

# College of Southern Nevada Budget Reduction Plan

January 3, 2008-Revised

CSN's fiscal condition, assessed prior to developing this plan, includes the following:

Item	Amount	Comment
Increase of 7.5% in FTE; 5% higher than budgeted	(Unfunded)	High demand with constrained budget. Enrollments at CSN above budgeted level.
Hold Harmless and redirection of retained student fees	(\$1.5 million)	Unfunded hold harmless funding and legislature's redirection of student fees that would have been retained by the campus.
Excess tuition collection-- resident	\$1.5 million	Projected for the academic year
Excess tuition collection— non-resident	\$280,000	Projected for the academic year—Needs IFC action.
Operating Budget Shortfalls “over cuts” to meet institutional operating needs.	(\$221,000)	Apprenticeship – enrollment growth
	\$550,000	Electric/Gas budget shortfall
	\$225,000	Disabled Students support
	\$15,000	Catalog/Schedule printing
	\$210,000	Software licensing
	\$135,000	Hardware maintenance agreements
	\$6,000	Institutional memberships
	\$10,000	Merchant fees
	\$15,000	Sewer/Disposal; water; telephones
	\$14,000)	Grants-in-aid
	(\$1,381,300)	
Funding equity (AB 203) handicap	(\$20 million)	Part of CSN's budget request for 2009- 2011 with introduction of an implementation strategy.

Many of the above items appear in the Budget Reduction Plan and its financial schedules as CSN “over cuts” to meet urgent needs. Deferred maintenance items, including the mechanical system replacements, restrict the flexibility of HECC funding since the work will be required before next fall semester.

CSN continues its efforts to cope with growth and diversity while being funded at a subsistence level.

### **Strategies for a 4.5% General Fund Reduction, 2007-09 Biennium.**

The implementation strategy reduces more than \$8,677,305 over the biennium. Assumptions used in addressing the reduction include, 1) cutting operating budgets, 2) implementing operational efficiencies, 3) delaying or canceling hiring of replacement staff, 4) adopting a student surcharge, 5) deferring merit for professional staff in the 2008-09 fiscal year, 6) using (one-time) HECC

appropriations, and 7) using excess student fee collections in excess of the budgetary levels in FY 2007-08.

CSN experienced a spike in enrollment levels during the Fall 2007 semester. Actual enrollments are in excess of 5% above budgeted levels provided through the funding formula. Spring enrollments are unknown at this time due to the nature of registration trends, but historical spring-to-fall ratios provide initial analysis for the current fiscal year. Conservatively, CSN projects annualized enrollments to yield excess student fee collections above the budgeted level, and those revenues will offset a portion of the general fund reduction.

Each source of revenue and expenditure reduction that is proposed at CSN is detailed below:

#### Operating Budget Savings:

To balance expenditure reductions in the first year, operating cuts will be implemented. These cuts include reduction in departmental operating expenditures, reduction of in-state travel and mileage, reduction in library acquisitions, scholarship reductions, and elimination of leases for the Henderson Business Resource Center and a review of the Tropicana/UNLV lease.

Reductions in operating budget expenditures for the first year of the biennium are being identified in an effort to preserve the base operating budget in the second year of the biennium. Reductions outlined in the areas of Scholarships, Library Acquisitions, and Departmental support will be offset to the greatest extent possible by one-time funding distributed to the campus from the Investment pool. The operating reductions reflect an additional \$2.5 million above the unfunded “hold harmless” of \$1 million not supported in the CSN operating budget and an additional \$1.3 million for operating budget shortfalls in specific areas.

#### Operational Efficiencies

As AB 203 concluded, CSN has traditionally implemented efficiencies and streamlined operations to address basic service needs. Hence, its budget is one of subsistence only: The campus has limited funding available to support its student population. The ability to redirect resources, defer activity, and reduce support for programs and services has been implemented and has stretched the institution to its full extent. Any additional reductions in support would require the campus to further reduce site operations and access to students. CSN’s position is that in order to effectively provide quality programs and services that students must have, the College must have minimal infrastructure in staffing, faculty, and resources. Operating budgets are already at meager levels; these additional cuts will be challenging for CSN. *We are forced to look toward one-time revenue allocations to address these reductions but will be unable to support these items after this current year and will be unable to meet additional reductions if necessary.*

#### Freezing Position Vacancies

A “soft” freeze has been implemented which requires each request to fill a replacement position to be thoroughly justified and reviewed by the President. Executive vacancies are not being refilled. The consequence of this freeze is strained operations and staff burn-out, but CSN has no other options without excessive burdens on students.

Student Surcharge:

A student surcharge is proposed for implementation beginning fall 2008, and this strategy will require approval of the Board of Regents. CSN proposes that the Board approve a range for a per unit fee (with a report back to the Board) which would provide the opportunity to address specific needs and as necessary modify the rate to address student needs. This will assist CSN should additional reductions be imposed or if revenues are not achieved as anticipated through excess student fee collections.

For the second year of the biennium, enrollment projections are estimated at a modest level of 3.5% over the 2007-08 projected enrollments. Actual enrollment levels as a result of spring 2008 will influence the 2008-09 projections. Based on this assumption, the fall 2008 FTE is projected at 20,403, spring 2009 at 19,760 for an annualized enrollment of 20,082. The per credit hour student surcharge revenue collections would yield:

Fee Level Recommended:	Surcharge of \$2.50	Surcharge of \$3.00	Surcharge of \$4.00	Surcharge of \$4.50
Revenue Projection	\$1,506,112	\$1,807,335	\$2,409,780	\$2,711,017

CSN recommends implementation of \$4.50 per credit hour for FY 2008-09, for revenue of \$2,711,017.

