

UCCSN Board of Regents' Meeting Minutes January 23-24, 1981

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BOARD OF REGENTS

UNIVERSITY OF NEVADA SYSTEM

January 23, 1981

The Board of Regents met on the above date in the Center for Religion and Life, 1101 North Virginia, Reno.

Members present: Mr. Robert A. Cashell, Chairman

Mr. James L. Buchanan, II

Ms. Frankie Sue Del Papa

Mrs. Lilly Fong

Mrs. Dorothy Gallagher

Mr. John R. Mc Bride

Mr. John Tom Ross

Mrs. June F. Whitley

Members absent: Mr. Chris Karamanos

Others present: Chancellor Donald H. Baepler

President William Berg, NNCC

President Joseph Crowley, UNR

President Jack Davis, WNCC

President Jim Eardley, TMCC

President Judith Eaton, CCCC

President Leonard Goodall, UNLV

President Clifford Murino, DRI

Mr. Larry Lessly, Vice Chancellor for Legal

Affairs

Mrs. Bonnie Smotony, Secretary of the Board

Also present were Faculty Senate and Student Body Organization representatives from each of the Institutions.

The meeting was called to order by Chairman Cashell at 10:20 A.M.

1. Adoption of Consent Agenda

Adoption of the Consent Agenda (identified as Ref. A. and filed with permanent minutes) was recommended. The Consent Agenda contained the following items:

(1) Approval of the minutes of the special meetings of

December 17 and December 30, 1981, and the minutes of the meeting of January 12, 1981.

(2) Acceptance of gifts and grants.

(3) Reappointment of the following members to the College of Arts and Science Advisory Board for three-year terms:

Steve Brown, Sparks

Fred Davis, Jr., Reno

Mary Gojack, Reno

Clark Hamilton, Reno

Moya Lear, Stead

Kay Winters, Dayton

(4) Appointment of Regent Dorothy Gallagher as liaison to the College of Agriculture Citizens Advisory Board and of Regent John Mc Bride and Regent Lilly Fong as liaison to the School of Medicine Advisory Board.

President Berg reported a gift of \$1000 from Mrs. Reba Lundberg, in memory of her late husband, Ted, to be used by NNCC for scholarships.

President Crowley reported an offer by Mrs. Louis E. Lomax of a gift of her late husband's working papers, library, manuscripts and memorabilia to UNR, with her request that the collection would be available as a resource to UNR students, faculty, and others who may have occasion to use them.

Ms. Del Papa moved adoption of the Consent Agenda, including the additional gifts reported by Presidents Berg and Crowley. Motion seconded by Mrs. Fong, carried without dissent.

The Board adjourned and convened as the Nevada Higher Education Facilities Commission, then reconvened as the Board of Regents.

2. Design Development Drawings, Phase IV, School of Medicine,
UNR

Design development drawings for this project were presented by Mr. Ron Mentgen, from the architectural firm of Anshen and Allen. Following that presentation, and discussion among Board members, President Crowley recommended approval of the drawings and authorization to proceed with the proj-

ect. Dr. Crowley noted that the project is funded with \$2 million from the Fleischmann Foundation and \$2 million in gift funds from Mr. Claude Howard.

Mrs. Fong moved approval. Motion seconded by Mrs. Whitley, carried without dissent.

3. Revision of Board of Regents Bylaws

Chancellor Baepler recalled that in October, 1980, the System Administration Study Committee submitted a final report containing a recommended position description for the Chancellor. This description was approved by the Board and, together with an amendment to the Presidents' duties and responsibilities, was incorporated into a proposed amendment to the Board of Regents Bylaws and submitted for first reading at the November 6, 1980 meeting. As a result of a proposal by the Chancellor Search Committee, approved by the Board at the December 13, 1980 meeting, a further revision to the Bylaws was proposed and treated as a "first reading", with final approval to occur following the necessary 30 days notice. Chancellor Baepler reported that the Bylaws amendment was now ready for adoption (proposed revision included with agenda, identified as Ref. B).

Ms. Del Papa moved approval. Motion seconded by Mr. Mc
Bride, carried without dissent.

For the purposes of the minute record, Article VI of the
Board of Regents Bylaws, as amended by the above action, is
reflected below.

ARTICLE VI

Officers of the University of Nevada System

Designation Section 1. The Officers are the Chancellor
of Nevada System and Presidents of the Uni-
versity of Nevada, Reno; the University of
Nevada, Las Vegas; the Desert Research Insti-
tute; Clark County Community College; North-
ern Nevada Community College; Truckee Meadows
Community College; and Western Nevada Commu-
nity College.

Appointment Section 2. The Officers of the University
shall be appointed by, and shall serve at
the pleasure of, the Board of Regents. In

making such appointments the Board shall follow the recruiting and screening for these Officers specified in the University Code.

