

**MINUTES OF THE  
JOINT SUBCOMMITTEE ON HIGHER EDUCATION  
AND CAPITAL IMPROVEMENTS  
OF THE SENATE COMMITTEE ON FINANCE  
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-third Session  
March 2, 2005**

The Joint Subcommittee on Higher Education and Capital Improvements of the Senate Committee on Finance and the Assembly Committee on Ways and Means, was called to order at 8:00 a.m. on Wednesday, March 2, 2005. Chair William J. Raggio presided in Room 3137 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**SENATE COMMITTEE MEMBERS PRESENT:**

Senator William J. Raggio, Chair  
Senator Barbara K. Cegavske  
Senator Bob Coffin  
Senator Bernice Mathews

**ASSEMBLY COMMITTEE MEMBERS PRESENT:**

Ms. Chris Giunchigliani  
Mr. Lynn C. Hettrick  
Ms. Sheila Leslie  
Mr. John W. Marvel  
Mr. Richard D. Perkins

**COMMITTEE MEMBERS ABSENT:**

Mr. Morse Arberry Jr., Chair (Excused)

**STAFF MEMBERS PRESENT:**

Brian M. Burke, Senior Program Analyst  
Gary L. Ghiggeri, Senate Fiscal Analyst  
Mark W. Stevens, Assembly Fiscal Analyst  
Anne Vorderbruggen, Committee Secretary

**OTHERS PRESENT:**

Daniel J. Klaich, Vice Chancellor of Legal Affairs, University and Community College System of Nevada  
Dan Miles, Consultant to the Chancellor of the University and Community College System of Nevada  
Carol Lucey, Ph.D., President, Western Nevada Community College  
Richard Carpenter, Ed.D., President, Community College of Southern Nevada  
Bruce Shively, Assistant Vice President for Planning, Budget and Analysis, University of Nevada, Reno  
James Richardson, J.D., Ph.D., Nevada Faculty Alliance  
James W. Manning, Budget Analyst, Department of Administration  
Trudy Larson, M.D., Assistant Chancellor, University of Nevada, Reno

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Tyler Trevor, Assistant Vice Chancellor, University of Nevada, Reno  
Christine Chairsell, Ed.D., Interim Vice Chancellor, Academic and Student Affairs, University and Community College System of Nevada  
Raymond W. Alden III, Ph.D., Executive Vice President and Provost, University of Nevada, Las Vegas  
Dane Apalategui, Vice President of Finance and Administrative Services, Western Nevada Community College  
John A. McDonald, M.D., Ph.D., Dean, School of Medicine, University of Nevada, Reno  
Carol C. Harter, Ph.D., President, University of Nevada, Las Vegas  
Gerry J. Bomotti, Vice President for Finance, University of Nevada, Las Vegas  
James E. Rogers, Interim Chancellor, University and Community College System of Nevada

CHAIR RAGGIO:

This morning, we are taking up the budgets for the University and Community College System of Nevada (UCCSN). We are going to have a number of meetings on the UCCSN budgets. One of the items we want to discuss this morning is the unobligated estate tax balance. The issues we want to discuss in the adjusted Base Budget include the Nevada National Guard waivers, the athletic fee waivers, the community college salary adjustments, the graduate assistant health insurance, University police officers' salaries, property insurance, and the Federal Insurance Contributions Act (FICA) alternative. Under the maintenance decision modules, we want to hear about the formula funding, funding for remedial course work, the new taxonomy and new space funding. Items we want to look at in the enhancement decision modules include the incremental formula percentage increases, medical school residencies, indirect cost recovery, the onetime appropriation for the School of Medicine Cancer Institute, student fees and revenues. If there is time, we can discuss student enrollments and the audit findings.

DANIEL J. KLAICH (Vice Chancellor of Legal Affairs, University and Community College System of Nevada):

We received a list of those items from your staff and are prepared to discuss them.

We have distributed to the Subcommittee a report by the Institute for Higher Education Policy titled *The Investment Payoff* ([Exhibit C](#), original is on file at the [Research Library](#)) which we have found to be most informative. It is a 50-state survey that discusses the payback of the state investments in higher education.

CHAIR RAGGIO:

Present today are some presidents the Subcommittee may not have met. Would you please introduce them to the Subcommittee?

MR. KLAICH:

Dr. Fred J. Maryanski is here representing Nevada State College, Henderson. Also present are Dr. Carol C. Harter, President of the University of Nevada, Las Vegas; Dr. Paul Killpatrick, President of Great Basin College, Elko; Dr. Philip Ringle, President of Truckee Meadows Community College, Reno; Dr. Carol Lucey, President of Western Nevada Community College, Carson City; and Dr. Richard Carpenter, President of Community College of Southern

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Nevada, Las Vegas. Dr. John Lilley, President of University of Nevada, Reno, is in Las Vegas today accepting a major gift to the institution and is represented by Dr. John Frederick and Mr. Ronald Zurek. Dr. Stephen Wells, President of Desert Research Institute, Reno, is represented today by Dr. Marilou Jarvis.

CHAIR RAGGIO:

Interim Chancellor James E. Rogers is also present.

Let us first discuss the unobligated estate tax balances.

MR. KLAICH:

Based on projections, we are assuming that the unobligated estate tax balance will be in the neighborhood of \$29 million or \$30 million. The Chancellor has publicly stated the first two priorities for the utilization of those funds are \$9 million for the liberal arts classroom at Nevada State College and \$5 million to match the recommendation of the Governor with respect to the completion of the classroom building at the Community College of Southern Nevada.

You have received a handout titled "University and Community College System of Nevada, 2005 Legislative Session, Joint Subcommittee for Higher Education, Responses to January 31, 2005, Legislative Budget Hearing, Completed February 18, 2005" ([Exhibit D](#), original is on file at the Research Library).

