

Colleagues,

As you are aware, the State of Nevada is facing severe budget problems. The state revenue shortfall is now nearing \$1 billion. I refrained from discussing budget issues with you until more facts about the budget situation of the state became clear. But now several facts are known and you need to know them.

In January 2008, we were informed of a 4.5% budget reduction for each year of the current biennium. The reductions were accommodated through a variety of strategies. Expenditure budgets were and will be reduced college-wide. Registration fees for students will increase by 4.6% in FY 2008-09 over the current year, and we have levied a registration surcharge of \$2.75 per credit hour to address the revenue shortfall and sustain services. We are now preparing for a possible additional 4% budgetary reduction—yes, we may have to cut more in the new fiscal year. The Board of Regents approved the fee increase and surcharge, but has not acted on the additional 4% until it is confirmed. The strategies we're imposing and the revenue enhancements will permit CSN to maintain our key principles of fiscal operation: preserve the core mission and provide the quality of instruction and service that our students and the public have come to expect.

We have been working on the development of contracts for the next fiscal year which include implementation of the new faculty and administrative salary schedules. We have been cautious of finalizing the contracts as budget shortfalls increased and COLA for employees has been uncertain. The Governor has now called a special session of the Legislature on June 23, 2008 to address this and other issues. Pending action at the Special Session of the Legislative, we will expedite the completion of reappointment contracts. We will notify professional employees when contracts are available for signature.

For the next biennium, 2009-2011, CSN and NSHE have prepared both operating and capital budget priorities and those were approved by the Board of Regents at the June 12, 2008 meeting. The Governor has requested that all state agencies prepare 2009-2011 requests with a 14% decrease of general fund dollars less than FY 2008-09. This request would reduce the CSN budget by more than \$14.5 million per year. Should such a budget be adopted, CSN would look much different than it does today. A 14% cut, would restructure CSN and have grave consequences for faculty, staff and students.

We are cautiously proceeding to prepare for the governor's directive but not rushing into decisions that we may regret later. While some would suggest we watch and wait, we also must prepare in case further action is needed. We're currently exploring about 45 strategies, each with its own ramifications. We are also looking at a strategic downsizing of positions and services should that be necessary.

What we do know is that we must enact some difficult decisions in the coming weeks. We will be launching a buy-out program for non-classified employees and you'll hear more about this in the next two weeks. Pursuant to personnel policies at NSHE, and the state personnel system, a few, selected notices of non-

reappointment and layoffs will be issued beginning this month. We will be working individually with these employees and assisting where we can with their transition. These are difficult steps but ones that must be taken in light of the severe state revenue shortfall. Our fiscal principles remain our drivers: preserve the core mission and provide quality in instruction and services.

**The revenue shortfall for the state has continued to grow over the past several months, as we have seen the shortfall increase from an estimated \$537 million in January to just under \$1 billion in June.** I know many of you have questions about job security or the future of your department, please know I will do everything in my power to keep the College informed as we learn more. Please be assured that faculty and staff will be involved in key discussions and decisions about how we move this institution forward together in these times of economic crisis.