Chancellor Section 3. The Chancellor is responsible for the administration of the University of Nevada System and implementation of the Board's policies. Duties are prescribed by the Board of Regents and include the following:

- a. To promote a sound plan of organization in concert with the Presidents to insure administrative efficiency, maximum utilization of resources, and to facilitate cooperation among member institutions;
- b. To coordinate the preparation of all operating and capital budgets and System planning documents for Board review. However, the member institutions are autonomous with respect to curricular decisions involving existing programs;

- c. To coordinate the presentation of all University System matters to the Governor's Office and the State Legislature;
- d. To sign all contracts and other instruments requiring execution on behalf of the Board of Regents;
- e. To be the Treasurer of the University and to provide for internal and independent audits; however, appointment of independent auditors shall be subject to approval of the Board of Regents;
- f. To review the execution of all University budgets to insure that the intent of the Board of Regents and the Legislature has been carried out;
- g. To coordinate the preparation of the agenda of all meetings of the Board of Regents;
- h. To be responsible for official communi-

cations on behalf of the Board of Regents, excepting personnel actions;

- i. To be the appointing authority for all professional personnel not assigned to a member institution. The member institutions are autonomous with respect to their own personnel decisions;

- j. To evaluate and make recommendations to the Board of Regents concerning the performance and conditions of employment of the Presidents of member institutions;

and

- k. To perform such additional duties as the Board may direct.

Presidents Section 4. The President of each member institution shall be the Chief Administrative Officer of his institution, and shall report to the Board of Regents. Duties shall include the following:

- a. To provide leadership in the planning and implementation necessary for the successful operation of the member institution and to insure that the institution develops to its potential;
- b. To be the appointing authority for all professional personnel in the member institution, subject only to the Code, and to execute personnel contracts;
- c. To review the quality of performance of all professional personnel in the member institution and to either take final action or recommend action to the Board of Regents on personnel matters in conformity with the Code;
- d. To make recommendations concerning all budgets in the member institution and to administer approved budgets;
- e. To transfer budget credits, which in his judgment are no longer necessary, to the

appropriate contingency reserve and to transfer budget credits from the contingency reserve to functional accounts, subject only to the condition that transfers of \$10,000 or more or which cumulatively equal \$10,000 or more within each object code during one fiscal year shall require Board approval;

f. To authorize the transmission of applications or requests for grants, contracts of gifts to individuals, foundations, corporations, and the Federal government;

g. To be the principal spokesman for the member institution and to represent the institution before the Board of Regents, the Legislature and all other appropriate bodies;

h. To perform such additional duties as the Board may direct.

of the that the Officers work together for the best
Officers interests of the University of Nevada System
and the achievement of its objectives. The
Chancellor shall have no authority over, nor
make any recommendations concerning, person-
nel decisions within a member institution or
curricular decisions involving existing pro-
grams within a member institution. In these
areas, the Chancellor shall transmit the
President's recommendations to the Board
without comment, assuring only that the
Board's policies are followed in the pres-
entation and transmission of such material.
In all other areas requiring Board action,
the Presidents shall submit their recom-
mendations for inclusion on the Board's
agenda, and the Chancellor shall also make
his recommendations known to the Board. All
Officers shall have direct access to the
Board at all times.

4. Report of Regent's Committee to Develop Officer Assessment

Evaluation Procedures

At its meeting of March 28, 1980, the Board directed that an ad hoc committee of the Board, in consultation with the Chancellor and the Presidents, develop a procedure for Officer assessment/evaluation. Mrs. Fong, who Chairs the committee, reported that an evaluation document for the Chancellor had been developed, had been reviewed by the Officers and was included with the agenda (identified as Ref. C. and filed with permanent minutes). She requested consideration and approval by the Board.

In response to Ms. Del Papa's question concerning the adequacy of this document in meeting legal and affirmative action requirements, Mr. Lessly stated that there was no problem from either standpoint.

Mrs. Whitley moved approval. Motion seconded by Mr. McBride, carried without dissent.

5. Report of Status of Grant Applications

In response to a request at the December meeting, reports were submitted by each of the Presidents concerning the status of federal grant applications and are on file.

Chairman Cashell recalled that the reason for the request

was to determine if there are ways in which the Board can assist in increasing the level of funding realized by the various institutions from federal granting agencies.

President Eaton stated that while the Community Colleges have a fair level of activity in certain areas of federal grants; such as student financial aid grants, none of the Colleges have anyone assigned as a full-time Endowment Officer. She suggested that if the focus was to be in any given area, it should be on grants that would bring money in for programs, curriculum and staff development within the Colleges.

President Goodall suggested that where there is a research interest, it is important to provide a mechanism of grant support, both money and in staff who know the system and know how to work with the faculty in getting grants. He spoke about the desirability of strengthening the contacts in Washington.

In response to a suggestion by Chairman Cashell that the Chancellor's Advisory Cabinet could develop a proposal for ways in which such assistance could be secured, President Crowley recalled that this matter had been discussed previ-

ously in the Cabinet and agreement had been reached that it would be useful to have a Washington-based representative; however, no conclusion had been reached on whether it ought to be at the institution or System level.