CHAIR RAGGIO:

In the 2003 Legislative Session, we appropriated \$89 million to make up for the anticipated loss of estate tax revenue. It is our understanding enough revenue came in to replace the amount that was appropriated, and now we are talking about a balance.

DAN MILES (Consultant to the Chancellor of the University and Community College System of Nevada):

That is true. Two years ago, the U.S. Congress acted to phase out the estate tax over ten years. They phased out the states' credit over four years which meant the states would help pay for the loss of revenue to the federal government. There is no way to accurately project estate tax. The Department of Taxation estimated what the loss of revenue might be and we used that estimate to predict what might happen to the estate tax for UCCSN over the last two years. It appeared we would fall short about \$10 million of the amount being programmed for expenditure which is around \$89 million over the biennium. We asked that you consider taking over from us the risk of the loss of estate tax. We said we would pay to the General Fund the estate tax we would normally pay out to our institutions and, in return, you would appropriate General Fund dollars back to our institutions. The Legislature agreed to do that.

The estate tax continued to come in at a higher level than predicted and we now have a fund balance. The balance is due to higher than expected estate tax collections and higher than projected increases in the fair market value of our investment portfolio. I will bring a final projection back to this Subcommittee at a later time. This will allow us to have more months of collection data which would make the projections more accurate.

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CHAIR RAGGIO:

We are anticipating a fund balance at the end of the 2005-2007 biennium of something in excess of \$29 million.

MR. MILES:

That is correct.

CHAIR RAGGIO:

The indication is that you are going to suggest utilizing some of this for two purposes. One was \$9 million to fund the Nevada State College liberal arts building. Is that correct?

MR. MILES:

That is correct.

CHAIR RAGGIO:

The page following the tab labeled "Question #19, Unobligated Estate Tax" in [Exhibit D](#) states that \$5 million would be used for the classroom facility at the Community College of Southern Nevada. Then you indicated, "Beyond that, the priorities may change depending on state support earned through the budget process and future decisions of the Board of Regents." What does that mean?

MR. MILES:

That means we are not through trying.

CHAIR RAGGIO:

At this time, do you have a plan to utilize this funding if the Legislature decides it is something you should retain?

MR. KLAICH:

The Subcommittee received a handout titled "University and Community College System of Nevada, 2005 Legislative Session, Joint Subcommittee on Higher Education, Legislative Budget Hearing, March 2, 2005" ([Exhibit E](#), original is on file at the Research Library). On pages 30 and 31 of [Exhibit E](#), there are lists of items that were generally not funded in the *Executive Budget*.

MR. MILES:

You will note that the totals of these lists far exceed anything that might be available in the estate tax.

CHAIR RAGGIO:

Is your latest priority list of capital improvement projects (CIPs) on page 30 of [Exhibit E](#)?

MR. KLAICH:

Yes it is. The list will be presented to the Board of Regents at a special meeting on March 18, 2005, for their review and approval.

ASSEMBLYWOMAN GIUNCHIGLIANI:

On page 30 of [Exhibit E](#), the Nevada State College liberal arts building has a note that states, "Funds, committed; includes \$7.5 million commitment for institutional support." What is that?

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MR. KLAICH:

There are two items there. There is \$1 million committed by the Nevada State College Foundation to enhance the construction of the liberal arts building, bringing the total cost of that construction to \$10 million. The additional \$7.5 million are private funds that have been raised by the Chancellor to support the programmatic needs of Nevada State College. The private funds are from various donors in Las Vegas, including the Chancellor and his wife.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is it correct that those commitments of \$7.5 million are outside of the \$10 million that was originally to be committed through the private sector?

MR. KLAICH:

Yes, they are.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is the \$7.5 million contingent upon whether this Legislature approves the additional funding for the construction?

MR. KLAICH:

Absolutely, yes.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Was the commitment for the Automotive Technology Building met?

MR. KLAICH:

They have met their commitment. Commitments have been presented from the Community College of Southern Nevada Foundation and members of the automobile industry.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Are there any others on the list that have a commitment that has not been met?

MR. KLAICH:

The College of Urban Affairs at the University of Nevada, Las Vegas, includes substantial commitments from the Greenspun Family Foundation. Those commitments are met.

CHAIR RAGGIO:

It would be more appropriate to discuss this when we take up the capital improvement projects.

In the 2003 Legislative Session, we authorized the UCCSN to waive registration and other fees for members of the Nevada National Guard. What is the status of that?

MR. MILES:

In the 2003 Legislative Session, the Legislature authorized Nevada National Guard fee waivers for a two-year period in this biennium. The Board of Regents agreed with that proposal and implemented Nevada National Guard waivers. There was no budgetary adjustment for that, so the campuses

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made up for it through their formula funding. There is a discrepancy in the way it is treated coming forward. Some campuses included continuation of the waiver and some did not.

CHAIR RAGGIO:

We have a bill that will continue the fee waivers, but it is not appearing in the budget in a uniform manner.

MR. MILES:

Some of the institutions included the fee waiver because they thought it would continue. Others knew it would sunset and discontinued it in their calculations.

CHAIR RAGGIO:

The University of Nevada, Reno (UNR), Western Nevada Community College, Truckee Meadows Community College and University of Nevada, Las Vegas (UNLV) continued the fee waivers. However, the Community College of Southern Nevada, Great Basin College and Nevada State College excluded the fee waivers in their budgets. Is there an amount required to make this uniform?

MR. MILES:

It depends upon the legislation. If legislation passes, we would request everyone be adjusted into a uniform pattern.

ASSEMBLYWOMAN GIUNCHIGLIANI:

What is the justification for some institutions being treated differently?

