

**THE STATE AND THE SYSTEM**  
**NSHE PLAN FOR NEVADA'S COLLEGES AND UNIVERSITIES**  
**Combining Excellence and Austerity to Attain Success**  
September 2010

As Nevada struggles in this difficult time of recession and high unemployment, it is time once and for all to acknowledge that only through a robust and adequately funded education infrastructure and in particular higher education will we ever achieve the diversification and growth that we all desire in our economy. We must make a long term commitment to excellence in our colleges and universities and to the level of funding necessary to support that excellence. In the immediate circumstances, however, it is incumbent on the state's public colleges and universities, its primary economic engine, to examine carefully how they can perform within the limited resources available today, ensuring that the state is positioned as best as it can be to recruit, retain, and grow the industries and businesses needed for a brighter future. This calls for a greater number of Nevadans with degrees, certificates, and workforce skills, along with a strong research enterprise, to support the new economy. How can we do this?

The steps that will need to be taken will not be easy or without risk. They will demand considerable change in the way we currently work, both in the administrative area and in the classroom. Just as the private sector is changing its business model, enduring cutbacks, and suffering the pain of seeing old dreams fade, so too will NSHE have to reconfigure and redefine its vision for its future. Old patterns of action and thought will be replaced by a new vibrant vision with a focus on quality and access in everything we do. Improvements in quality must lead to both greater efficiencies and enhanced performance that will translate directly to more students graduating with degrees or certificates to build the state's economy.

To start this examination and change, we propose a series of key steps for consideration. While some may prove longer term, care must be taken to view these proposals as a whole. In other words, if only a few are implemented, the impact will be slight and the future will be just as predictable as the past is apparent. Change is never easy for organizations, especially when it translates into significant new ideas. Sacrifice will be called for on the part of every NSHE faculty and staff member. Yet the changed culture that will result will be stronger and more vibrant, building a justifiable pride for each employee in being part of this excellent system of higher education.

Let us be clear as well that this is not a one way street. In order to achieve our mutual goals of pulling the State out of the current recession and diversifying our economy, the State must make not only the long term funding commitment referred to in starting, but also some substantial changes right now in the way it funds higher education in order to allow the institutions the freedom and flexibility, accompanied by accountability, to do their jobs.

**1. State and Student Support.** Both state funding and student tuition and fees will need to be re-examined.

- a. Student Tuition and Fees. The NSHE agreement with the state provides that a large portion of student fees and all tuition (out-of-state student charge in addition to fees) “count” when determining the level of funding within the state supported operating budget. Going forward, if state general fund support drops, depending on the level of decrease in state support, student fees and tuition are likely to rise to prevent unsustainable decreases in the overall budget. Students have historically supported actions needed to maintain excellence in their programs, even fee increases. Given that reality, changes in current policies and practices are called for. First, we propose that we examine whether all fees paid by in-state students and tuition for out-of-state students should remain at each institution and not be counted within the state supported operating budget. This would require a revamped state budget agreement that stipulates that the FTE for these out-of state students will not count toward the generation of the NSHE budget request to the state and hence will not be part of the formula calculations. Additionally, an agreement with the state that specifies a cap on the percentage of out-of-state students within any given institution is wise under this model. Secondly, the Board of Regents has approved a policy that allows differential fees to support high cost or high demand programs to supplement what is currently generated by the existing formula. These fees will be institution specific and include some set aside for financial aid to assist those students most impacted by the additional cost. All differential fees will be retained by the institution and will not be included within the state supported operating budget. Third and longer term, in partnership with the legislature, we propose that we examine how our biennial budget request is built. Specifically, we should ask whether a budget model where the state agrees to fund a specific portion of the agreed-upon formula with the remaining portion supported with student fees is a better model. That portion of state and student responsibility will vary by institutional mission. For example, it is likely that the community colleges and perhaps the state college would receive greater state support in terms of an overall percentage of the institution’s budget versus the universities. A model such as this could be included in the final recommendations of the MGT Study currently underway, and, if accepted by the legislature, would make the Letter of Intent unnecessary.
- b. Rainy Day Fund. In the past three years, we have seen the negative impact of large unexpected decreases in state support for higher education. To assist if and when this happens in the future, we recommend that the legislature create an NSHE Rainy Day Fund with a combination of state appropriations and unspent end-of-year funds within the NSHE state supported operating budget. Rather than

have unspent dollars revert to the general fund, such funds would be invested through a Rainy Day Fund. The future use of these funds could occur only within carefully defined emergency circumstances established in partnership with the State Legislature.