Chancellor Baepler agreed that this had been an issue for the past two years, but doubted that it could be concluded, as suggested by Chairman Cashell, in time to have a final recommendation at the February meeting. It was agreed, however, that the Cabinet could bring a report in February on some alternatives and the problems relating to these alternatives.

6. Proposal for Appointment of Ad Hoc System Committee on Fees

Chancellor Baepler endorsed a proposal by President Crowley that the Board approve the appointment of an ad hoc System Committee to deal with the subject of fees and tuition, to examine both the question of appropriate fee and tuition levels for 1981-82 and 1982-83 and the question of whether a more systematic approach to the setting of fees and tuition would be desirable for the University of Nevada System. It was suggested that such a Committee could report its recommendation in a timely fashion so as to allow proper

planning for the Biennial Budgets and for implementation of any recommended systematic approach.

Mr. Ross moved approval for the establishment of the Committee as proposed. Motion seconded by Mr. Mc Bride, carried without dissent.

Chancellor Baepler reported that the Committee would be composed of Mr. David Wilkins, representing TMCC, WNCC and NNCC; Keith Evans, representing CCCC; Vice President Jessup, representing UNR; and Vice President Westfall, representing UNLV, with two students, one from the Universities and one from Community Colleges.

7. Agreement for Water Service

Mr. Lessly reported that Sierra Pacific Power Company has requested an agreement be executed whereby Sierra Pacific's certified water service territory will be expanded to include certain land at the Dandini Research Park upon which the DRI facility and the TMCC Campus are located. The proposed agreement contains a provision whereby any further expansion by the University of Nevada System in the area requiring water service by Sierra Pacific will be condition-

ed upon the transfer of sufficient water rights from the University to Sierra Pacific.

Ms. Del Papa moved approval. Motion seconded by Mrs. Gallagher, carried without dissent.

8. Scholarship Report for 1979-80

Dr. Robert Mc Queen, UNR Scholarship Chairman, presented a summary of the 1979-80 Scholarship Report which was distributed with the agenda, noting that the number of endowed scholarship accounts increased 16% over the 1978-79 academic year, and that \$753,000 in scholarships had been distributed, an increase of \$100,000 over the previous year. The average stipend increased by nearly 20% as a result of a deliberate effort by the Scholarship Board to increase the value of the scholarships in concert with the increase in educational costs.

In response to a question from Mr. Ross concerning the interest earnings on the endowed scholarships, Dr. Mc Queen recalled that the Board had recently adopted a policy which restricts the distribution of scholarships endowment earnings to 6%, with the balance returned to the corpus of the

account.

Chancellor Baepler referred to an article in a recent issue of The Chronicle for Higher Education which he said indicated that most institutions in times of inflation and high interest rates are limiting the distribution of interest earnings to 6% in order to keep the accounts from being eroded by inflation. He agreed to provide a copy of that study to each of the Regents.

Mr. Ross suggested that perhaps the Board ought to suspend its recently adopted policy on distribution of scholarship endowment earnings.

Dr. Crowley pointed out that the University will be looking at a number of possibilities for increases, not just in the per-credit fee, but also in other areas where the students are assessed charges. He suggested that perhaps in light of the heavy financial burden for students next year, the Board might wish to delay application of the policy for one year.

Chancellor Baepler requested that before the Board makes any decision in this area, they review a copy of a report from

Stanford with respect to this matter, which he said he would obtain and forward to them.

Chairman Cashell expressed the Board's appreciation and commended Dr. Mc Queen for his effective management of the UNR Scholarship Program.

9. Proposed Organization Changes, UNR

President Crowley recalled that one of the matters considered by the Administrative Review Team in the report presented to the Board of Regents in 1980, was the possible reorganization of the Office of Continuing Education. The major question involved was whether the basic functions of this Office should be responsible to the Vice President for Academic Affairs, as is the case in most Universities, or to the Vice President for Public Affairs, as has been the case in recent years at UNR. The Team recommended that organizational changes not be considered until after the new Vice President for Academic Affairs had arrived and has had an opportunity to review such changes. A postponement of such consideration was suggested also by the reorganization that created the Office of Vice President for Public Affairs and invested in that Office significant new responsibilities

that had not been part of the position previously, when its title was Vice President for University Services.

President Crowley reported that since that time, in consultation with the two Vice Presidents involved, and other interested parties, there has been an opportunity to review the principal organizational issues. Based on that review, he offered the following recommendations:

1. That responsibility for the Office of Continuing Education be transferred from the Vice President for Public Affairs to the Vice President for Academic Affairs, with the exception of the functions noted in #2 below.

The functions to be transferred include:

- a. Conferences and Institutes
 - b. Community Development
 - c. Independent Study by Correspondence
 - d. Off-Campus Programs
 - e. Summer Session
 - f. Intensive English Language Center
2. That the following functions, now part of the Office of Continuing Education, be continued as responsibilities

of the Vice President for Public Affairs:

- a. College Inn
- b. Flammable Liquids Fire Academy (Stead)
- c. State Fire Service Training Program (Stead)
- d. Alumni College

A chart showing the organizational pattern which results from the above proposed changes was distributed and is filed with permanent minutes.

