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Townhall WELCOME

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Speaker - Rolando Mosqueda
Interim Vice President of Finance and Administration

Funding Formula Update

- The funding formula methodology used by the Nevada State Legislature to determine and distribute state General Fund appropriations to Nevada System of Higher Education's (NSHE) seven teaching institutions was adopted by the 2013 Legislature.
- In the last legislative session, AB 493 provided an appropriation to the System for an interim study of the NSHE funding formula. An RFP was conducted and HCM Strategist ("HCM") was selected to provide consulting services and lead the study.
- In August 2023, the Chancellor convened an Ad Hoc Committee on Higher Education Funding. The Committee's charge was to:
 - 1) Evaluate models for higher education funding that are used in other states to support institutions similar to NSHE institutions and compare those models to the current funding model used in Nevada, including allocation methodology and institutional costs for the delivery of instruction.
 - 2) Determine whether other funding allocation methods would be appropriate for NSHE, whereby different missions of research universities, state universities, and community colleges are appropriately considered.
 - 3) Review and make recommendations regarding the method(s) used by other states in the use and reporting of revenue and expenses outside of a state-supported operating budget.

Additional Activities Related to Funding Formula

- In July, the Ad Hoc Committee on Higher Education Funding convened to review HCM's findings and consider recommendations. HCM's recommendations were approved by the Committee.
- The Board of Regents approved a special consideration to NSHE's fiscal priorities to fully-fund formula implementation (\$21.1 million/year). This amount represents the re-allocation of the general fund from the Tier 1 intuitions if the 75/10/15 funding formula is implemented.
- The System Office released an RFP for the selection of a firm to perform an adequacy study. The study is complete and will be shared with the NSHE community at an upcoming BOR meeting.
- **The Ad Hoc Committee on Higher Education Funding's approved recommendations were presented to the Nevada legislature for possible implementation for the FY26-FY27 budget cycle.**

Funding Formula Summary

- The 2025 Nevada Legislature has decided not to implement the proposed funding model prescribed by the Ad Hoc Committee for the next biennium.
- The Joint Subcommittee of Senate Finance and Assembly Ways and Means convened on April 7th, and determined preliminary legislative support for a Base, Maintenance, and Enhancement Funding model, which is based on the existing WSCH formula. On 5/2/25 the Subcommittee closed the NSHE budget, finalizing this decision.
- IF the legislature had adopted the new funding formula, CSN's state allocation would have increased by approximately \$9.6 million in FY26, and \$9.6 million in FY27.

Recent NV Economic Forum Report

- <https://www.leg.state.nv.us/division/fiscal/economic%20forum/2025ForecastReport.pdf>
- The Nevada Economic Forum released a revised report last week and forecasted a reduction in state revenue for the next biennium of approximately \$191 million. Mostly attributable to national economic uncertainty impacting state tourism and state sales tax revenue. This is the first time since 2009 that the December projections were revised down mid-session.
- The Economic Forum projections determine the amount of General Fund revenue the legislature has available for all state budgets and any bills that have a fiscal impact. The legislature has been focusing on funding Base and Maintenance items in state budgets, but generally not approving enhancement requests.
- On May 2nd, the legislature closed the NSHE budget without a proposed or required reduction.

Ongoing Impact of FY24/FY25 COLA

- In FY24 CSN received \$8.6 million in funding for COLA expenses of \$12.4 million. In FY25 CSN received \$18.8 million in funding for COLA expenses of \$22.4 million. The gap between funding and actual cost was covered through a combination of freezing positions and shifting state operating expenses to self-supporting funding sources.
- The additional funding for COLA to uplift CSN's state funding from 65% to 80% of cost was an enhancement unit (E685 @ \$5.33 million over the biennium). This enhancement was removed from the base budget and has since been transitioned to a one-shot request (Assembly Bill 568).
- An increase to the value of the WSCH to incorporate salary increases related to COLA (enhancement M204 @ \$1.96 million over the biennium) is SB 472.
- FY25 COLA funding was finalized at the 5/6/25 Board of Examiners meeting.