MR. MILES:

There was no intent to treat institutions differently. This is all part of the student fee tuition revenue calculation each institution does independently. If there was anything wrong, it was lack of communication as to how it should be treated.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Would you explain the adjustments that would be necessary if the waivers were handled consistently at all the institutions?

MR. MILES:

We will provide that.

ASSEMBLYWOMAN GIUNCHIGLIANI:

That would be helpful to see. Does Senate Bill (S.B.) 78 make the waiver permanent? This would cost the state more.

**SENATE BILL 78:** Makes permanent authority of Board of Regents of University of Nevada to grant waivers for registration and laboratory fees for active members of Nevada National Guard. (BDR S-89)

MR. MILES:

My understanding is that the bill would make these permanent waivers.

CHAIR RAGGIO:

Let us go to athletic fee waivers. They are addressed following the tab labeled "Question #16, Athletic Fee Waivers" in [Exhibit D](#).

MR. MILES:

In the 2003 Legislative Session, UCCSN requested that the Legislature consider funding the cost of athletic fee waivers. The cost is a loss of tuition revenue to the institutions. At that time, the Legislature was not able to address the issue. We were also requesting that you keep the formula funding level at about 84 percent. We told the Legislature that if we could maintain the 84 percent, or better, funding formula, we would implement athletic fee waivers even though you had not committed to fund them. If we were to get the 84 percent, we felt we could accommodate, within formula funds, some of the important issues that needed to be addressed. One of those was doubling the nursing capacity and another was athletic fee waivers.

CHAIR RAGGIO:

The cost of the athletic fee waivers was estimated at approximately \$1.7 million. The cost came in about \$1 million more than estimated. I am not saying we will authorize it, but if we did, we would be concerned there is no known limit to what the amount is going to be. Maybe a limit could be established and the University would have to accommodate anything over that limit within the funding formula. Is your request for special funding?

MR. MILES:

Our request is to include that as part of the calculation for tuition and fee income to the institutions.

CHAIR RAGGIO:

Would you discuss the propriety of a limit or a cap on the athletic fee waivers?

MR. MILES:

Before I address that, I will finish discussing the background of this issue. Part of the deal was that we would not bring forward the Title IX gender equity request. These funds would help the athletic department resolve the Title IX problems in the future. At that meeting, we indicated the numbers we were giving you were net of what was currently being appropriated and directed to the athletic departments at UNR and UNLV to help support athletic scholarships. As reported in the minutes, that was about \$500,000 at each institution. It was indicated we would then redirect those grants-in-aid monies to other worthy students. The reason the amount appears to be significantly increased this time is because we were reporting net numbers, the cost of the waivers excluding the \$500,000 per year appropriation from grants-in-aid. The overall cost was higher than what was reported.

As far as limiting the funding for athletic fee waivers, I am not sure a direct appropriation for athletic scholarships would be as viable. We have continuing Title IX issues and the cost of scholarships increases every time the Board of Regents increases tuition or fees. This impacts the cost of the scholarship for an athlete which would increase the cost of the athletic fee waiver. There should be an incremental increase to the extent the Board of Regents increases fees



and tuition every year. The other way to increase it would be when a new sport is added at one of our institutions.

CHAIR RAGGIO:

What is the status of the propriety of athletic fee waivers at the community colleges?

MR. MILES:

We have implemented fee waivers at the Community College of Southern Nevada. They have two programs, baseball and softball. Western Nevada Community College has requested they be treated in a similar fashion because they have a rodeo team and are adding baseball and soccer.

CHAIR RAGGIO:

Originally, the community college system was created with the understanding the state would not fund athletics at community colleges. Are we getting into a situation where we are now going to be diverting funds from academics into athletics with state support?

MR. MILES:

There would not be any diversion of funds, but there would be state support, indirectly, for those programs.

CHAIR RAGGIO:

Are we going to have state-supported athletic programs at the community colleges and Nevada State College? What is the policy of the Board of Regents?

MR. KLAICH:

The Board of Regents approved limited athletic programs at community colleges. They require those programs to be specifically justified and approved. They have shown a reluctance to approve those programs. Many of the athletic programs at community colleges are funded with private dollars.

The Board of Regents has taken a strict view of athletics at community colleges. The programs that have been approved have had a direct linkage with activities within the community and the educational purpose of the community college.

CHAIR RAGGIO:

We all recognize the potential cost of supporting an athletic program at community colleges and the cost of the necessary facilities. If this is a policy decision, it could get into a costly area in the future. The Board of Regents should let us know what they are doing.

MR. KLAICH:

The Board of Regents has required the community colleges to come to the Board with private funding for athletic facilities. They considered the baseball field for the softball program at Western Nevada Community College when Dr. Carol Lucey was able to commit to them a plan for the private funding of that facility.



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CHAIR RAGGIO:

How are the faculty who are involved in the program paid?

CAROL LUCEY, PH.D. (President, Western Nevada Community College):

About three years ago, we started a small rodeo program to see if we could do it without state support. Every year we have been able to fund the rodeo with no state dollars. We have added a men's baseball program and a women's soccer program. These are programs that are important within our community. As with the rodeo program, we are providing private support for the operating costs, including the coaches. We have raised the funds necessary to build a baseball field and are working with the city to provide a soccer field for the women's program. There are no state dollars involved in the capital costs or the operating costs for the programs.

SENATOR COFFIN:

This policy was set in a different time. I have no objection to the community colleges becoming involved in athletics and I think it merits examination. It would depend upon how much would be devoted to it. It would be a mistake to have a football team which would cost the equivalent of all other sports combined. That is for the big schools. The community colleges need identity in their communities and the best way to build a community following is through sports. This will also encourage private donations.

