



**James E. Rogers**  
**Chancellor**

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## MEMORANDUM

**DATE:** February 13, 2009

**TO:** NSHE Board of Regents

**FROM:** James E. Rogers  
Chancellor

**RE: SPECIAL MEMO ON THE FEDERAL STIMULUS PACKAGE**

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I enclose a written analysis composed by Hank Stone and Tessa Stewart. This analysis of “The American Recovery and Reinvestment Act on Higher Education in Nevada” describes the effects of this final bill on the Nevada System of Higher Education.

It would be duplicative if I made any comments at this time about the act.

I believe the Stone-Stewart analysis says it all.

If anything changes, we will immediately notify you.



## MEMORANDUM

**DATE:** February 13, 2009

**TO:** Jim Rogers

**CC:** Mike Wixom, Chair Nevada Board of Regents

**FROM:** Hank Stone, Tessa Stewart

**RE:** **Analysis of The American Recovery and Reinvestment Act impact on higher education in Nevada**

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U.S. Senate and House leaders have ironed out final details on the American Recovery and Reinvestment Act. A final vote is expected in both Houses today with a Presidential signature as early as Monday of next week.

The most significant amount of funding for higher education will come from the State Stabilization Fund. There is a total of **\$55 billion** in the bill for this funding, and funds are allocated to the states based on a population based formula which is slightly weighted to factor in the population of 5-24 year olds per state.

Nevada can expect to receive approximately **\$387 million**. The funds will go directly to the Governor, however there are requirements the state must meet in order to receive the funding and then, upon receipt, the bill mandates how the funds must be spent.

As a requirement to receiving the federal funds, the Governor must, subject to certain waiver provisions, give an assurance that the state budget for FY 2009, FY2010 and FY2011 will fund K-12 and higher education at least to the level funded in FY2006. The State FY06 budget funded higher education at approximately \$560 million. Before the state would qualify for any of the stabilization funds, the state budget for higher education would need to be raised from the Governor's proposed level in FY10 of \$424 million to the required \$560 million and likewise in FY11 from the proposed \$420 million to the required \$560 million. This would be an increase of \$276 million over the biennium.

The State may apply to the Secretary of Education for a waiver of this requirement. However, such a waiver would not absolve the State of its responsibility to fund education at a priority level. The Secretary of Education will be responsible for the implementation and interpretation of the bill, and in our view the intent of the legislation is clear that the State has a responsibility to maintain education spending levels before qualifying for federal funds.

Once the State receives the stabilization funds, the bill requires the Governor to use the 81.8% of the total amount of those funds, or approximately \$317 million, to further fund education and to be split proportionately among K-12 and higher education. Funds higher education receives from this total may not be used on construction or renovation and modernization of buildings. The remaining \$70 million shall be used by the state for public safety and other governmental services which may include education. Should higher education receive funds from this total, it would be permissible to use those funds on modernization and renovation of existing buildings.

These funds from the stimulus bill offer the most direct funds for higher education. However, there are many possibilities for additional funds through competitive grants and other federal funding streams in areas such as research, technology, health programs, renewable energy development, veterans' affairs, etc. These sources of funding will flow through appropriate federal agencies and it will be incumbent upon individual higher education institutions to seek these funds.

The bill includes additional funding for individual students and their families that will have a financial impact on institutions. The bill increases the higher education tax credit to a maximum \$2,500 and increases the Pell Grant by \$500.