

# **Western Interstate Commission for Higher Education**

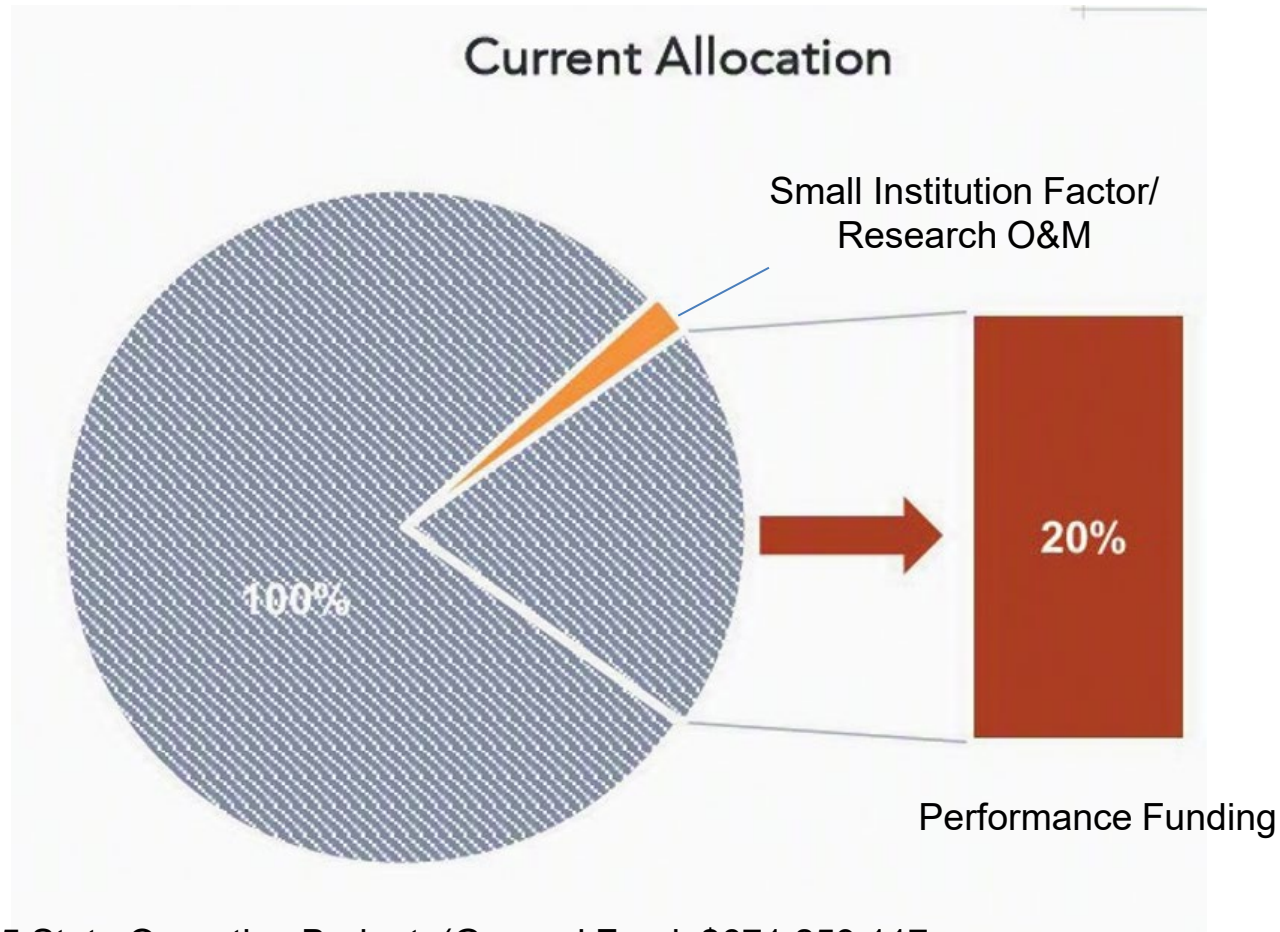
**Building Effective Outcomes-Based Funding Models for  
Postsecondary Education  
Nevada Overview**

**September 14, 2026**

# Nevada Higher Education Funding Formula Background

- Funding established through budget policy.
- Formula changes and revisions accomplished through coordination and requires approval of the legislature.
- Comprehensive changes – 1) late 1990's; and 2) 2011-13 interim study
- Formula applicable to higher education teaching institutions (community colleges, state college/university, and research universities
- Formula excludes – Desert Research Institute, Professional Schools (Law School, Medical Schools, and Dental School, System Administration/Chancellor's Office, System Computing Services (statewide support), Athletics, State-wide Programs, etc.

