

**SPECIAL MEETING  
BOARD OF REGENTS  
NEVADA SYSTEM OF HIGHER EDUCATION**

Third Floor Rotunda  
Frank H. Rogers Science & Technology Building  
Desert Research Institute  
755 E. Flamingo Road, Las Vegas  
Thursday, February 3, 2011, 1:00 p.m.

Members Present    Mr. James Dean Leavitt, Chairman  
                          Dr. Jason Geddes, Vice Chairman  
                          Mr. Mark Alden  
                          Dr. Andrea Anderson  
                          Mr. Robert Blakely  
                          Mr. William G. Cobb  
                          Mr. Cedric Crear  
                          Dr. Mark W. Doubrava  
                          Mr. Ron Knecht  
                          Mr. Kevin C. Melcher  
                          Mr. ( )T5 0 Td ( )TTw 8.n 7Mge    Dr. Jack Lund Schofield  
                          Mr. Michael B. Wixom

Others Present:     Chancellor Daniel J. Klaich  
                          Executive Vice Chancellor & CEO, HSS, Maurizio Trevisan  
                          Vice Chancellor, Administrative & Legal Affairs, Bart Patterson  
                          Vice Chancellor, Finance, Mark Stevens  
                          Vice Chancellor, HSS, Marcia Turner  
                          CEO & Special Counsel to the Board, Scott Wasserman  
                          President Michael D. Richards, CSN  
                          President Stephen G. Wells, DRI  
                          President Carl A. Diekhans, GBC  
                          President Lesley A. Di Mare, NSC  
                          President Maria C. Sheehan, TMCC  
                          President Neal J. Smatresk, UNLV  
                          President Milton D. Glick, UNR  
                          President Carol A. Lucey, WNC

Also present were faculty senate chairs Mr. Bill Kerney, CSN; Ms. Laura Edwards, DRI; Dr. Robin Herlands, NSC; Mr. Fred Egenberger, NSHE; Mr. Scott Huber, TMCC; Dr. Cecilia Maldonado, UNLV; and Mr. James Strange, WNC. Student government leaders in attendance included Mr. J.T. Creedon, CSN; Mr. Steve Gronstal, DRI; Ms. Paulette Batayola, GBC; Mr. Sebring Frehner, NSC; Mr. Cesar Benitez, TMCC; Mr. David



1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

Chancellor Klaich directed the Board's attention to a report entitled Nevada System of Higher Education: Executive Budget Overview – 2011 Legislative Session (on file in the Board office). There are a number of things in the Executive Budget recommendation that are positive. The Governor has recommended that the Board have greater control over tuition and fees. Chancellor Klaich noted that there is broad bipartisan support for that. The Governor has recognized that the NSHE is a critical component of economic development in the state. In addition, there are general fund recommendations for the Millennium Scholarship to keep it fully funded in the biennium.

There are no negative impacts. Page 6 shows how the Executive Budget recommendation will impact employees including a 5% salary reduction, reduced health insurance benefits for existing employees, and no retiree health insurance benefits for new employees and reduced for current employees. These recommendations will make recruiting and retaining top notch faculty more difficult.

The Executive Budget recommends a total of \$395.5 million in FY2013 from general fund support and property taxes for NSHE operations. It is a funding level that is not far off from what the state general fund appropriations were in 2003, from which time the NSHE has grown approximately 27.5%. Chancellor Klaich indicated that, as a general concept, tuition cannot fill the hole. It is not a hole that can be filled on the backs of students and their families. It is too large.

Page 9 shows the percent change in state support excluding ARRA funds. ARRA funds were budgeted into the NSHE operating budget by the last session of the Legislature. Everyone knew they were going into the operating budget and everyone agreed. Chancellor Klaich indicated that if there was any word over the last two years that the NSHE should be planning for that extra 15% to 17% budget reduction because the ARRA funds were going away, he did not hear it nor did he see it anywhere in print.

Page 10 shows the percent change in state support including ARRA funds. Chancellor Klaich clarified that he is only talking about state general fund support. He is not talking about the state supported operating budget that includes tuition and fees or other grants and contracts and large, when he talks about state general fund appropriations, he is referring to general fund dollars and state and local dollars as a single amount.