- c. The Funding Formula. This is the foundation of our state budget request and defines NSHE institutional fiscal needs, based on a number of drivers that define cost, primarily the number of NSHE students. The Presidents and I have asked for a review of this formula and hired MGT of America to conduct this review. We expect that their report, taking into account many interviews and comparisons with other state formulas, will result in recommendations for change to the current formula. Out of this study, we hope we can gain recommendations that set aside or correct misgivings about the equity of the current formula and create new incentives for institutional behavior that reward outcomes rather than just inputs.
- 2. Goals.** It is time for NSHE to set measurable goals and report the results to the people of Nevada. Such goals should be aligned with the broader strategic goals of the State and support the brighter future we need.
- a. More Graduates. We must produce more entry-level graduates if Nevada is to become competitive and more economically prosperous. The State's participation in *Complete College America* is evidence of the political will to accomplish this. The proposal before us is that NSHE, in concert with private colleges and universities, will produce 1,064 more college completers each year through 2020, a total of 70,224 more graduates than our current practice would produce. We define college completers as students who receive a workforce certificate of achievement, an associate's degree, or a baccalaureate degree. Make no mistake about it – this goal will require significant changes in how our institutions do business, some of which are discussed in this plan. Unless NSHE institutions are strongly committed to efforts that improve recruiting, retaining and graduating students, we will not meet this aggressive goal. Likewise, the state's partnership will be critical in assuring resources to enable students to receive the classes and support they need to graduate.
  - b. More External Funding - Research. NSHE needs the State of Nevada to partner with the three research institutions to establish a model to coordinate and fund research initiatives designed to bring high tech, high wage businesses to Nevada in sectors which are consistent with the state goals of economic diversification. Obvious targets for research technology transfer areas that should be the focus for Nevada include green technologies and renewable energy, water and natural resources, and biotechnology and health care. NSHE stands ready to do its part in this endeavor, but Nevada is overdue in establishing a clear commitment to the importance of research. One excellent model would be the State of Utah which

established the Utah Science, Technology, and Research (USTAR) Economic Development Initiative to bolster Utah's research strengths and significantly increase technology commercialization to create many higher caliber jobs throughout the state. With strong commitment from the State, institutions can increase their external funding for research by 10% annually. This commitment by the State and the System of Higher Education can form the basis for a more vibrant, diversified and indeed an export economy that we have all talked about to this point.

- c. More External Funding – Workforce Grants. The colleges, as well as the research institutions, will be enabled and encouraged to seek entrepreneurial ways of doing business. Increasing the amount of external grants and contracts received to support workforce development initiatives is critical. Proposed as a goal is an increase in the amount of those contracts and grants, by each college, of no less than 10 percent per year going forward. We ask also that the State support these efforts through the establishment of incentive and matching funds for external grants and contracts. Additionally, there are likely savings and advantages in turning the receipt, processing and program operation of a number of Federal funds that currently flow to the State Department of Education or to the Department of Employment, Training, and Rehabilitation over to NSHE. One example to look at would be the Carl D. Perkins Vocational and Technical Education Grant funds.

**3. Effectiveness and Efficiency.** In both academic and in administrative areas, change will be required to improve operations by careful review and the establishment of best practices. Within NSHE, both self-examination and use of data to make decisions are expected. This is not a budget-cutting strategy, but an excellence strategy. Any savings will be redirected to build quality.

- a. Accelerated Degree Programs. Establish programs with financial incentives and academic support for cohorts of students to finish certificates and degrees quickly.
- b. Credit Limitations on Degrees. Set standards for degree requirements not to exceed 120 credits for a bachelor's degree, 60 credits for an associate degree, and 30 credits for a certificate of achievement except under certain circumstances. Numerous examples exist across the country of such degree limitations. Texas went as far as to put it in statute that without a "compelling academic reason," a degree may not exceed 120 credits (*Texas Education Code* § 61.0515). Among others, the university systems of Georgia, Maryland, Mississippi, Montana and Tennessee have all limited degree programs to 120 credits unless justification can be made for more. We are confident that faculty will engage in examining all areas where quality student learning outcomes may be gained in fewer credits –

which translates to less cost and time for students and more graduates for the state.