MR. KLAICH:

I would request, as we go forward in this discussion and move to a resolution, the community colleges not be excluded from the decision we make jointly. There is a small amount requested to be added to the appropriations for the programs at Western Nevada Community College. It is a small amount in the context of the budget, but it is important for that college and its programs. I hope the programs at Western Nevada Community College and Community College of Southern Nevada will be seriously considered by this Subcommittee as we move to a policy decision.

RICHARD CARPENTER, ED.D. (President, Community College of Southern Nevada):

Like Western Nevada Community College, Community College of Southern Nevada operates its athletic programs with private funds. As a new president, I was informed that the Board of Regents had that as an expectation and that the private funds were not just for the building of the facilities or operation, but for salaries of the coaches and other operating expenses. That is the premise on which we are operating. Our baseball team is a national championship team which is ranked number two in the country right now.

CHAIR RAGGIO:

Is the program solely supported by private funding?

DR. CARPENTER:

Yes, it is.

CHAIR RAGGIO:

Our concern, again, is whether there is a definite policy. We need to know what the policy of the Board of Regents will be on this issue. They are responsible for running the system. We are responsible for the funding and there is only one pot

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of money available for the higher education system in the state. If you add dimension to that, we need to know.

MR. KLAICH:

I have been told by staff the policy of the Board of Regents is that athletic programs not be instituted at any of the community colleges without private funding and that we will not be coming to the state for those operating or facility dollars.

CHAIR RAGGIO:

I think it is admirable you have these programs. Our concern is how they are funded and whether or not it is a harbinger of something else to come down the road.

SENATOR MATHEWS:

In the first year, 2006, you are asking for over \$4 million for fee waivers and in the second year you are asking for over \$4 million. Is that what you are asking for in fee waivers for the two institutions?

MR. KLAICH:

That is the total value of the fee waivers as projected.

SENATOR MATHEWS:

I would like to know where the increase in the cost of a ticket for the UNR basketball games fits into this fee waiver. When I asked where the money went, I was told it went toward fee waivers for the athletes.

ASSEMBLYMAN PERKINS:

I want to echo the sentiments of the Chair as well. We have a number of nonacademic programs that start out as privately-funded enterprises. Then it becomes a small amount supported by the state and grows over time. What happens when a successful national sports program is no longer successful and does not have the following it once had? What happens when the economy takes a downturn and private funds start to dry up? Then you come to us and the state ends up funding the programs.

Why is the increase in the athletic fee waivers so significant, going from \$1.76 million and \$1.79 million in the last biennium to \$4.1 million and \$4.4 million in the next biennium?

MR. MILES:

We can prepare a reconciliation of that. The major difference is the numbers reported in the 2003 Legislative Session were net of the monies that were already being dedicated through grants-in-aid through the main campus budgets to the athletic department to help pay for athletic scholarships. My understanding is that was about \$500,000 at each campus. That \$1 million was not given up by the two institutions; it was redirected to other worthy students.

ASSEMBLYMAN PERKINS:

I am proud of the athletic teams we have in our state. As we move forward, I would like to explore how the athletic programs, as an enterprise, work

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together with the funding of the waivers and the tuition to get the athletes through their academic roles in our institutions. There is a great deal of money that flows through that and there are expenditures.

CHAIR RAGGIO:

In future hearings on this budget, be prepared to discuss the effect of either full recognition of this amount or something less than the request.

SENATOR CEGAVSKE:

Do you have a list or ranking of how much each student can apply for in the waivers, depending on their sport? You can get that to me later. Something was brought to my attention by some students that I want to verify.

CHAIR RAGGIO:

That is a good question. Generally, how is it applied? Are all their fees waived or is there a partial waiver?

BRUCE SHIVELY (Budget Director, University of Nevada, Reno):

For the most part, the students on athletic waivers receive a total waiver of all their fees. There are partial waivers, depending on the nature of the athlete, but the athletic waivers are usually a full-ride type of scholarship.

SENATOR CEGAVSKE:

Are the qualifications different for each sport?

MR. SHIVELY:

The qualifications are the same. The waiver is based on the number of credits the student registers for and their residency status.

CHAIR RAGGIO:

Let us go to the next issue which is the community college salary adjustments.

MR. MILES:

In the adjusted Base Budget, there is a minor adjustment to the community college salary schedules which was approved in the *Executive Budget*. The Board of Regents is responsible for setting salaries for University employees. Their policy is that at least once every four years they will examine the salary schedules of all employees and determine if adjustments are warranted.

CHAIR RAGGIO:

It was not part of the normal increases. How did this get in the Base Budget? When was it done and what was the reason?

MR. MILES:

It was a minor increase in the salary schedule. It was done a year ago in contemplation of FY 2005. The Board of Regents' policy is that every four years they reexamine salary schedules and measure them against peer institutions to determine where we sit in the marketplace for hiring faculty.

CHAIR RAGGIO:

I do not think we know about this policy. We structure a budget with merit pay increases and apply the cost of living adjustment (COLA). Are you telling us

that, aside from that, the Board of Regents does another adjustment that automatically becomes part of the Base Budget?

MR. MILES:

This year, we used formula funds to accommodate the added increment of salaries for the community college professionals. It was a reallocation under the flexibility we have to direct those funds where they are needed. In this case, the Board of Regents determined that a minor adjustment on that salary schedule was necessary. The institutions used their own formula dollars to fund this.

CHAIR RAGGIO:

That is not the point. The point is that it goes into the Base Budget and we develop a budget based on that.

JAMES RICHARDSON, J.D., PH.D. (Nevada Faculty Alliance):

I discussed this with former Chancellor Jane Nichols since this was started when she was chancellor. This was done through an internal study that is done on a periodic basis. It was funded in the 2003 budget and was a part of the Base Budget this biennium. It was not taken out and specifically discussed during the 2003 Legislative Session, but it was part of the budget request and was funded. It was done because the community colleges were having problems in retention and hiring.