Page 11 shows the percent change in state/local support from a budgeted amount of \$557.9 million in FY2011 to the FY2013 Executive Budget recommendation of \$395.5 million. Under the Executive Budget recommendation, \$162.4 million has to leave the budget. Chancellor Klaich







1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

more self-sustaining. He is hoping to receive that kind of direction from the Board so that he can come back and provide additional information in March.

Regent Cobb expressed concern about the fairness the NSHE is getting from other states with regard to WICHE and WUE participation. He wondered whether the NSHE should consider ending its involvement in those programs. Chancellor Klaich indicated that the information circulated to the Board by Associate Vice Chancellor Abba assumes that none of those programs would continue. The Board needs to keep in mind that, to the extent that those policies become effective and pull students out, there may be some positive impacts; however, there may also be some negative impacts as that fee income leaves as well.

Regent Blakely observed that the NSC budget reflects a payback of money it received from other institutions to help sustain itself over the past few years. Chancellor Klaich indicated that Regent Blakely is referring to page 16 of the report. The 2-year percent change for NSC looks disproportionate to the other institutions because it received a ~~time~~ contribution of \$1 million that came from other institutions. NSC's budget was not built with that amount included this time. Regent Blakely expressed his hope that at the end of this process NSCs can once again be granted additional funds.

Regent Page stated that he would like the Board to revisit the tuition at the professional schools. He believes that Nevada gets a lot of people from out of state that become residents because the tuition is much cheaper than the states they are in.

Regent Page asked why Nevada is so low in financial aid. Chancellor Klaich indicated that the System just does not have the dollars that have been set aside for financial aid. With regard to Pell Grants, the dollars are available and are being used. A number of the institutions have tried, even in this downturn, to bulk up their financial aid and to make sure students know there is money

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

Regent Crear commended Chancellor Klaich and his staff for putting together a great report. He noted that there has been talk about varying percentages and that tends to create some havoc. He looks forward to discussing these issues as a Board once the hard numbers are available. Regent Crear expressed his hope that the NSHE will not be looking at a \$162.4 million hole. Chancellor Klaich indicated that he shares in that hope. However, he is concerned that the System has created a problem for itself because the presidents have not efficiently done a good job absorbing the cuts over the last two and a half years that the public is left wondering what the big deal was. The presidents have disproportionately cut many areas of their budget in order to protect the instructional core of their institutions. That has translated into a belief that higher education has not been impacted in the last two and a half years which is not the case. Chancellor Klaich also feels that the NSHE has been guilty of hyperbole in the past. With the first dollar of a cut, we wanted people to believe that the sky was falling in. Today, the System has to assume that these cuts could occur, and it is imperative that the people of Nevada be made aware of what kind of system of higher education they will have at this level of funding. Chancellor Klaich emphasized that the



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1. Approved-Discussion of 2012-2013 NSHE Biennial Budget (continued)

stay with the college unless it was done through a surcharge. Chairman Leavitt indicated that Chancellor Klaich is looking into that issue and will report back to

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

\$2.2 million in the second year. He noted that \$2.6 million is equivalent to the entire academic support area of the college. Cutting all library and computer services would result in only half of the savings needed in the first year. President Diekhans indicated that there have been buyouts, ~~retirements~~ resignations. GBC could make it through the first year by cutting approximately 20 positions and stripping all of the operating support. In the second year, however, there would be nothing left to cut except an additional 40 positions. ~~GBC~~ ~~Chafji~~ had approximately 204 legislative approved ~~full~~ positions. Currently, the college is down to 186. Additional cuts would further reduce the number of positions to approximately 140.

Regent Schofield left the meeting.

President Diekhans ~~indicated~~ that there would also be more program cuts, which would reduce the FTE and fees coming in. In the second year, GBC could lose as much as 25% of the fee increases. Closing all of GBC's satellite centers would result in an immediate savings of \$1.2 ~~million~~. However, closing those centers would also mean a loss of 30% in fee revenue which would reduce the amount

1. Approved Discussion of 2011-2013 NSHE Biennial Budget (continued)

centers, further eroding the access mission. Students would see a substantial tuition and fee increase over the biennium. Course offerings would be further reduced resulting in an increased time to graduation. In addition, President Richards estimated that CSN would lose 6,400 FTEs by the end of the biennium. The headcount enrollment is approximately 13,000. He noted that this does not include the 5,294 students that ~~were~~ away last semester. There would be a 28.5% reduction of sections by the end of the biennium, and a further reduction in essential campus services and support.

