not that Nevada was among the top 20 in funding and has fallen to a funding level where its higher education is far from adequate. It is a fact that funding for the higher education system of Nevada has never been adequate. The problems this Legislature and this Governor face are not new. These same problems have faced this state for the last 50 years. But the problem has never taken on the severity we face now. The severity of the problem now is that this higher education system may be so crippled by its lack of funding that it will never, and I mean never, be able to recover and compete with any other university system in the United States.

The frustration I feel and the disappointment I have in the state’s failure not only to recognize the inadequate funding problem, but in the state’s REFUSAL to do anything to solve it, makes me question the economic and cultural future of Nevada.