CHAIR RAGGIO:

We understand that. The issue is that it is approximately a \$600,000 add-on to the Base Budget. This Subcommittee is going to look at it as an enhancement at this time. We will listen to arguments later but, at this point, it will be considered an enhancement.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is the professional salary schedule designated for faculty and nonfaculty, or is it different?

DR. RICHARDSON:

The schedule is for the academic faculty.

ASSEMBLYWOMAN GIUNCHIGLIANI:

It is confusing because you also have professional administrative staff. Maybe that is something we could begin to break out because it is hard to determine where the money is going.

CHAIR RAGGIO:

The next issue is graduate assistant health insurance. You requested funding for this in the 2003 Legislative Session and that funding was not approved. The Board of Regents did something on their own. What did they do?

MR. MILES:

The Board of Regents approved a minimal health program for graduate assistants. The universities used formula funds and redirected their budget expenditures to accommodate adding a health benefit to the graduate assistantship positions.

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ASSEMBLYMAN MARVEL:

Where did they take the money from to fund it?

MR. MILES:

I would have to defer to the campuses to answer that, but one way would be to have fewer graduate assistant positions or use other formula dollars they had earned.

CHAIR RAGGIO:

Our concern is that the cost is about \$851,000 a year, so you are talking about \$1.7 million. Have you modified the graduate assistant's formula or recognized this?

MR. MILES:

We did not modify the formula; it is in the budget as a line item.

CHAIR RAGGIO:

Could that be done?

MR. MILES:

We could modify the formula for that added cost.

CHAIR RAGGIO:

We would like you to reflect on that for the next time we discuss this.

Next is the University police officer salaries issue. One of the issues here is we authorized a two-grade increase, recognizing there was a disparity. The *Executive Budget* provides additional two-grade increases for a number of law enforcement officers. Was it an oversight that the University police officers were not included in the new proposal?

JAMES W. MANNING (Budget Analyst, Department of Administration):

I suppose the University police officers were intentionally not included in this two-grade pay increase.

CHAIR RAGGIO:

The concern is that we recognized there was a disparity in the University police officers' salaries, and the Interim Finance Committee (IFC) granted a two-grade increase to get them to the level of parity with law enforcement agencies. Now, everyone else is getting an increase and they will be left behind again. Would you please get back to us about whether it was the Governor's intention to omit them?

MR. MANNING:

Yes, I will look into that.

SENATOR COFFIN:

Could the universities provide information on interlocal agreements they may have with various law enforcement agencies? They may have a significantly higher risk because they have entered into an interlocal agreement with a metro, county or city police department to handle difficulties relating to the environs around the campus or to support local law enforcement.

MR. KLAICH:

I echo the concerns of the Chair that there be parity among these officers. It was an effort to get to a point of parity, and we share a concern about being left behind.

ASSEMBLYWOMAN GIUNCHIGLIANI:

It was my understanding the intent of the increase was to equalize and raise salaries to attract highway patrol and correctional officers. The increase got blended throughout some parts of the budget and not others. At some point, we have to decide who should be getting the increases.

CHAIR RAGGIO:

Let us go to the property insurance issue. We understand that the UCCSN has entered into a consortium and has considerable savings as a result.

MR. MILES:

That is correct. The UCCSN has entered into a consortium and will save more than \$1 million a year in property and casualty insurance.

CHAIR RAGGIO:

Is that reflected in the budget? Is the amount in the budget in excess of what is required?

MR. MILES:

Yes, the amount in the budget is currently in excess of the amount that is required. In [Exhibit D](#), under the tab labeled "Question #1, Budget Modification," we provided a reconciliation of all of our insurance programs. Adjustments need to be made in some of the other areas, including vehicle liability insurance, Allied Health student liability insurance, vehicle comprehensive and collision, tort claim assessment and employee bond insurance.

CHAIR RAGGIO:

Do the adjustments use all the savings?

MR. MILES:

No, they do not use all of the savings.

CHAIR RAGGIO:

Have you given that information to staff?

MR. MILES:

Yes, we have and we have been working closely with your staff on those items.

CHAIR RAGGIO:

We will look at that and determine the correct amount that should be in the budget for this issue. The use of the savings is relevant to the issue of property insurance, or are you using it for other purposes?

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MR. MILES:

There is some savings this year. We are proposing some of this money be rededicated this year to increase our deductible reserve because we are apparently going to require a higher deductible.

CHAIR RAGGIO:

The consortium is with the Midwestern Higher Education Compact. Does the consortium have a higher deductible than you ordinarily have?

MR. MILES:

I am not versed on the intricacies of this insurance program. I suggest we put together an explanation of how this came about and how we think the savings this year should be used. There would still be a substantial reversion this year. The savings would be accrued to the state next year.

CHAIR RAGGIO:

Does this have to go to the IFC this year?

MR. MILES:

We would at least bring it as an informational item. We have to take it to our Board of Regents first.

CHAIR RAGGIO:

That should be done in a timely manner because it may be required as an action item, or at least an informational item, at the next IFC meeting.

Let us go to the FICA alternative. What is the status of the FICA alternative for part-time, seasonal and temporary employees?

TRUDY LARSON, M.D., (Assistant Chancellor, University of Nevada, Reno):

After looking at the State of Nevada programs, the UCCSN decided to partake of the opportunity to use the FICA alternative. We were planning to implement it on January 1, 2005. In the process of looking at implementation, we found we have a group of employees who are part time but they are hired every year. They are officially part time and they are offered benefits.

CHAIR RAGGIO:

Are they under FICA now?

DR. LARSON:

Yes, they are under social security.

CHAIR RAGGIO:

Would you be required to do a match?