Regent Wixom asked President Diekhans how admissions standards would affect GBC's access mission. President Diekhans indicated that GBC's mission would have to change. GBC is an open door institution that accepts all students, including those that require remediation. The college would not be able to provide those services and would no longer be open to those individuals unless they could pass an entrance exam. President Diekhans indicated that he does not want to see that happen; however, it is one thing that could be done that would allow GBC to still provide some higher education in its service area.

Regent Wixom asked President Richards how he would determine which courses to cut. President Richards indicated that, in the past, those decisions have been made in consultation with department chairs and deans. CSN would also strengthen its limited entry programs. In response to a question from Regent Wixom, President Richards indicated that it is possible that CSN would impose admissions standards similar to what President Diekhans had discussed. He reiterated that there is a process on campus that would have to be followed.

Regent Schofield returned to the meeting.

Dr. Lesley A. Di Mare, President, NSC, reported that over the last biennium, NSC has eliminated 9 academic programs, 30% of operating funds throughout the campus and 29% of its ~~state~~ funded workforce. Under the Executive Budget recommendation, NSC will lose \$3 million in FY12 and \$4.5 million in FY13. To meet the shortfall, NSC could increase student fees by 80%. Given that the median income of an independent student at NSC is \$18,000 per year, 40% of their disposable income would be going to the cost of education. President Di Mare noted that those percentages would be even higher if 15% of the cost were set aside for financial aid. Alternatively, NSC could make up the shortfall with

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

President Di Mare indicated that the overall impacts include a loss in enrollments, decreased retention rates, students will take longer to graduate, the college will not be able to meet the Complete College America goals, the community will lose an educated workforce. She noted that the campus is working on other scenarios and will continue to meet and discuss the proposed cuts.

Regent Page requested that future scenarios presented to the Board be more realistic. Pacing all of the cuts on the backs of only students or only faculty is not going to happen. President Di Mare acknowledged that the first scenario was not realistic. She believes the second one could be realistic and the third one is realistic because it is a combination. The other scenarios that NSC is still working on are all combinations.

Chairman Leavitt indicated that he does not think anyone on the Board will support fee or tuition increases that would take the NSHE higher than average.

Dr. Stephen G. Wells, President, DRI, reported that by the end of FY13, DRI's seed operating budget will have been reduced by over \$2 million. That amounts to a 24.6% reduction on top of the approximately 19% reduction that DRI has already taken. In addition to the 5% salary reduction, DRI would eliminate at least nine central administration positions. That is somewhere between a 10% and 15% cut to central administration, which is already about as lean as he has seen at any institution. Nearly \$600,000 in operating and research support would be eliminated, matching funds would be eliminated, and there would still be a \$600,000 hole to fill.

President Wells observed that DRI is different in that it does not have the ability to raise tuition. DRI uses indirect costs to help pay for its funding. Theoretically, the institute would have to raise indirect costs from around 69% to 80%. Not only would that make DRI totally non-competitive, but it is not allowable by federal statute.

Over the past decade, when the state invested in DRI and raised \$5 million to support operating costs, DRI increased the amount of money that it brings in by \$26 million. The indirect costs were offset with state money, allowing the institute to reinvest in its faculty. President Wells offered some examples of things that will probably disappear because DRI will not have that money to reinvest including matching funds that DRI receives from applied research funds. He noted that \$250,000 yielded about \$7 million in research.

President Wells reported that one faculty member who was given a \$100,000 start up package brought in \$45 million. Another faculty member brought in \$22



1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

Chancellor Klaich noted that the Executive Budget Overview includes a two page summary of economic impact that discusses the investment aspect of higher

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1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

Starting from the appropriated FY09 budget, UNR absorbed a \$44 million cut. The university prioritized its academic units and took administrative cuts as high as 30%, while limiting the colleges to 10%. President Glick indicated that UNR has run out of administrative cuts because the colleges cannot function without support. On the academic side, the decisions about where to cut were very difficult and painful. The university closed 23 degree programs, 6 departments, sharply reduced 24 programs and eliminated 400 budgeted positions, of which 100 were real people including tenured faculty – something unheard of in this country.

Regent Schofield left the meeting.

