



James E. Rogers
Chancellor

Nevada System of Higher Education

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MEMORANDUM

DATE: October 3, 2008

TO: NSHE Board of Regents

FROM: James E. Rogers
 Chancellor

**RE: GOVERNOR'S RESPONSE TO CHANCELLOR'S MEMOS
 THE CHANCELLOR'S LETTER OF REPLY TO THE GOVERNOR**

Today's memo is of particular significance. Therefore, I decided to send it to you earlier than in the normal sequence. In reading the support letters we have sent you, I have been pleased with the bipartisan and bicameral support, as well as the support from leaders of industry, former Governors and many of Nevada's mayors. All have enthusiastically supported the general areas of higher education's role in our society, while some have clearly described higher education's role in improving Nevada's economy, its culture and the well being of all its citizens. As Chancellor, I believe it to be my duty to present NSHE's case to the very people who make the ultimate decision on how the state can economically support education; that is, the Governor and the Legislature. These support letters are doing that.

These support letters have also clearly referenced similar challenges in every other area of state government. Those challenges are expensive and may cost taxpayers in the short run. In the long run, the investments will pay for themselves many times over. Nevada's quality of life depends on all areas of state government performing efficiently and productively. NSHE does not perform well with a substandard K-12 system. Good health care, Nevada's public safety and efficient transportation are all necessary to make NSHE stronger. Never should one program be chosen over another. Again, as the dozens of legislative support letters indicate, this universal view is shared by the great majority of legislators.

The challenges facing Nevada and the cuts being discussed are frightening. However the attached letter from the Governor has given me cause to believe that there is light at the end of the tunnel. For the last several months, I have been under the assumption that Governor Gibbons had concluded that the problem Nevada faces, and particularly NSHE,

was and is a spending problem. His attached letter of support certainly dispels that, and for that I am truly relieved. In the letter he states; “ I CONTINUE TO BE PERPLEXED BY YOUR APPARENT ATTITUDE THAT THE ECONOMIC DOWNTURN IS BEING RELISHED AND IS SEEN AS A LONG-AWAITED OPPORTUNITY TO SLASH BUDGETS. THAT IS SIMPLY NOT THE CASE.” Governor Gibbons clearly takes great pride in the 2007 budget that he both proposed and signed which, as he referenced in his letter, contained historic increases in NSHE’s budget in 2007. “AS I’VE POINTED OUT TO YOU BEFORE, I PROPOSED AND SIGNED HISTORIC INCREASES IN NSHE’S BUDGET IN 2007. WERE IT NOT FOR THE ECONOMIC DOWNTURN, THOSE INCREASES WOULD HAVE REMAINED INTACT.” At NSHE, we are grateful for this support and commitment. As the Governor went on to say; “WHEN REVENUES TURN AROUND, AS WE ALL KNOW THEY WILL EVENTUALLY, I WILL ADVOCATE FOR THE RESTORATION OF APPROPRIATE SPENDING FOR NSHE AND OTHER VITAL STATE SERVICES.”

While I will certainly continue to provide letters of support from more legislators, industry leaders, students, parents, faculty and every-day citizens, the importance of the attached letter from Governor Gibbons cannot be minimized. He and I may disagree on the best short-term solution to handle the economic slowdown, but we both agree that we must find long term solutions for the economic shortfall. Therefore, I will continue making the System’s case to the Governor and everyone in the legislature. To know that Governor Gibbons does not believe that the System’s problems are caused by excessive spending should give all of us great comfort. He and I still have a different perspective, but those perspectives appear much closer than I originally suspected.

Following receipt of the letter from the Governor, I called and spoke for 20 minutes with Josh Hicks, the Governor’s Chief of Staff, about how the System and the Governor could find solutions that would fall short of the System suffering the horrendous proposed 16% budget cuts of the Governor. Mr. Hicks was open to several ideas that gave us a place to start meaningful discussions. I have agreed to meet at any time and as soon as possible with Regent Chair Mike Wixom, Executive Vice Chancellor Dan Klaich, Mr. Hicks, the Governor and any other person Mr. Hicks and the Governor might wish to have attend that meeting.



Office of the Governor

JIM GIBBONS
GOVERNOR

September 30, 2008

Chancellor James Rogers
Nevada System of Higher Education
5550 W. Flamingo Rd., Ste. C-1
Las Vegas, NV 89103

Dear Chancellor Rogers,

Thank you for your latest round of letters advocating against any spending reductions whatsoever in the budget of the Nevada System of Higher Education (NSHE). I continue to be perplexed by your apparent attitude that the economic downturn is being relished and is seen as a long-awaited opportunity to slash budgets. That is simply not the case.

As I've pointed out to you before, I proposed and signed historic increases in NSHE's budget in 2007. Were it not for the economic downturn, those increases would have remained intact. However, I firmly believe that the State must live within its means, just as every Nevadan is required to do. With less revenue comes the need for less spending. That means budgets will be reduced in the upcoming biennium, not only in Higher Education, but in other areas of the state budget as well. I appreciate your zealous advocacy for NSHE, but if NSHE were held harmless, as you suggest, that would mean even deeper cuts to K-12 education, public safety, corrections and health care. Surely your efforts would be better spent identifying appropriate and responsible spending reductions rather than continuing to claim that not a penny can be spared from NSHE.

While we can all agree that a sound higher education system is of vital importance to Nevada, I hope you'll agree that cutting deeper into other state services to maintain spending in higher education is not a wise policy.

To that end, my administration has been holding budget hearings with every state agency to identify responsible ways to reduce spending. It bears noting that Legislative staff has been in attendance at every meeting. This process has resulted in positive and

Chancellor James Rogers
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productive ways to increase government efficiency. I certainly hope that NSHE will similarly examine ways to cope with reduced revenues.

When revenues turn around, as we all know they will eventually, I will advocate for the restoration of appropriate spending for NSHE and other vital state services. But until then, we need to tighten our belts and get through this without further burdening the hardworking taxpayers of the state of Nevada. I invite you to provide my office with specific, responsible ways to reduced spending in higher education, rather than simply stating that we have no choice but to increase taxes.

Sincerely,

A handwritten signature in black ink that reads "Jim Gibbons". The signature is fluid and cursive, with the first name "Jim" being particularly prominent.

JIM GIBBONS
Governor

cc: Senator William Raggio
Speaker Barbara Buckley
Senator Steven Horsford
Assemblywoman Heidi Gansert
Senator Mike McGinness
Senator Mark Amodei
Senator Bernice Mathews
Senator Joe Heck
Senator Bob Coffin
Assemblyman Bernie Anderson
Assemblywoman Sheila Leslie
Assemblyman Kelvin Atkinson
Assemblywoman Bonnie Parnell
Assemblyman David Parks



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October 3, 2008

Governor Jim Gibbons
VIA FACSIMILE: (775) 684-5683

Dear Governor Gibbons:

Thank you very much for your letter. I believe it goes a long way in helping the Nevada System of Higher Education deal with the short term economic down turn.

I spoke with your Chief of Staff Josh Hicks on Wednesday, October 1, for about 20 minutes. It was a very productive discussion in that we both talked about additional sources of money to fill in the gaping money hole. We both agreed that we would meet with you in the future for a meeting to be attended by you, Mr. Hicks, any other budget people you desire and Mike Wixom, Regent Chair, Dan Klaich, Executive Vice Chancellor and me.

I look forward to seeing you.

Sincerely,

A handwritten signature in cursive script that reads 'James E. Rogers'.

James E. Rogers,
Chancellor