

SPECIAL MEETING VIDEOCONFERENCE

***NOTE:** *Due to the need of the Board of Regents to respond to the Nevada Legislature's closing of the NSHE 2009-11 budgets, and as posted in the public notice of the meeting, this special meeting of the Board convened on Tuesday, May 12, 2009, at 8:00 a.m., and recessed until 8:00 a.m. on Thursday, May 14, 2009, at the same locations as postT0b (I)-12. [V00 a.ay ay*

*Dr. Stavros S. Anthony
Mr. Robert Blakely
Mr. William G. Cobb
Mr. Cedric Crear
Mrs. Dorothy S. Gallagher
Mr. Ron Knecht
Mr. James Dean Leavitt
Mr. Kevin J. Page
Dr. Raymond D. Rawson
Dr. Jack Lund Schofield*

Others Present:

*Chancellor James E. Rogers
Executive Vice Chancellor Daniel J. Klaich
Executive Vice Chancellor & CEO, HSS, Maurizio Trevisan
Vice Chancellor, Academic & Student Affairs, Jane Nichols
Vice Chancellor, Finance, Mike Reed
Chief Counsel Bart ~~Pastor~~
Special Counsel Brooke Nielsen
President Michael D. Richards, CSN
President Stephen G. Wells, DRI
President Carl Diekhans, GBC
President Fred Maryanski, NSC
President Maria C. Sheehan, TMCC
President David B. Ashley, UNLV
President Milton ~~DJ~~ ~~ok~~, UNR
President Carol A. Lucey, WNC
Chief Executive Officer of the Board Scott Wasserman*

Also present were faculty senate chairs Dr. Sondra Cosgrove, CSN; Ms. Cindy Hyslop, GBC; Mr. Gregory Robinson, NSC; Mr. Jim Lowe, NSHE; Dr. John Filler, UNLV and Mr. Stephen Bale, TMCC. Student government leaders present included Dr. David Waterhouse, ASCSN President, CSN; Amsala Alemu-Johnson, NSSA President, NSC; Mr. Adam Cronis, CSUN President, UNLV; Ms. Jessica Lucero, GPSA President, UNLV; Mr. Eli Reilly, ASUN President, UNR; Ms. Brithany Thompson, GSA President, UNR and Mr. Andy Pozun, ASWN President, WNC.

Chair Wixom called the meeting to order at 8:00 a.m. on Tuesday, May 12, 2009, and recessed until 8:01 a.m. on Thursday, May 14, 2009, with all members present except Regents Crear, Knecht and Schofield.

Regent Page led the pledge of allegiance.

v) 1 1 . Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) Di 2007J -28<BME

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) – (Cont'd.)

legislature calculated all of the cuts, the cuts were based on that \$677 million. However, that is not how much the NSHE received, or how much the System spent. He explained that the legislature allocates 20% of the System's designated COLA to the Board of Examiners as 100% of every position is not filled for 365 days of the year. The System has to "prove up" the last 20% of the COLA. The System actually drew down 93.5% of its COLA which added \$4.5 million to the \$677 million. The System's position throughout these discussions has always been that the level of budget reduction needs to be calculated on the amount that the System actually has, not the \$677 million. The System did not win that discussion. The difference is approximately 6/10 of 1% which will result in the percentages reflected in the "Revised Gen. Fund Cut" column of the "Allocation of Joint Subcommittee approved Cuts for NSHE (05-12-09)" chart.

Chair Wixom related that the differential is the difference between the legislature's base number of \$677 million for the System and the System's actual base number of approximately \$681 million (*refer to Allocation of Joint Subcommittee approved Cuts for NSHE (05-12-09) chart, "FY 09 GF + COLA"*).

Executive Vice Chancellor Klaich thanked the System's finance staff and the institutions' business officers for their hard work. He related that the numerous scenarios and templates were all based on the \$681 million. Towards the end of the budget process, there was not the ability to switch and change all those scenarios to a base number of \$677 million. The System kept with the \$681 million and applied a master correction of .6% to all of the numbers.

Regent Alden felt it was not that confusing. He felt that what was not being said was that the a

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) – (Cont'd.)