Anticipated Status of COLA for FY26 & FY27

- A COLA for FY26-FY27 was not included in the Governor's Recommended Budget.
- Based on Nevada's current budget position, it is unlikely the legislature will approve COLA for state employees in FY26 and FY27. This includes NSHE employees.

Comparative Budget Summary

GENERAL FUND

	FY24 Actuals	FY25 YTD Actuals	FY26	FY27	Notes
Personnel	\$131,488,357	\$128,369,018	\$139,777,628	\$139,723,038	FY24 includes \$9 million in enrollment recovery; \$300K NW Campus
Operations	\$32,516,789	\$28,539,913	\$37,170,160	\$37,170,160	FY25 includes \$3 million in enrollment recovery; Expenditures for NW campus ~\$4.2 million
Totals	\$164,005,146	\$156,908,930	\$176,947,788	\$176,893,198	

	FY24 Actuals	FY25 YTD Actuals	FY26 Leg Approved	FY27 Leg Approved	Notes
Registration Fees	\$42,273,602	\$46,751,838	\$49,262,515	\$52,091,327	Includes Higher Education Price Index (HEPI) increase

Fiscal Legislation Status Update

- NSHE Campus Safety Request (AB 567): \$11 million. Original request was \$38 million.
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- Promise Scholarship Funding
- Continued Nursing Instruction Funding (BDR S1200): one shot request.
- Northwest Campus (AB379): presented with \$1 as a placeholder.
- Utilities Inflation: approved in GovRec budget for ~\$1.75 million in each year of the biennium.

Executive Budget Committee

- To bolster's CSN fiscal preparation, the President will soon convene an Executive Budget Committee whose charge will be to identify opportunities for efficiencies, generate proposals for revenue generation, enhance transparency and shared dialogue, and inform fiscal decision making.
- The Committee will align with shared governance principles with a specific focus on CSN's long term fiscal health and nimbleness.
- This is not a taskforce or other short lived exercise as undertaken in the past. Instead, the intent is to normalize the concepts of operational efficiency and fiscal discipline and promote these values as integral to CSN's culture.

CSN Fiscal Obligation Summary

- Anticipated FY25 utility costs = \$4.7- \$4.9 million. This represents an 80.6% increase since FY21.
- UPD and Contracted Security = \$5 million
- IT Related expenses:
 - \$10 million in sourcing contract costs
 - End of life network infrastructure = estimated @ \$4 – \$8 million
- Student services programs
 - Centers for Academic Success = \$2.5 million
 - First Year Experience = ~\$180,000

Ghost Student Update

- Related Articles:

<https://edtechmagazine.com/higher/what-are-ghost-students-perfcon>

<https://www.sfchronicle.com/california/article/college-aid-scam-18119117.php>

- In 2024, the California state chancellor's office estimated 25 percent of community college applicants are bots.
- The fiscal impact to CSN is ~\$7.2 million. This represents the amount of federal financial aid dispersed to fraudulent students and subsequently returned to the Department of Education and the amount of bad debt CSN carries for the tuition/fee balances not paid by the fraudulent students.
- CSN is determining an appropriate and responsible funding plan to paydown the ghost student related debt and will share the plan with stakeholders at a forthcoming town hall.

Merit Suspension

- Merit is not funded by the State of Nevada. Merit is prescribed in Board of Regents policy (Title 4, Chapter 3, Section 29) and is thus a non funded NSHE program the cost of which must be absorbed by the institution.
- Considering the economic uncertainty throughout the next biennium, the institutional Presidents have recommended the suspension of merit for both FY26 and FY27.
- Suspension of merit will allow CSN to invest the approximate \$1.02 million per year in merit related expenses to institutional fiscal priorities.
- NSHE's CFO will present a suspension request at the upcoming June Board of Regents meeting.



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Townhall Thank You

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