DR. LARSON:

Yes, that is right. We looked at a uniform way to address this issue among all employees. For those who are truly part time, seasonal and temporary, it would be mandatory that they use the FICA alternative. For those who have this ongoing relationship but are still part time, we would like to offer them the opportunity to either go into the FICA alternative or continue with FICA. We



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would have no clear expectation of what the savings would be because we do not know how many would opt into the FICA alternative.

CHAIR RAGGIO:

If all of them chose the alternative, how much would you save?

DR. LARSON:

That is not clear at this time. We would like to phase this in for the part time, seasonal and temporaries to be mandatory July 1, 2005.

CHAIR RAGGIO:

I would like to ask staff if that is consistent with what is done at the state level with temporary and part-time employees?

BRIAN M. BURKE (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

That is consistent with what most state agencies are doing. The UCCSN would be one of the last groups to join the plan.

CHAIR RAGGIO:

Let us go to maintenance decision items we wanted to talk about which are the formula funding, the new taxonomy and funding for remedial course work.

MR. MILES:

The formula funding dollars incorporate funds for our new enrollment based upon the three-year rolling average enrollment calculation. The formula funding level is currently at 84.09 percent.

When the initial budget request was made, we had included moving from an 84-percent to an 87-percent funding level. The reason for that was to get all of our institutions out of a potential hold-harmless situation. The Governor did not fund the increase to 87 percent but stayed at the 84.09-percent level. After adjustments were made to the Base Budget and recalculations were made in order to stay at the amount of money produced by the 84.09 percent, there was a little money available so the formula was rerun to reallocate those monies.

CHAIR RAGGIO:

The taxonomy study came back and we mandated that it be cost neutral. Is that being applied now?

MR. MILES:

The new taxonomy is incorporated in the budget formula calculations. It is cost neutral. There were winners and losers among the institutions, but overall it is cost neutral.

CHAIR RAGGIO:

Is it deemed to be equitable by the Board of Regents and institutions?

TYLER TREVOR (Assistant Vice Chancellor, University of Nevada, Reno):

Yes, it is deemed to be equitable. A committee was formed of business officers, institutional researchers and academic affairs officers to review every course

within the system and apply an identical code to those courses. It is stored in an electronic database.

CHAIR RAGGIO:

You are all to be commended for this accomplishment.

SENATOR COFFIN:

In the process of determining the taxonomy, did you find a lot of courses were advertised as being offered but, while they were in the catalog, they were not being offered in the class schedule? Did you compare the catalogs to the courses?

MR. TREVOR:

You are talking about two related issues. One is common course numbering and the other is the taxonomy. Through our common course numbering process, which has been going on for the past four years, we have performed a detailed analysis of every undergraduate course within the system. There were courses in individual catalogs that had not been offered. Through the common course numbering process, a great deal of cleanup has been done. We narrowed the number of undergraduate courses and aligned them among the seven institutions.

SENATOR COFFIN:

It has been a concern of mine that many courses are in the catalogs, but are not being offered. Do you have a number of how many classes were advertised that were not being offered?

MR. TREVOR:

No, we do not have a quantitative number as to how many courses are in a catalog that are not offered. Through common course numbering this has been narrowed, but it is not completely eliminated.

CHAIR RAGGIO:

Let us go to the issue of remediation. For many years, we, and the public at large, have been concerned about the need for students who arrive at universities to take remedial courses. The Board of Regents has adopted a recommendation that the remedial courses be self-supporting. The Committee has received a one-page handout on this issue titled "Funding for Remediation" ([Exhibit F](#)).

At one time, we were provided an estimate that just under 50 percent of students getting to the University had to take remedial courses. Is that correct?

MR. MILES:

I cannot give you the percentages, but there are about 500 full-time equivalents (FTEs) currently in remedial courses between the two universities. The issue is whether those FTEs should be eliminated from the three-year rolling average calculation.

CHAIR RAGGIO:

What is the policy going to be? You say it is self-supporting. What does that mean?

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MR. MILES:

If the two universities have the programs available, the student will have to pay an additional fee to take those courses.

CHAIR RAGGIO:

What is the additional fee? What does self-supporting mean in this proposal?

CHRISTINE CHAIRSELL, Ed.D. (Interim Vice Chancellor, Academic and Student Affairs, University and Community College System of Nevada):

We have continuing education programs at all of our institutions that are self-funded. A fee is charged that covers the administration of advertising the courses and providing for the faculty members to teach the courses. It is normally at a break-even basis.

CHAIR RAGGIO:

Is that in addition to the credit hour fee?

DR. CHAIRSELL:

No, it is not. Most of these are noncredit courses. I cannot speak for the institutions, but I would imagine the self-funded remedial education courses would fall under that noncredit funding.

CHAIR RAGGIO:

Would someone enrolled in the remedial course not get credit?

DR. CHAIRSELL:

They get credit, but it does not count toward graduation and they still have to work toward the grade.

CHAIR RAGGIO:

Please explain what you are proposing when you say these courses are going to be self-supporting.

DR. CHAIRSELL:

The institution will determine how much it costs to administer and teach the course, and they will set the fee for the student at a breakeven point. There will be a variety of ways to remediate. It may only be a three-week course for students who have great algebraic concepts but just need a refresher. That course might be set at \$25. If a student needs a whole semester of remediation, that fee may be set at \$100. It is usually based on what it costs to provide the course. That is what we do in our summer courses.

CHAIR RAGGIO:

When is this going to be implemented?

DR. CHAIRSELL:

The Board of Regents has determined that beginning in 2006, state funding will not go to the universities for remediation.

ASSEMBLYMAN MARVEL:

When is a student notified that he or she needs remediation?