The suspension of the Letter of Intent with respect to the allocation of fee increases for the upcoming biennium. Any additional increases will be built into the state supported operating budget with the campuses being given flexibility, subject to IFC approval, to utilize such funds in their complete discretion. This suspension does not apply to the fees already approved by the Board. In addition, the IFC is expected to express its sense as to the size of tuition increases which might be appropriate.

Executive Vice Chancellor Klaich related that the legislature made it clear that they saw the cracks and flaws in the budget process and expressed their interest in addressing a long term policy as well as addressing this short term crisis. The legislature recognized that the Letter of Intent does not support and engage an entrepreneurial spirit in the presidents of our institutions and they want to change that. They also want a policy that engages the presidents in discussions with faculty and student leadership to develop a fee policy that makes sense for each institution. In addition, they indicated a desire to look at the funding formula and to consider whether it is still fair.

Regent Leavitt asked what the likelihood of success was of the pending bill for an interim commission to consider the formula. Chancellor Rogers indicated that bill was probably going to be approved.

Regent Leavitt asked if the System was aware what the member composition of that interim commission would be. Executive Vice Chancellor Klaich expected that it would

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (*Agenda Item #1*) – 1 Tf(d. (iaMCI6

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) – (Cont'd.)

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increases between the state budget and the campus-retained budgets. The legislature has said that the presidents must have the flexibility of spending this money but that it has to support the basic budgets. The increase is specifically related to fees. Regent Crear asked if a discussion on tuition was currently an option. Executive Vice Chancellor Klaich indicated that discussion was an option. However, more progress was made from the discussion on fees.

Regent Geddes noted that tuition is for out of state students and 100% of that goes to the state. He asked what percent increase would allow the System to achieve the no more than 10% figure being targeted. Executive Vice Chancellor Klaich indicated that answer was not known at this time. Vice Chancellor Nichols added that the complexity of answering that particular question was that the 5% for community colleges is different than 5% for the universities. It is on a campus by campus basis that the impact of 10% versus 12% reduction would be seen. In addition, there are different expectations on each campus of the actual student enrollment which will affect the presidents' budgets. Regent Geddes indicated that his question was asked in the context of potential approval of fees at the June meeting. He asked to see a range with the available options to determine if the campuses have what they need to operate.

Regent Geddes referred to the "Allocation of Joint Subcommittee approved cuts for NSHE (05-12-09)" spreadsheet, noting that the table on the top of the page indicates that the percent of General Fund Cut from FY 09 column indicates 12.51% for DRI. However, the table on the bottom of the page indicates that DRI will receive a 14.46% reduction and asked for an explanation. Executive Vice Chancellor Klaich indicated that although the overall cut has not been determined at this time, it will be slightly in excess of 13.5%. DRI President Wells indicated that it would be 13.75%; UNR President Glick indicated that their institution's cut would be 15.04%; UNLV President Ashley related that it would be approximately 15% for their institution.

DRI President Wells added that other actions taken by the legislature that protected DRI's non-formula equipment budget included restoring \$56,000 in 2010 and \$61,000 in 2011 which was then transferred to NSC.

Executive Vice Chancellor Klaich reminded the Board, in regards to the table that Regent Geddes referred to, that the Executive budget recommendation included huge cuts to the instructional budgets and then increases in System Administration and Intercollegiate Athletics budgets. One of the issues discussed was the fundamental unfairness of that. The cuts were then spread above and below that line in as fair a manner as could be determined to share the pain throughout.

Chair Wixom asked if the Regents had any other questions related to the financial materials that were received.

Regent Cobb asked Executive Vice Chancellor Klaich to explain the columns listed on the reference entitled "Allocation of Joint Subcommittee approved cuts for NSHE (05-12-09)."

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) – (Cont'd.)

Regent Blakely added that the “Revised Gen. Fund Cut” indicated the actual percent cut applied to each institution. He observed that the percentage fund cut for the two universities were an equal number and the distribution of the percentage cut throughout the remainder of the institutions also appeared to have been made fairly.

Chair Wixom requested that the Board revisit the financial exigency issue. He agreed with Chancellor Rogers and Executive Vice Chancellor Klaich that financial exigency was not necessary at this time. However, the question continues to be raised. He requested that Chief Counsel Patterson elaborate on exactly what a declaration of financial exigency is and why it is not necessary.