Mrs. Gallagher moved approval. Motion seconded by Mrs. Fong, carried without dissent.

10. Proposal for Establishment of a Pub at UNR

ASUN President Stephanie Brown requested the Board's approval for the establishment of a Pub, to be located in a small area of the Snack Bar in the Jot Travis Student Union. Details of the proposal, including costs, were included with the agenda.

President Crowley recommended approval of the proposal, with a follow-up evaluation toward the end of the Spring

semester to determine whether the Pub should be continued, and, if so, what changes might be necessary in its concept and operating policies.

Mr. Mc Bride moved approval, with the conditions that it meets all legal and health requirements and that the Board of Regents is adequately protected by securing liability insurance and that the follow-up suggested by President Crowley occur at the end of the Spring semester. Motion seconded by Mrs. Fong, carried without dissent.

11. Public Educational Television Consortium

President Crowley recalled that at its December meeting the Board of Regents approved a recommendation authorizing UNR to participate in a consortium which will apply for grants and licensing for public educational television in the Reno-Sparks area. Subsequently, it was determined that, for licensing purposes, it would be necessary for the consortium to be incorporated. In addition, Dr. Crowley recalled, representatives of UNR and Truckee Meadows Community College were to be involved in the consortium Board of Directors and they would now be involved on the Corporation Board. From the University's point of view, these changes do not signify

any substantive alteration of the original plans and purposes which were approved by the Board of Regents in that the changes are largely technical in nature. However, President Crowley noted that upon consultation with University Counsel, it seemed appropriate to seek the Board's approval of these changes.

In the discussion following, it was agreed that it would be appropriate to provide for the participation of WNCC and that President Crowley, President Eardley and President Davis would be designated as members of the Board of Directors representing their respective institutions, and that liability insurance would be secured.

Mrs. Fong moved approval. Motion seconded by Mrs. Ross, carried without dissent.

12. Proposed Legislative Requests

Chancellor Baepler recalled that the 1979 Legislature had adopted Senate Bill 255 which had, because of some lack of clarity in the language, caused some problems for the University with respect to its ability to spend gift monies received by the various institutions. He requested that

the Board authorize the Administration to seek legislation to amend SB 255 to exclude the University System from all its provisions, if possible, but at a minimum to clarify those provisions as they affect the System.

Ms. Del Papa moved approval. Motion seconded by Mrs. Gallagher, carried without dissent.

Chancellor Baepler also asked the Board to approve a request for legislation which would make membership in TIAA-CREF optional for faculty during their first two years of service with UNS. He explained that frequently the University has professional employees on grant money who remain with the System only for the term of the grant and if that period of time is short enough, for example, two or three years, the employee can regain his contributions to TIAA. TIAA has now been advised by the Internal Revenue Service that such individuals would lose their tax sheltered privileges under this procedure and will thus no longer be able to recover their first two-year' contributions.

Mr. Lessly suggested that if this is to be considered by the Board, it would first have to be declared as an emergency item since it does not appear on the Board's agenda.

He further recommended that the implications for payment of social security benefits for such employees be examined before any action is taken by the Board. It was agreed that this matter could be deferred until February to permit further consideration by the Administration.

Ms. Del Papa asked about the legislative matters which the Board had requested.

Chancellor Baepler reported that the one shot equipment requests have been submitted and will be part of the University's presentation to the Legislative Money Committees, as will the new program requests. He agreed to provide copies of the requests to the Regents.

Dr. Baepler reported that the catch-up faculty salary request had been recalculated at 12.9%, which is a \$4.8 million retroactive package, and the request would be introduced to the two Money Committees by representatives of the System Compensation Committee, Dr. Paul Page and Dr. Gary Jones, along with himself.

In response to a question concerning the status of the proposal to repeal the 95% rule, Chancellor Baepler stated that

the University is pledged to lobby for that. He noted that there are a great many people interested in it and a lot of effort is expected to be expended. He stated that he assumed the counties would introduce the legislation.

Ms. Del Papa suggested that since this is a high priority with the Regents and is a very critical piece of legislation for the whole system, the University ought to request its introduction. Chancellor Baepler agreed to check on its status and if nothing had been introduced, he would seek to have it introduced on behalf of the University.

Dr. Baepler reported that the proposal to have California travel treated as in-state travel was turned down by the Governor.

There was discussion concerning additional legislative requests which had been proposed by the Board, including the subsidy for Law School students, Regents' per diem, amendment to the Open Meeting Law to permit Regents to handle investment matters by telephone poll and to discuss legal matters in personnel session, and agreed to include a full report of the Legislative Program with the February agenda.

It was agreed that the February 27 Board meeting would be held on the Western Nevada Community College Campus.