# State Appropriation Funding Allocation 2013-2025



FY 2024-25 State Operating Budget: (General Fund: \$671,259,117

FY 2024-25 Total Operating Budget (GF + Tuition/Fees): \$1,022,110,853

## Overview of funding formula (2013-current)

**Weighted Student Credit Hours (WSCH) basis for distributing General Fund appropriations;**

**Small Institution Factor (SIF) funding to assist small institutions with fixed administrative costs;**

**Research Space Operations & Maintenance (O&M) funding specific to University of Nevada Reno and University of Nevada Las Vegas**

**\*Performance Funding (20% carve out)**

\*discontinuation of performance funding carve out in 2025 Legislative Session

## **Performance Funding - universities**

**Bachelor's degree attainment; At Risk degree attainment**

**Sponsored/External Projects Expenditures**

**Transfer Students w/transferable associate's degree**

**Efficiency awards per 100 FTE**

**Economic Development (STEM and allied health) Graduates**

**Economic Development Graduates (institutional priority)**

## **Performance Funding – community colleges**

**1-2 year Certificate; at risk recipients**

**Associates and Bachelors Degrees**

**Transfer Students w/24 credits or associates degree**

**Efficiency awards per 100 FTE**

**Gateway Course Completers**

**Economic Development (STEM and allied health) Graduates**

**Economic Development Graduates (institutional priority)**

**Nevada Ad-Hoc  
Committee on Higher  
Education Funding  
Interim Study (2023-25)**



## Why a study and institutional concerns:

- Calls for increased state investment in higher education.
- Need for a funding formula allocation that recognizes each institution, mission, and students they serve.
- Performance Pool challenges.
- Changing landscape of higher education.
- Expansion of fee waivers.
- Need for review of formula on a regular basis.
- Formula not responsive to Inflationary adjustments, addition space, maintenance, capital support, salaries and cost of living.

## 2023-2025 Interim Study

Assembly Bill 493 authorized by the 2023 Nevada Legislature appropriated \$2 million to the Nevada System of Higher Education for an interim study of the funding formula used to allocate state funding to the teaching institutions.

Established the Ad-hoc Committee on Higher Education Funding. A 14-member Committee comprised of:

- Three members of the Nevada Board of Regents;
- Four members appointed by the Governor (experience in higher education, economics/finance)
- Four members of the Legislature (Senate and Assembly)
- Community members expertise in student advocacy and diverse community stakeholders
- Non-voting members included representatives included: Governor's Finance Office, one NSHE President, two NSHE Business Officers Council (of which must be the Vice Chancellor of Finance), NSHE Faculty Senate Chairs, NSHE Classified Council, and a current or recent graduate nominated by the Nevada Student Alliance.

# Committee Process

The Committee engaged HCM Strategists to support the work of the Committee.

- Evaluated Funding Models
- Principles of strong postsecondary finance include a funding system that:
  - is aligned to state goals and priorities;
  - has defined an adequate level of resources to deliver quality education;
  - includes a minimum level of funding to support fixed costs'
  - is responsive to changes in the systems on both enrollments and outcomes;
  - is aligned with state's needs for a more educated and trained workforce; and
  - accounts for differing student needs.
- Received input from institutional presidents on recommendations of areas of improvement.
- Received presentations from faculty senate leaders; students; and Nevada Faculty Alliance (faculty collective bargaining organization).
- Final report presented to the Governor's Office, Legislative Counsel Bureau, and Board of Regents August 2024.

# Committee Recommendations

The Committee adopted recommendations:

- Small Institution Factor (Inflationary Adjustment) and continue to adjust based on the Higher Education Price Index (HEPI);
- Increase Small Institution Factor Cap to 125,000 WSCH
- Greater of 3-Year Average or the prior year, whichever is greater;
- Establish a review committee to evaluate the formula every two biennia.
- Outcomes-Based Funding Component:
  - Use Student Attributes as a Component in Funding Allocation Methodology
  - 75% - 10%-15% Balance Approach Component Mix (WSCH/Student Characteristics/Outcomes)
  - Phase-in Methodology
  - Hold Harmless

## Further Review:

- Small Institution Factor (WSCH, Headcount or some other factor)
- Summer School Student Credit Hours
- Student Characteristic – Academic Preparation
- Student Characteristic – Students in Poverty
- Funding Adequacy & Equity Study

# Status of Recommendations

## Status of Recommendations

### The 2025 Legislature:

- Adjusted the Small Institution Factor and included the recommended HEPI inflationary adjustment.
- Increased the Small Institution Factor Cap to 125,000 WSCH.
- Suspended the funding formula distribution component. Allocated general fund appropriations using a base, maintenance and enhancement decision model.
- Funded utility inflation adjustments.
- Funded caseload growth (WSCH).
- Funded research O&M.
- Funded special appropriations for institutions and state priorities.
- Funded salary support/bridge (for prior biennial COLA).

### NSHE:

- Funding Adequacy & Equity Study