Chief Counsel Patterson indicated that he would use the term financial “emergency” instead of exigency. He related that the basic definition for declaring a financial emergency is the lack of funds to meet current or projected expenditures. Although financial emergency is sometimes considered a bankruptcy, he prefers not to use that terminology as it implies several issues that are simply not true such as a liquidation of assets or the assigning of a third-party administrator of the System. He clarified that financial emergency only applies to the System’s professional personnel contracts. It would not apply to other financial contracts. The application of financial emergency shortens the notice period for non-tenured faculty and would allow financial-related action to be taken on a tenured faculty contract, which is not otherwise allowed under current policy. He also informed the Board that under its current policy, before an emergency is declared, the Board Chair and the Chancellor must determine that all options have been exhausted. If the definition of financial exigency was determined to have been met, and the Board made such a declaration, the Board could also include specific parameters within that declaration.

Chancellor Rogers felt that declaring financial exigency would send a negative message to the legislature after they n uct,

1. Information Only – Discussion of 2009-2011 NSHE Biennial Budget – (Agenda Item #1) – (Cont'd.)
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Regent Knecht moved to task the System staff with the above charge. Chair Wixom felt that a motion would be premature until all Regents had an opportunity to comment and ask questions.

Regent Alden offered to make a motion or proposal specifically in regards to increased fees and/or tuition. Chair Wixom felt that any motion would be premature at this point in time and requested that the Board be allowed to discuss the issues further.

Regent Crear asked if the legislature's budget recommendation was set, or if the Governor still had flexibility in making changes. Executive Vice Chancellor Klaich replied that the Governor has the right to veto or not veto, but he could not change the legislature's recommendation. The 12.5% was a fixed recommendation by the legislature. However, the legislature is still in discussion regarding the revenues. The legislature's recommended budget is expected to remain at 12.5% unless something goes terribly wrong during the revenue discussion.

Regent Geddes asked if, for the purpose of the System's discussion, 12.5% meant 13.1%. Chair Wixom indicated that was correct.

Regent Anthony felt that this meeting had provided an opportunity for a very informational briefing. However, since many aspects were still a work in progress, he asked what specific action needed to be taken. Chair Wixom stated that, conceivably, no action was necessary that day. In essence, the Board is asking staff to report further information at the June Board meeting. The concern was that if the Board were to impose a fee surcharge that day, it would be made before the institutions have the opportunity to consider the impacts of such a fee surcharge. In that regard, he felt that any action would be premature.

Regent Anthony recommended that the Board not take any action that day and wait until the June Board meeting or schedule a special meeting as necessary. Chair Wixom indicated that the action needed that day may be in the form of direction to the staff.

Regent Gallagher asked what direction could be given to staff without knowing the outcome of the legislature's discussion on revenue.

Regent Schofield concurred with Regent Anthony, that it was premature to take any action that day.

Executive Vice Chancellor Klaich related that the personnel team would work over the next month to determine a series of recommendations for the Board's consideration. Chair Wixom asked if the recommendations would include the three issues he had previously identified. Executive Vice Chancellor Klaich replied that the recommendations

2. Information Only – Public Comment (Agenda Item #2) – (Cont'd.)

it first opened and that the facility is the only point of access to technology for many people from as far away as Henderson. She said that many people do not realize the Center will be closing and she has started a petition to keep the facility open.

Chair Wixom thanked Ms. Simpson for bringing her concerns to the Regents. He introduced Ms. Simpson to CSN President Richards and to Ms. Patty Charlton, Vice President of Finance, CSN, and asked that they speak directly with each other about the situation and the options available. On a personal note, Chair Wixom related that Judge Guy had been his first trial judge, adding that he had been an inspirational figure for him personally, as well as for many others.

Regent Crear thanked Ms. Simpson for attending the meeting. He related that the Center is located within his district and that he had grown up in that Center. He has received a tremendous number of phone calls from constituents concerning the closure of this facility. He felt the services that the Center offered to the community were impl (s)]TJ (t)-2 Ah4 (of)