The meeting adjourned for lunch and a meeting of the Investment Advisory Committee and reconvened at 1:10 P.M.

13. Presentation by Special Tax Counsel

Vice Chancellor Larry Lessly introduced Mr. David Thomas, representing the firm of Sherman and Howard, the attorneys retained to advise the Board on tax matters pertaining to proposed foundations.

Mr. Thomas stated that to provide the type of benefits the Regents desire, the foundations set up must meet two major requirements under the Tax Code:

1. The foundations must qualify as tax-exempt organizations; that is, the organization must be organized solely for educational or charitable purposes and that there be no benefit to any individual by reason of the operation of the foundation.

2. The foundations must be recognized as public charities

rather than private foundations. A major problem here is that foundations are considered to be private unless it can be demonstrated that they are public endeavors.

There are two ways to qualify as a public charity, thereby giving the maximum tax benefit to potential donors and avoiding the restriction of limiting a donor's tax benefits to only 20% of his adjusted gross income with no carry-over from year to year as is true with private foundations.

The first requirement applies directly to the University foundations. That is, an organization is a public charity and not a private foundation if it is a State University supported organization. It must be organized to receive and administer property solely for the benefit of the public University. Secondly, the foundations must receive their financial support from a broad range of governmental and public sources as opposed to having the support coming exclusively from investment income.

Mr. Thomas indicated that while the University must meet the technical requirements under the Tax Code, there are no specific restrictions or requirements with respect to the control that the Board might exercise over the foundations.

He further stated that if the University meets these requirements, it is free to structure the entity in order to accomplish its goals.

In answer to questions from the Board, Mr. Thomas stated that it makes good sense to have the Board oversee the structuring of these foundations, however the final decision as to whether the Board exercises strong control is not dictated by Tax Law. He pointed out that the all important requirement here is that no funds be knowingly or unwittingly used for purposes other than for the benefit of the University.

President Crowley stated that it was his understanding that the Board had conditionally consented to the establishment of foundations and that the proposal he had brought to the Board had assured substantial Board control, including approval of the Bylaws and amendments and Board of Directors.

Mr. Thomas stated that he was inclined to believe that the control question should be set forth in the charter documents and, if needed, adjustment could be made on an institution by institution basis. In essence the University would have uniform charter documents and customized agree-

ments. He believed that this would make sense, but is not a requirement for a tax standpoint.

Mr. Buchanan moved that the firm of Sherman and Howard be authorized to prepare a set of Bylaws and conditions and requirements which are tailor-made to the University System to be approved by the Board of Regents. If the Board approves this set of Bylaws, then the Presidents can come forth with proposals for foundations knowing the parameters.

Mr. Buchanan stated that his motion was to develop a standard set of Bylaws and Articles of Incorporation and controls and does not include a memorandum of understanding because each Campus may be different.

Mr. Mc Bride seconded the motion.

In response to Mrs. Fong's question, it was agreed that the Bylaws will state the financial responsibility and accountability of the foundations to the Regents.

Mr. Thomas stated that he would propose coming back to the Board in February with Articles of Incorporation, Bylaws and a one-page description of what issues a memorandum of agreement might deal with.

Chairman Cashell requested that Vice Chancellor Lessly work with the Presidents to determine what they believed the agreements should include.

Motion carried without dissent.

14. Report of Finance Committee

Ms. Del Papa reported that the Finance Committee had met earlier in the day and had taken the following action:

1. Received a Quarterly Report of State Funds from the Financial Accounting Services Committee. Mr. Scott, Chairman of the Financial Accounting Services Committee, will arrange for a short presentation to be made to the next meeting of the Finance Committee summarizing the Quarterly Report and commenting on any problem areas which have been revealed in the Report.
2. Discussed the proposals which had been received from accounting firms wishing to be considered for the next independent audit cycle, and agreed that presentations from the following four firms would be scheduled at a

special meeting to occur within the next two to three

weeks:

Haskins and Sells

Kafoury Armstrong and Company

Alexander Grant and Company

Mc Gladrey Hendrickson and Company

3. Requested the Officers to be prepared in September to discuss with the Finance Committee their proposals on budget parameters and procedures which would guide the development of the 1983-85 Biennial Budget Request.

Mr. Buchanan moved approval of the report of the Finance Committee. Motion seconded by Mrs. Whitley, carried without dissent.

Chairman Cashell asked that the Finance Committee accept the responsibility for development of criteria for the expenditure of funds from the Board of Regents Special Projects Account and that a report be made back to the February meeting after consultation with the Presidents.

15. Report of Investment Advisory Committee

Mrs. Fong reported that the Investment Advisory Committee met at noon and that, at Chairman Cashell's request, she had acted as Chairman in the absence of Mr. Karamanos, with Mr. Mc Bride and Mrs. Gallagher appointed as temporary members to serve in place of the other absent members.