- c. Low-Yield Programs. Ensure that all academic programs have realistic parameters for a program's continuation if low numbers of graduates (and few service courses) exist. This is particularly critical for high cost graduate programs at the universities. This critical examination is already happening at NSHE institutions, but it must become a regular and expected review, and policy changes to put more teeth into the review are needed.
- d. Redesigned Courses. Redesign remedial and general education courses and use new models for instruction where research indicates that greater student learning and success at less cost or less time are achieved through alternate methods (i.e. using technology to focus attention on the skills students need for college-level courses that are self-paced and not lockstep with classmates). NSHE colleges and universities have already begun this process and will continue aggressively going forward. As we review the adequacy of our funding formula we must be sure that these new methods are encouraged and funded, not excluded as might be the case now.
- e. Incentives for Decreased Time to Degree. Target use of tuition and fees to build incentives for students to complete college sooner, such as guaranteed fee levels up to a certain number of credits or penalties for students who drop or repeat classes.
- f. Part-time Faculty. With any increased use of adjunct or part-time faculty for instruction, put in place the appropriate quality assurance mechanisms, such as prescribed course content, mandated end-of-course assessments, in-class observations of adjunct/part-time faculty instruction, and student evaluations.
- g. Articulation and Transfer. In addition to the current work of the NSHE Articulation Board and Regents' policy, institutions need to work bilaterally, as needed, to ensure that credits transfer under 2+2 and 3+1 agreements, that students consider carefully the advantages of completing associate degrees prior to transfer, and that with these degrees, students are guaranteed admission at the junior or senior level, ready to move forward toward a baccalaureate degree. Community colleges will continuously monitor articulation agreements with NSHE institutions and other post-secondary institutions so students transfer efficiently to four-year institutions.
- h. Reinvestment of Efficiency Efforts. Develop a process whereby we report transparently how the savings from our efficiency efforts are being used to create excellence within each institution. As NSHE changes its culture and practices to operate more effectively and efficiently, these dollars should be reallocated to areas where high need and the possibility of enhanced success exists. Included in these efficiency efforts will be the launch of a major initiative to examine all

business functions, including, but not limited to purchasing, HR, payroll, that may result in the consolidation of certain functions across the state. These efforts must be underscored by setting a target of decrease in percentage of total expenditures for Operating/Maintenance and Administration. Likewise, the examination of all common support services for quality and efficiency will occur. Included in this will be System Computing Services, libraries, and security/campus police services.

4. **Financial Aid.** Increasing financial assistance and scholarships for students is not just a matter of maintaining access for low income students and their families. The state can ill afford to keep growing the more expensive pathway of lifelong dependence on the state through social services and corrections, when, for a much lower cost, education provides a robust and positive outcome for both individuals and state budgets.
  - a. Focus on Student Access and Success. Quality institutions provide quality opportunities for all students who are making education a priority and have the clear goal of obtaining degrees and certificates that will make them well-educated and workforce ready. This requires that we focus our services and our limited financial assistance on students whose needs are well defined and who are on a track to success. The ongoing project with the University of Southern California Center for Urban Education and WICHE will help identify the key places and individuals who can succeed if institutional behavior supports them. Changes in institutional practice and targeted financial aid have to be a high priority.
  - b. Policy Strategies Related to Affordability. Affordability is not just about tuition and fee costs; it is also about a student's ability to pay relative to their income and financial aid. Efforts must be made to increase the percent of total disbursed financial aid that is need-based, and goals must be set to hold us accountable.
  - c. Focus on Taking Full Advantage of Federal Financial Aid Funds. Currently, too many low income students, particularly at our community colleges, do not apply for federal financial assistance, thus leaving on the table needed support for their college aspirations. Within our efforts on college access and success, we must focus on encouraging these students and their families to apply for federal assistance and set goals to increase the participation rate among our students.
  - d. Low Income Students and Tuition and Fee Increases. We ask that we consider a variety of strategies to hold low-income students harmless to cost increases for a maximum of four years at the universities and state college and two years at the community colleges to encourage full-time enrollment.
  