President Glick stated that under the Executive Budget recommendation, UNR will have to take another \$59 million cut. Since 80% of the budget is personnel, that means approximately \$50 million in salaries. The 5% salary cut will generate about \$9 million, and a assumed 2% tuition increase each year will generate



1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

President and Provost Marc Johnson and UNR's senior officers, that Division 1-athletics is an important element of the student experience at UNR.

Regent Alden asked how an overall decrease in funding of approximately 35% through FY13 will affect the amount of research UNR is bringing in and how many research dollars will be lost. President Glick indicated that he does not know the number, but it will be dramatic because UNR will lose its most marketable faculty. The fraction of credit hours delivered by full-time faculty has already increased from 65% to 80%. On top of losing the research and the money, the state also loses the ability to say this is a place where viable businesses should either start or should come.

Regent Alden requested that President Glick provide a definitive answer on the School of Medicine, the athletics department and the impact of a 35% budget reduction on research dollars at the next budget meeting. He would also like a definitive answer on the FTI Healthcare report and what the procedures will be to correct the deficiencies.

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

quality faculty. When an institution loses its faculty base, it loses its quality and that does deep structural damage.

UNLV is being asked to make the same level of cut between FY11 and FY13. To date, the university has lost 540 positions. Of those, 407 were actual people lost and the rest were positions that had been held. UNLV ranks among the most efficient universities in the country. Its administrative spending is in the bottom 5% of major research institutions. President Smatresk indicated that he has trimmed administrative and academic support budgets far more than academics. Half of the cuts made to date have been in the academic support units that are approximately 25% of the total budget. UNLV has rightfully protected academics over academic support; however, academic support units cannot continue to take cuts and still be expected to function.

President Smatresk recalled that the Governor has said that the NSHE can do a better job. While he agrees that there is always room for improvement, he will defend UNLV by saying that it graduates 5,400 students per year, a number that has increased 60% in the last ten years. The number of graduates per year has held relatively constant for the past three years during an intense period of budget cutting. President Smatresk stated his belief that UNLV is remarkably efficient and is delivering what the city needs on greatly reduced funding.

President Smatresk agrees with the Governor regarding the need to produce more degrees and a need for economic diversification in Las Vegas, approximately 20% of the population has a higher education degree compared to 40% in competitor cities. The Milken Institute ranked Nevada 46 in the country for a tech-ready environment. Nevada was ranked 50 in human capital investment, which means that Nevada has fewer high quality technical degrees than any other state in the country. President Smatresk noted that UNLV and UNR produce a large number of science, technology and engineering degrees; however, those individuals go to California to get jobs because Nevada does not have a tech economy.

President Smatresk pledged that UNLV will do everything in its power to create jobs, to create the new economy and to build the future of the state. The real question is how that can be accomplished by cutting another \$375 million. With that level of cut, he expects to lose an additional 500 positions along with very heavy cuts to the academic b(emewcdu)-4 (d)-4 ((t)-6 (s)-5 ( .)2 ( -6 (t)-6 ))T16 (ech)]TJ7 (he

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

At the end of FY13, UNLV will have seen a cumulative budget reduction of 52%, or approximately \$500 million. The university will have lost nearly 1,000 personnel and 6,000 students, and will no longer look like UNLV.

President Smatresk noted that UNLV's residential tuition is above regional averages. With the last two tuition increases, the university has seen reductions in its non-residential student flow. He expects that to continue as tuition is raised in that category. In addition, he feels there is very little flexibility in raising fees for graduate students as they have already seen huge increases. That means that changes in tuition differentially impact resident students. Nevada's college rate is already very low and it will be further reduced with additional tuition increases on residential students. UNLV currently has more financial withdrawals than ever before due to the tuition increases that have already occurred.

In response to an earlier question from Regent Alden, President Smatresk indicated that UNLV has already lost research capacity and it is now accelerating. Good faculty do not know whether this could be their home anymore. When top faculty are lost, the institution loses more than just research dollars – it loses its reputation of wonderful programs. President Smatresk concluded by stating that all of the presidents are ready to improve what their institutions do; however, the NSHE cannot be improved on the level of cuts that have been presented.