The Committee took the following actions:

1. Received reports from Mr. Monte Miller, Mr. Bob Lee and Mr. Tom Josephsen on the portfolios managed by Valley Bank, FNB and Security Bank, respectively, and on current economic conditions. None of these managers wished to recommend a change in their portfolios at the present time.
2. Received a presentation by Mr. John Chrissinger of NNB, which renewed its proposal, made two years ago, that "it be retained to manage a significant portion of the University of Nevada's endowment fund.'

After some discussion, it was decided to table this matter until the next meeting. Mr. Mc Bride and Mrs. Gallagher were of the opinion that a vote on the Com-

mittee's recommendation concerning NNB's proposal should wait until the regularly appointed Committee members can be present. It was the consensus, however, that the Committee should in any event carefully monitor the performance of the banks which are retained to manage the University's endowment funds.

Mr. Buchanan moved acceptance of the Investment Committee's report. Motion seconded by Ms. Del Papa, carried without dissent.

Mr. Cashell reported that Mr. Ross had declared a conflict which would prevent his service on the Investment Advisory Board. Accordingly, a substitute appointment would be announced shortly.

16. Discussion Concerning 1981-83 Biennial Budget

Chairman Cashell recalled that the discussion of the Governor's recommendation concerning the University's 1981-83 Biennial Budget Request was not completed at the January 12 meeting. He requested that Chancellor Baepler present a short introductory statement, after which each President would be asked to cover the appropriation areas under his

administration.

Chancellor Baepler recalled that at the previous meeting Vice Chancellor Partridge had presented an overall review of the budget picture and had distributed information relating to the System. Dr. Baepler suggested that there are five areas of concern which need to be addressed from a System perspective. He suggested that all are equally important and difficult to prioritize. With respect to faculty salaries, Dr. Baepler stated that the University is reaching a situation where it is not competitive and it is the Administration's intention to pursue the faculty salary package included in the Regent-approved budget request.

Secondly, of concern to all Nevada institutions is the general concept of student-faculty ratios which are at the heart of education quality and every effort will be made before the Legislature for sufficient funding. A third area of concern, one which is critical, is the support positions which have been requested; i. e., nonteaching professional and classified positions. Fourth, sufficient money to offset inflation, both from the perspective of the way in which inflation has eroded the University System during this current biennium and the required money to keep pace

with the expected rate of inflation during the coming bi-ennium.

Finally, the critical problem in projecting revenues and projecting student enrollments caused by the question of student fees. If revenues drop because a lower fee than projected by the Legislature is charged, or fees are raised so much that there is a drop in both in-state and out-of-state enrollment, it will have a critical impact on the University's budget.

Mr. Buchanan suggested that prior to presentations by the Presidents concerning their institutional budgets, the Board ought to determine whether or not there will be any fee increase and, if so, to what level. He expressed his own opposition to a fee increase. Mr. Cashell agreed that a fee increase was not desirable, and suggested that until the ad hoc Committee established to review this matter reports back the Board should hold with its position reflected in the University's budget request.

Chancellor Baepler suggested that if a conclusion could be reached at the February meeting, that would allow sufficient time to develop the necessary negotiations with the Legis-

lature.

There appeared to be consensus that a strong effort should be made to avoid a fee increase, and that any action by the Board to alter its budget request in the area of projected revenues would not occur until after the ad hoc Committee had reported to the Board in February.

President Crowley spoke concerning the problems which are anticipated by UNR should the funding provided by the Legislature be less than requested. In addition to the items mentioned by the Chancellor as having a System-wide effect, President Crowley spoke about the problem which will occur in the grant-in-aid area. In the Executive Budget, fees and tuition are increased but there is no commensurate increase in grants-in-aid. This leaves a shortfall for UNR of \$170,000 if the size of the grant-in-aid is matched to the size of the Governor's recommended fee and tuition increase.

If fees are not increased to the level recommended by the Governor, the shortfall is even greater. This produces a severe impact on the grant-in-aid program, particularly in the Athletic Program.

A second problem for UNR, which again goes beyond the confines of UNR, is the book acquisition budget. The Executive Budget proposes an amount equal to this year's level of book acquisition support which is in effect a 20% decline in support in that area due to inflation.

President Crowley recalled that the initial recommendation in the Executive Budget eliminated the entire University alumni relations set of Offices both at UNR and UNLV. There has been significant restoration although there are still some shortages in operating funds with two Offices at UNR left totally unfunded -- the Office of School Relations, which was established in response to a clear demand on the part of the people in the public schools, and the Office of Information.

The overall Medical School budget is in better shape than the basic budget, but it does have some specific problems. Letters of appointment category has been eliminated, and funding supporting the administrative structure of the Medical School in Las Vegas has been cut. The other UNR budget areas, with the exception of Business Center - North, take a 10% decrease, causing the most serious problems in

Cooperative Extension and Agricultural Experiment Stations.