While the campus has secured the support of our student body leadership to impose a student surcharge, we know that the greatest barrier for students in higher education, in particular community colleges, is the cost of education. We must find ways to ensure that by imposing a student surcharge we do not limit or shut out access for those that need it the most. In the current fiscal climate this goal may be impossible.

Merit Deferral:

The deferral of merit award for professional staff would result in an approximate savings during the FY 2008-09 period of \$605,781. Effective July 1, 2008, this would represent merit deferral for professional employee staff only. (Classified employees are under the personnel system of the State of Nevada and any deferral of merit would have to be imposed by State Personnel.)

***As the institutions prepare for the 2009-2011 biennium, discussions would need to occur to ensure that the full merit award is captured for purposes of building the biennial request to ensure full cost-of-living, merit, and fringe benefit costs are included in the biennial budget request.*** In addition, for the purposes of determining cost-of-living fund draws for FY 2008-09 a review of the process utilized and the methodology for calculation purposes would need to be addressed to ensure that the campuses are not further harmed by limiting the availability of the funds subject to reconciliation with the Board of Examiners.

HECC/Deferred Maintenance:

As a risky, short-term solution, funding provided through General Fund appropriations for deferred maintenance activities can be reallocated for operating support. (Deferred maintenance projects including air conditioning, heating, electrical, and safety items are ongoing and critical to the

campus.) CSN has urgent maintenance items that need to be addressed, and this urgency limits the flexibility of HECC funding. What HECC funding is in the plan of finance is only a short term solution and can only be accomplished on a limited basis. It is important to note that for CSN any reductions that the System Office may be able to offset from “system-wide funding” to reduce the impact on the campuses of the 4.5%, CSN would first replenish HECC funding back to original purposes. Further, CSN proposes utilizing HECC funding during the second year of the biennium in order to safeguard the 2009-2011 biennial budget.

#### Excess Student Fee Collections:

Fall 2007 enrollment has exceeded budgetary levels by over 5%. Should spring revenue collections be consistent with prior fiscal years, the campus projects excess student fee collection. The excess student fee collection has been projected for the current fiscal year only, and will assist in offsetting a general fund shortfall. At this time, CSN projects an excess student fee collection of \$1.7M for FY 2007-08. These excess revenues will be utilized to offset the budget reduction in the current fiscal year.

#### **Related Budget Issues and Summary**

A few issues remain open or only partially addressed in this plan. A description of the issues follows:

#### Cost of Living Awards:

What has not been addressed within this document is impact on the ability for the campus to fully draw down COLA funding. CSN has not been able to fully realize COLA over the past several years. Any COLA funding not able to be drawn will cause further operating budget reductions, and will negatively impact the campus and result in additional departmental operating reductions.

#### Utility Budget Shortfalls:

CSN anticipates a utility budget shortfall of approximately \$565,000 for 2007-08. This shortfall is projected primarily in electricity and gas utilities, which reflects \$550,000 of the total projected budget shortage. This shortfall is a result of the Legislature not providing inflationary adjustment support and not addressing the gas shortage realized last fiscal year due to increasing costs. While a “pool” has been provided to support state agencies, the funding appropriated is insufficient to address all state agency needs. CSN anticipates receiving limited relief from this pool. An additional \$15,000 is projected to be needed for water, sewer/disposal, and telephone utilities.

#### Disabled Student Support:

CSN is anticipating a significant shortfall in financial support for students requiring accommodations. The costs for services are increasing and the availability of providers is limited. A shortfall of in excess of \$225,000 in this budgetary line item for the current year is anticipated.

#### Summary:

The following is a summary of the general fund reductions, operating adjustments, excess revenue projections, and merit deferral. What is not included in the expenditure shortfall is potential excess fee collection in year 2 of the biennium, potential cost of living funds not able to be drawn as collectable based on vacancy savings accrued as a result of hiring freezes.

General Fund Reduction at 4.5% (2007-2009): (\$8,677,305.00)

FY 2007-08

1) Operating Budget Reductions:	2,493,507.00
2) Excess Student Fee Collection	<u>1,700,000.00</u>
Total FY 2007-08:	\$4,193,507.00

FY 2008-09

1) HECC Deferred Maintenance:	\$1,167,000.00
2) Student Surcharge Assessment @\$4.50 per unit:	2,711,017.00
3) 6 Month Professional Merit Deferral	<u>605,781.00</u>
Total FY 2008-09:	\$4,483,798.00

Total 2007-09 for Governor's 4.5% Reduction: \$8,677,305.00

CSN began 2007-08 with an unsupported hold harmless budget of approximately \$1 million less than the prior year. With increased enrollment, budget shortfalls experienced by unfunded utilities, and programmatic operating shortages, the campus will need to identify \$1,381,300 of additional "cuts" to meet operational needs. This is magnified by:

- the Legislature redirecting roughly \$500,000 of traditionally retained student fees, that are used to provide services such as tutoring support, writing services, and access;
- the Legislature not recognizing through additional resources equity funding to address the historical under funded nature of CSN; and
- the lack of Legislative funding for planning new facilities after this fiscal year.

With enrollment growth anticipated to exceed the budgeted level by roughly 5%, the College is stretched beyond its means, particularly within a service area that represents over 70% of the Nevada population.

Finally, legislative leaders challenged the campuses during the last session, asking how we would help ourselves, how we would meet enrollment targets, improve retention, and improve graduation rates. These are all challenges that CSN has been working toward and was making great strides. However, with reductions in operating sources and other strategies described in this plan, access to education and student support cannot help but suffer.