DR. CHAIRSELL:

There are various ways. At the community colleges, we have a sophisticated method of assessment. This is what community colleges do and we believe that is their role. At the universities they use the ACT and SAT scores. The Board of Regents has implemented a new policy that they cannot use the scores any further back than two years before enrollment. The Board of Regents believes our institutions need to get away from the ACT and SAT scores for placement because they only measure potential, they do not measure skill. They are encouraging our institutions to begin diagnostic placement testing. The UNR has a wonderful diagnostic test on the Web that is available to high school students and community college students. It was funded under a National Science Foundation Grant.

ASSEMBLYMAN MARVEL:

Are students aware they need remediation when they are accepted, or do they find this out after they have been accepted?

DR. CHAIRSELL:

At the community colleges, they go through the placement test when they apply. At the universities, it depends upon their enrollment. Students come to the universities with aspirations of becoming engineers and they have to be placed into remedial courses. We would like to eventually partner with our school districts to enrich the senior year of high school with remediation or college-level courses to strengthen the bridge between high school and college.

ASSEMBLYMAN MARVEL:

When students have been accepted, do they know there is going to be an extra fee for remediation?

DR. CHAIRSELL:

Yes, the students learn this during orientation. There are two different types of students. The high school student will come for an orientation, be assessed and advised about what they need to remediate. The nontraditional student, who has been out of school for a few years, tends to self-select remediation because there is a confidence issue as well.

CHAIR RAGGIO:

You said this was going to be implemented in 2006. That means it will begin in the fall of 2006, so we are talking about FY 2007. Is there any reason it could not be implemented this fall?

DR. CHAIRSELL:

The Board of Regents chose the year 2006. In 2006, the admission standards for the universities are going to increase. The Board of Regents decided that would be a perfect time to move remediation to the community colleges.

CHAIR RAGGIO:

I understand, but I still think it is a valid question why it cannot be implemented earlier. You mentioned enriching the senior year of high school. I think that is a critical issue. Too many students waste the senior year of high school and we

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do not do enough to make sure they take math, English and other subjects that would help solve this problem.

DR. CHAIRSELL:

In the 2003 Legislative Session, the Legislature mandated to the Board of Regents that we create a core curriculum requirement for the millennium scholar and we have done that. Those students now have to take Algebra I, Geometry and Algebra II, with a strong encouragement of a fourth year of math. Their science is increased to three years with a lab experience. We feel we have the responsibility to get that message to the high school students.

SENATOR CEGAVSKE:

My concern was about doing the remediation transfer to the community college this fall. It was the intent of IFC when this was discussed that it be done this fall. The other concern I have is that there is no test or interview with students when they complete a remedial course to find out if it was beneficial. They are just put into the regular program at the completion of their remedial courses.

ASSEMBLYWOMAN GIUNCHIGLIANI:

It appears that with the policy decision to have remediation offered at the community colleges, the universities are still going to keep the funding. Why is that? Should the money not follow the program?

MR. MILES:

The funding formula is based on a three-year rolling average of student FTEs. The formula is based upon actual enrollment data which takes away the opportunity for institutions to project their own enrollment. It is not based upon changes in individual programs, it is based upon overall FTEs. Any enrollment impact would occur in the second year of the biennium and it would be adjusted through the three-year rolling averages in future years.

The same thing would apply to the community colleges. If 100 percent of this remediation went to the community colleges, their formula would be adjusted over time to accommodate those additional FTEs.

We are concerned about this setting a precedent in terms of how changes in programs affect the overall FTE forecast through the three-year rolling average. In the 2003 Legislative Session, we agreed with the Legislature on a program to double the nursing capacity. That involved a large increase in FTEs, some of which were already in our institutions, but some of which were new to our institutions. We did not request an adjustment to the FTEs for that. We agreed to let the three-year rolling average take care of it. A point more specific is the nursing FTEs in summer schools. The plan for the nursing program was that the state would fund two years of summer school FTEs for nursing and related classes and those FTEs would then be counted in the three-year rolling average. We do not yet have any of those FTEs in the program, but we will when 2005 is plugged into the funding formula. We expect to have increased FTEs each summer, so we are lagging FTEs from those summer students. If you were to adjust for remediation going out, why would you not adjust for nursing coming in. The point is that we place more reliance on the three-year rolling average to develop a genuine growth curve for each of our institutions.

ASSEMBLYWOMAN GIUNCHIGLIANI:

You said 500 FTEs are planned for remediation. By rebasing, we could divert those dollars to the community college for the remediation. If you want to bring up the three-year rolling average on the nursing, you fell short at a ratio of allegedly 8:1 for nursing students. Yet, the benefit is being reaped by the universities and not by the colleges who were directed to double their nursing plans. Obviously, there is something wrong with the three-year rolling period for both the nursing program and the remediation.

There is also a push for high school students to go into the remediation classes because you get to collect the money. You are using a test that is not a valid screening placement exam. They do not get credit for college, and the next semester they are put into the regular class, do fine and the money is collected again. We need to use a consistent placement exam, not the ACTs and the SATs, and it needs to be across the system so we know which students in high school truly need remediation.

MR. MILES:

I am going to ask Dr. Raymond Alden, the Provost at UNLV, to discuss how this would be implemented and why the FTE might not change.

RAYMOND W. ALDEN III, PH.D. (Executive Vice President and Provost, University of Nevada, Las Vegas):

Today, I am speaking on behalf of both universities. We anticipate that, with all things being equal, the FTE enrollments at the universities will not decrease because of programmatic changes in remediation. If they do, we assume this will be corrected by the formula in the next biennium. We do not believe it will change because we have had rapid growth in student enrollment over the last several biennia. We cannot meet the demand for every student to get in every class at the time they wish, so we have unmet growth potential in the nonremedial courses. When the state-supported remedial course offerings go away, that will free up both faculty and space to help address some of these needs, both in the nonremedial general education courses and in the oversubscribed majors and rapidly-growing specialty programs.