Regent Alden asked that President Smatresk bring to the next Board of Regents' meeting an estimate of research dollars that UNLV stands to lose. President

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued) Special B/Tj 0 Tc 0 Tw ( ) Tj 1.3

1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

have spent their capital. In large measure, the capital in Nevada is human capital and the NSHE is in the business of investing in and nurturing that capital. The System takes students in and tries to improve them to benefit the state in the future. Regent Wixom expressed his belief that what is being done with this budget is a profound waste of human capital and it will do enormous damage to the state. The state must find the revenue to invest in human capital. It should be done thoughtfully, and in the context of reality, but failure to take that step will jeopardize Nevada's immediate economic and social health as well as the future of our children and grandchildren. Regent Wixom indicated that he is confident that the people of the state of Nevada do not understand the realities that will follow from this budget. He is convinced that when they do, everyone will come together and provide meaningful solutions.

Regent Schofield returned to the meeting.

Regent Geddes requested that staff look at the cost associated with institutional satellite facilities. He recommended that each individual instance be looked at separately to see where it would make sense to scale back without losing a lot of revenue. He also thinks the Board should go beyond the institutional plans for making cuts at this level and start looking at sacrificing line items, or moving between line items. Staff should look at consolidation and closure of colleges and campuses, as well as programs at the institutional level. Regent Geddes noted that Presidents Glick and Smatresk have indicated they will work together to make sure they are not shutting down the same programs. There may be a program as nursing at UNLV, which can be better served at NSC. Programs should be looked at from a System holistic sense. Potential impacts on institutional accreditation should be considered during this review. Also, the impact on accreditation if cuts are made to these programs and they are left to operate at a bare bones level should be included in the review.

Regent Alden recommended that serious consideration be given to moving  
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1. Approved Discussion of 2012-2013 NSHE Biennial Budget (continued)

the Board gets recommendations, it can be sure the state's higher education system is not being gutted. Regent Melcher concluded by stating that, having lived in rural Nevada for the last 30 years, he has come to understand and respect the value of satellite campuses and community colleges. He believes it is extremely important to do everything possible to preserve them and not limit access to the many students throughout the state who have no other means of getting an education.

Regent Cobb observed that the Governor is faced with a constitutional obligation to present a balanced budget, and he ran on a no-tax platform. He does not think the System can say it will not accept any of these cuts. However, the System can be part of the economic engine to help get Nevada out of these severe economic conditions. Regent Cobb indicated that he is a huge fan of what has been accomplished in Utah through USTAR and, as a member of the Academic, Research and Student Affairs Committee, he has directed Vice Chancellor Nichols to include on the Committee's agenda a discussion of USTAR and what the Board can do to support the Governor, Speaker, Senate Majority Leader and Lieutenant Governor in their mission to get a USTAR type model to Nevada. Regent Cobb noted that USTAR is a success because Utah put \$200 million into it, and not by taking \$172 million out of it.

Regent Cobb suggested that the Governor be invited to attend the Board's meeting in Carson City to hear a short presentation on some of the problems the institutions are facing and how the NSHE will not be able to participate in the economic development of Nevada or deliver an educated workforce.

Regent Cobb moved approval of 1) directing the Chairman and/or the Chancellor to express the opposition or sense of the Board to the Governor and the Legislature regarding the Executive Budget, and 2) directing the Chancellor and the presidents to analyze further the proposals in the Governor's State of the State Address and Executive Budget and to provide the Board with additional information and potential options for addressing those proposed budget reductions including student fee increases, a 5% salary reduction, and the consolidation and closure of colleges, campuses, satellite facilities and programs including any potential impacts on institutional accreditation at the next meeting of the Board. Regent Alden seconded. Motion carried unanimously.



02/03/11



2. Public Comment (continued)

of civil rights violations. Ms. Kosuda suggested that the Board appoint a task force to study how revenues can be increased to keep tuition steady for all students.

Ms. Geetha Sendhil, Chai

2. Public Comment (continued)

Ms. Paulette Batayola, Student Body President, GBC, and Vice Chair of the Nevada Student Alliance, thanked Chancellor Klaich on behalf of the Nevada Student Alliance for his efforts to not continue placing the burden on the backs of students. She also thanked the Board and the System office for their continued cooperation with student leaders.

Ms. Elora Mary Paik stated that she is proof that Nevada higher education works. She was born and raised in Henderson and, in her family, there were no generations before hers that graduated from high school, let alone earned a