President Crowley stated that the two most serious problems overall are the student-faculty ratio and the student fee problem. As an example of the magnitude of what the student fee problem would be if the Board of Regents imposes the increase in fees and tuition proposed in the Executive Budget, and if there is a resulting decrease in enrollment because of that increase, UNR would end up with a shortfall on the first of September with no way of projecting the amount of shortfall which might occur and no source of funds to cover it. On the other hand, if the Board declines to raise tuition and fees, and if the proposed appropriation bottom line contained in the Executive Budget is not increased by the Legislature, then UNR would have a \$1.8 million shortfall.

Dr. Crowley spoke of the difficulty of making the right kind of management decisions when it is not possible to accurately project at this time the magnitude of the shortfall which will occur. In addition to the fee and tuition problem, there are serious problems with the 22 to 1 student-faculty ratio. If that ratio is enforced, UNR is looking at a decline of 9.65 professional positions, a problem which can

be complicated still further by the uncertainty of the tuition and fee problem.

The two Colleges which would suffer most by a limit in enrollment, which is one of the alternatives under study, would be the Business Administration and Engineering Colleges -- the high growth program. These are the Colleges which have over the past five years been meeting the demands of the Nevada economy. The Colleges cannot add more students without additional faculty or they run the risk of losing accreditation. If you attempt to solve the problem of faculty retrenchment by termination of first year faculty, you endanger those programs even more because a disproportionate number of the vacancies and the first year faculty are in the high growth programs such as Business and Engineering.

Dr. Crowley commented on the alternative of elimination of high cost, low enrollment programs, pointing out that a reduction of 30+ positions represents 10% of the instructional staff, and there are not enough programs to absorb that by attempting to distribute the reductions among all programs. Neither is there sufficient flexibility to permit elimination of total programs since UNR has essentially the

standard type and number of Departments found in a basic State University.

In response to a question concerning the impact on the University in two years, when the mandatory retirement age increases to 70, President Crowley agreed that the problem would be compounded by that factor. He pointed out that the current Executive Budget will require the elimination of approximately 60 positions Systemwide. The cumulative impact of those reductions, plus the implications of the change in policy in 1982 moving the mandatory retirement age upward from 65 to 70, are going to be felt by the University and the State as far in the future perhaps as 10, 20 years.

Dr. Goodall indicated that UNLV was also concerned with the area of faculty salaries and student-faculty ratios plus an additional four areas of specific budget needs, one of which is the Library. UNLV will be opening an addition to the Library very shortly; however, no increase was recommended in the book acquisitions budget and a decrease of one professional position from the present staffing make it very difficult to adequately staff and equip the new facility.

A further area of particular concern to UNLV is in the area

of Janitorial and Maintenance services. In addition to the new Library facility, a Fine Arts building is presently under construction and will be completed during the biennium.

The Executive Budget, however, recommends the reduction of the Janitorial staff from 56 to 36. Chancellor Baepler pointed out that the Executive Budget also assumes a 5% vacancy rate at any given time, so that the staff available would be less than 36.

The Alumni and Development Office at UNLV has been, as is also the case at UNR, reinstated in the Executive Budget at a level of 50% funding. Dr. Goodall stated that at the time the Campuses are being requested to go into the private sector to do more and more fund raising, fewer personnel are being provided to do the job.

President Goodall stated that probably the biggest problem area in the budget is the uncertainty about student fees, and agreed with what President Crowley had earlier stated about not being able to predict what the result of a student fee increase would be in terms of funds available, but that the shortfall would be approximately \$5,400,000 the first year if the fee increase assumption of the Governor's Budget is not accepted. This would not be known until the

Fall registration. He further stated that, as at UNR, the personnel cuts and enrollment limitations would have to be made in the high growth Departments, which at UNLV are in the areas of Business, Allied Health and the Computer Sciences.

Chairman Cashell questioned whether UNLV should accept the new Library facility, suggesting that perhaps this building should remain under the control of the State Public Works Board and its responsibility to provide insurance and maintenance. Mrs. Gallagher agreed, adding that perhaps none of the new buildings, including the Henderson and Fallon buildings, should be accepted.

In reviewing the recommendation for the DRI, President Murino emphasized that the budget for this Division is traditionally different from that of the rest of the University System, since it has no students for revenue and receives only a small fraction of its support from the State. Two new research programs were, however, approved for both years of the biennium.

Dr. Murino stated that the DRI recommended budget is generally adequate with the exception of two areas of enrichment

of the research program. One of these areas was for equipment replacement and the other for seed money to start research programs prior to the time Federal and private sponsors are available.

Dr. Murino stated that he was satisfied with the operating budget as recommended in light of the whole budget climate but noted that the DRI in Las Vegas is located in crowded, cramped, quonset-hut-type quarters with no laboratory facilities. He strongly urged the Regents to push for the approval of the number one priority in the Capital Improvement Program request, the DRI Southern Nevada facility. He further stated that the program of maintenance and utilities for the new building would not be the problem for the DRI as it is for the other Divisions since DRI recovers funds for this purpose from research projects and the State has never contributed for this purpose.

