



James E. Rogers
Chancellor

Nevada System of Higher Education

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November 21, 2007

Honorable James Gibbons, Governor
Capitol Building
Carson City, Nevada

Dear Governor Gibbons:

Yesterday we received the most recent all-agency memorandum from Mr. Clinger describing an increase in budget cuts requested from all agencies and the Nevada System of Higher Education. Since this discussion began a little over a month ago, you know that I have been greatly concerned about where this will end and the potential damage to critical services that will be left in the wake. My concern is based in part upon comments made by former Governor Guinn in the recent past that he could foresee the revenue shortfall approaching half a billion dollars. If, in fact, budget cuts were to reach that level, the reduction of the System budget would climb to \$205 million.

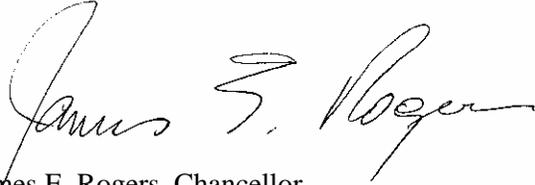
Retreating for just a moment to the current numbers, I really would like to give you some perspective on what this could mean to the System. First, our share of the total budget cuts recommended for all state agencies amounts to about 36%, which is almost twice the share of the State General Fund appropriated to the System. As you and I have discussed before, these cuts are not only impossible for the System to absorb, but are disproportionate and unfair. In addition, with our first semester virtually complete and finals upon students, an 8% cut in 2007-2008 really annualizes to a 16% reduction in expenditures for the spring semester of this year. Prior to your request of state agencies for any budget reductions, some institutions, like UNLV, were already looking at budget reductions approaching 5% (\$30 million over the biennium) to help deal with flattening enrollments at that institution. If nothing else occurs in our economic forecast to make these numbers even more alarming, an institution like UNLV, serving the higher education needs of the vast majority of young Nevadans seeking Bachelor's degrees, is looking at slicing its budget by 13% (\$78 million over the biennium) in the next year and a half. Should the "Governor Guinn" scenario referred to above come to pass, this percentage reduction could increase to more than 21% of the UNLV budget. I simply cannot envision what UNLV would look like after cuts of this magnitude, and I must be honest that the long-term impact it could have on our economy scares me greatly. Finally, as you know, our budget is largely made up of fixed costs (faculty, staff, utilities, maintenance, and the like), which make cuts of this magnitude on such short notice particularly difficult to deal with.

Governor, I am not sure if you see Mr. Clinger's most recent memorandum as the bottom of this freefall or a step along the way to what could well be further budget reductions. Your thoughts on this perspective would be greatly appreciated as I think I need to assist the System presidents and advise the Board of Regents whether we are looking at a worst case scenario or whether we are in the midst of a series of amputations. It would be extremely helpful for us to understand where, in this freefall, you would consider calling a special session of the Legislature to utilize the Rainy Day Fund or consider new and additional sources of revenue before making additional cuts in the System budget that literally eviscerate our institutions. Mr. Clinger, in his memorandum, requested that budget cut information be

returned to him and kept confidential. While I understand the desirability of that in your internal deliberations, I simply don't have that latitude. The Board of Regents must approve all budget reductions, and as you know, we are required by law to undertake that review and action in public.

I need to close by telling you that the numbers I received yesterday simply took my breath away. I am at a loss at the moment to see how the System could possibly meet its numbers and retain basic integrity. I am sure that these actions bring you no joy as well. I would only reiterate my earlier request that you bring together a small group of the leaders of this State to assist in bringing recommendations to you for dealing with the very serious problems that we all face.

My best regards to you and Dawn for the Holiday.

A handwritten signature in black ink that reads "James E. Rogers". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

James E. Rogers, Chancellor
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