5. **Partnerships.** All NSHE institutions must look to the efficiencies and economies gained by moving out beyond our campuses and old ways of doing business and gaining new partnerships.

- a. State-NSHE Partnerships. Where we see quality and cost savings that can be achieved through reworking our agreements with the State, we will aggressively pursue executive and legislative conversations to implement change. We will seek flexibility with responsibility for wise decisions for Nevada. For example, the relationship must continue to be evaluated to ensure that there is value added at every point in the chain of decisions by which we design, fund, manage, and build public works.
  - b. High School Students. Early involvement with higher education by high school students is generally associated with a strong college-going culture. In partnership with our Nevada high schools, we will need to focus on more dual enrollment courses, early testing, and fast track programs modeled on current 2+1 technical education agreement with school districts. In addition, we must examine every place where public and higher education interface to make sure that the maximum consistency and efficiency exists between the two. Areas for examination would include not only dual programs and facilities use, but close coordination to engage business, minority communities, our unacceptable dropout and remediation rates, the sharing of common data, and the like. Partnership with public education must stop being a catch phrase and become a way of doing business.
  - c. Business and nonprofit sector. We will pursue such partnerships at every level within institutions where appropriate to build student opportunity, internships and employment, synergies for quality operations, and potential cost savings.
  - d. Facilities. More intense use of existing buildings and classrooms will be required as the state's ability to fund new construction is limited in the immediate future. Distance education strategies alone will not be sufficient. After institutions have reviewed again their maximum and optimal use of classrooms, as enrollment grows, partnerships with school districts, hospitals, libraries, and businesses to acquire classroom space will be encouraged. For example, the new state-of art career and technical academies in Las Vegas might be available in late afternoons and evenings for our use.
- 6. Accountability.** Whether to the citizens of Nevada, our students, our faculty, the Governor, or legislators, good information must flow that enables confidence to be built around the excellent job being done throughout NSHE.
- a. Student Success. The National Governor's Association recently proposed several completion metrics that will measure outcomes and progress for all states to use in the national effort to increase the number of Americans with a college degree or certificate. The outcome metrics include degrees and certificates awarded, graduation rates, transfer rates, and time and credits to degree. For progress

metrics, the NGA suggests: enrollment in remedial education, success beyond remedial education, success in first-year courses, credit accumulation, retention rates, and course completion. These reliable metrics are designed for all state leaders to use to gauge whether policies are successful and to help inform funding decisions. NSHE must wholeheartedly join efforts like this, such as the Voluntary System of Accountability (VSA), an initiative by public 4-year universities to supply basic, comparable information through a common report – the College Portrait, and a similar effort for community colleges developed under the direction of the American Association of Community Colleges - Voluntary Framework for Accountability (VFA). Both UNLV and UNR currently participate in this VSA project.

- b. Attention to Quality and Improvement. Goals must be set for continuous monitoring of all business and service functions going forward. Such reporting and examination of the implications of good and reliable data must become a way of life for NSHE, building a culture to question every operation about whether it is the best way to proceed. The iNtegrate project has allowed us to begin that culture change in Student Services, and it will be the foundation for this change occurring in business and in personnel practices. Funding for these additional modules will be essential as we move forward.

This Plan will give institutions a margin of excellence and added flexibility in these difficult fiscal times. Both the State of Nevada and NSHE will receive significant value-added benefits. For the state, public higher education grows as a critical asset, invaluable to every citizen and inextricably woven into the fabric of each community. When a question or policy issue arises, people will turn first to our institutions and have confidence that our assistance is both available and excellent. Every faculty member and administrator will view themselves as servants for the broader good of Nevada – the true meaning of our “Service” mission. Likewise for students, our institutions will offer excellent and clearly defined educational pathways with state-of-art instruction and support. Students deserve to have full confidence in the value of any degree or certificate from our colleges or universities. Finally, and importantly, for the taxpayers of Nevada, we commit to a method of doing business that pledges value received for support given, with appropriate accountability and transparency. This Plan moves higher education in Nevada forward in difficult times to make the critical decisions necessary to ensure such success.