President Eaton stated that the Executive Budget reduced the Clark County Community College request by approximately 30%, not taking into account an assumed addition of half a million dollars for each year of the biennium as a result of the recommended tuition increase which the Board has not approved. The shortfall, therefore, would be more than half

a million dollars per year.

Dr. Eaton stated that the number one priority for Clark County Community College is more staff; first and foremost would be instructional staff; secondly, support staff; and, third, classified staff. Under the present recommendation, CCCC would have to reduce services, particularly in the out-reach areas as well as the Cheyenne Campus. As previously stated by Drs. Goodall and Crowley, these cuts at CCCC would also have to be made in the high demand areas, which at CCCC is in the business area. Dr. Eaton estimated that it would be necessary to reduce courses and offerings to such an extent that between 2000 and 2500 fewer students would attend CCCC during the biennium.

Another area of concern to CCCC is in Library acquisitions. CCCC had requested \$212,000 to bring that Campus part way to the level recommended by the Northwest Accreditation Association; however, this item is not included in the budget recommendation.

President Eardley reported that Truckee Meadows Community College experienced a growth in the Fall of almost 20%, but less funding is being recommended for the next biennium than

is presently available. Even under the present funding, students are being turned away because classes are already filled. The other Community College Presidents indicated that this is also true at their Campuses.

Dr. Davis referred to the earlier statements made that the new building at Fallon should not be accepted unless additional funds were included in the budget for maintenance and utilities. He stated that if funds are not provided to start a new daytime program in Fallon, the program would continue at night in the local schools and the business programs presently being conducted in leased space would be moved to the new building.

Dr. Davis stated that at WNCC, the major concern with the Executive Budget is in the area of staffing. He estimated that the shortfall for WNCC would be \$140,000 the first year and approximately \$125,000 the second year.

President Berg also stated that staffing is the biggest concern for Northern Nevada Community College. The budget request for NNCC contained 30 professional positions; however, the Executive Budget contained 24.3 instructional positions, plus one Counselor, causing a reduction of 4.7

fewer than requested and .7 fewer than the current staffing.

Another problem area at NNCC is in the travel budget. It was pointed out to the Budget Office that each trip to Las Vegas costs approximately \$500 per person and with six meetings per year that more than takes the whole travel budget; however, no additional funds were recommended for this account.

Regent Del Papa asked Chancellor Baepler for details regarding the shortfall of \$200,000 in the System Administration budget.

Chancellor Baepler explained that two professional positions and one and one half classified positions had been eliminated. He stated that although the State Budget Office did not identify the positions recommended for elimination, through the process of totalling salaries it was possible to determine that the positions recommended for elimination were the Director of Institutional Research and the University Architect. He further explained that possibly the Governor's reasoning behind eliminating the Architect's position was that there was no capital improvement funding being rec-

ommended for the University System for the next biennium.

Ms. Del Papa expressed her concern also of the fact that no funds for litigation expense had been included in the University System request, stating that she believed it to be poor planning to continue to fund this activity through the Regents Special Projects Fund as has been the practice in the past. Chancellor Baepler stated that litigation expenses had never been funded in the past.

Chancellor Baepler stated that the one bright spot in the University budget was at the Computing Center where approximately \$500,000 had been recommended. Director Niels Anderson agreed that this funding for new equipment, time share computers and communication processors was needed, although the budget contains no personnel to operate them. This leaves the Computer Center in somewhat the same situation as the other Campuses in regard to their new buildings.

In answer to Dr. Eaton's request as to how the Work Program for 1981-82 should be developed, the Board directed the Presidents to proceed on the assumption that no fee increase has been approved although it may be necessary to revise the

Work Programs later showing some increase.

17. Report on Faculty Workload Study

Mrs. Fong reported that the ad hoc Committee to coordinate the Faculty Workload Studies had met and were proceeding with the necessary steps to provide a completed report to the February 27 meeting of the Board of Regents.

18. Report on Master Planning

Mrs. Gallagher reported that the ad hoc Committee to coordinate the Institutional Master Plans had met, and is attempting to develop an overall view of the System. The Committee will meet again on Monday and then again in two weeks, also with the objective of having a final report for the February 27 meeting of the Board of Regents.

19. Report of the Chairman

A. Mr. Cashell expressed concern about the increasing amount of material distributed at Board meetings and proposed that henceforth, unless material is transmitted to the Chancellor's Office and included with the a-

genda mailing, it not be considered for action until a subsequent meeting, unless an emergency can be demonstrated.

B. Mr. Cashell referred to a memorandum which had been distributed proposing an amendment to the Bylaws to establish separate standing committees on Audit and on Budget, by separation of the existing Finance Committee, and on Academic Affairs and on Buildings and Grounds, and requested that this be included on the February 27 agenda for action.

20. New Business

Ms. Del Papa suggested that future meetings include a period of time for informational presentations and that a schedule be developed so that these opportunities could be rotated among the various institutions.

The meeting adjourned at 4:30 P.M.

Bonnie M. Smotony

Secretary of the Board

01-23-1981