The universities will continue to offer remedial options to serve our students, and these will be offered through a program much like our summer schools. We are exploring a variety of summer remedial efforts and outreach to the high schools, diagnostic exams and alternate remedial methods. These opportunities will allow students to come to the University and be ready from the first day to be on a direct path toward the nonremedial math and English courses, creating a greater demand for the nonremedial courses. We understand the Treasurer has proposed to the Legislature that, in 2006, universities will no longer count the remedial credit hours toward the 12 credits for millennium scholars. In order to maintain their eligibility, students will be placing a greater demand on the other state-funded nonremedial courses. The admission standards will increase at both universities in 2006 and there will be less need for remediation for these new students.

The student headcount at the universities will continue to grow and produce a need for increased funding of student academic and administrative support services such as advising, registrar, bursar services, counseling and health

services. The budget will be calculated on a course-based FTE level. The increasing number of students we are reflecting in our growth will continue to require the same level of support services regardless of where, how or if remedial courses are taken at the University.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The issue is that things are not equal and it is going to continue to be a problem. We have a policy that no remediation courses will be offered at the University system. They will be offered at the community colleges. What I heard you say was that, because you do not have enough courses available for the nonremedial, you are pushing these students into remedial classes. That is a disservice to them. How many of the faculty actually work with and are aware of the standards we have mandated for high school students?

DR. ALDEN:

Vice Chancellor Chairsell is the Chair of a remedial task force that is looking at such things as the gap between the proficiency tests and the entry-level expectations in the college. That is being examined at the system level. On your first issue, I meant to say completely the opposite of what you suggested. We have more demand in the nonremedial courses now than we can meet. When the remedial courses are removed from state funding, we would have faculty and space to meet that unmet demand.

ASSEMBLYWOMAN GIUNCHIGLIANI:

That goes back to the issue that we should rebase so the remedial dollars the University is keeping can go where the course work is actually being offered. You should be able to pick up the additional revenue for your nonremedial course work as you fill it with additional faculty. I do not think we will resolve this today. It will take several meetings.

If a Millennium Scholar is accepted into the University system and then put into remediation, either there is something wrong with the placement screening or they should not have received the scholarship in the first place. It bothers me that we seem to be dumping these students into remediation and collecting dollars twice.

CHAIR RAGGIO:

Because there have been some valid issues raised, I would like you to provide an estimate related to moving the FTEs from the University to the community colleges and also adjusting for the nursing program. I am not saying that is the decision, but I think we should have that information.

MR. KLAICH:

The Chancellor has asked me to mention to the Subcommittee that we will bring back to the Board of Regents an earlier implementation date for this policy. There is a matter of fundamental fairness and notice to students. We have a tendency to phase in these things over a period of time. We have heard what you said and we will bring it back.

CHAIR RAGGIO:

The next issue is funding for new space.



MR. MILES:

Funding for new space is a maintenance item in the *Executive Budget*. It provides funding for new space that has either just come online or will be coming online over the next two years and is not included in the operation and maintenance calculations in the Base Budget. We have provided to your staff lists and calculations for those additional buildings and properties. It includes buildings and improved acreage to be maintained.

CHAIR RAGGIO:

There are some new items included that have been around for a long time. At UNR, 55,518 square feet of maintained building space and 131.82 maintained acres have been added. The Community College of Southern Nevada has added 50,772 maintained square feet and Western Nevada Community College has added 46.54 acres of land. How did you come up with all this new area?

MR. MILES:

The institutions are always reviewing and checking the list of maintained space and buildings. I guess the issue arises because it is unusually high this time. My understanding is that the 46.54 acres at Western Nevada Community College is existing acreage that was not previously improved or maintained.

DANE APALATEGUI (Vice President of Finance and Administrative Services, Western Nevada Community College):

Western Nevada Community College added about 46 acres to its list. About two weeks before the Waterfall Fire, we built a fire line around the entire Carson City campus. That fire line saved the observatory and the Aspen Building from burning. We also added a quad area behind the library, a walkway the full length of the campus, drainage detention areas, piping for flood mitigation and new landscaping around the entire campus.

We also reduced our building square footage by about 7,000 square feet. We measured each building instead of referring to the architectural plans.

CHAIR RAGGIO:

What is the addition of the 131 maintained acres at UNR? It has never been in the calculation and now we are finding it.

MR. SHIVELY:

The 131 acres have always been there. About a year ago, when we were going through these calculations, one of my staff informed me that we have not counted 50 acres on our main campus. During the interim, we looked at all the physical plant calculations. We looked at the actual acreage of our main campus, subtracted out the building footprints and unimproved acres and arrived at a total of 169 acres. That compares to the 121 acres that have been in the formula. It was an error on our part. The remainder of the 131.82 acres is detailed in the list provided following the tab labeled "Question #1, Budget Modification," in [Exhibit D](#).

CHAIR RAGGIO:

Under new space at UNR, there is a proposal to acquire what is termed "campus storage-Luce & Son." What is that?

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MR. SHIVELY:

That is a warehouse north of the campus. It is a 130,000 square foot facility. We are intending to use 100,000 square feet.

CHAIR RAGGIO:

Are you going to lease it or acquire it?

MR. SHIVELY:

We are in negotiations with the owners right now, so we are not entirely clear whether it will be a lease or a purchase.

CHAIR RAGGIO:

When do you anticipate that might be determined?

MR. SHIVELY:

About 30 days from now.

CHAIR RAGGIO:

Please keep us informed. How will you use that space?

MR. SHIVELY:

It would be primarily office space or gallery space. It will be related to instruction.

SENATOR CEGAVSKE:

Would it be better to put the building you are negotiating for now in with the future campus expansion?

MR. SHIVELY:

We are following our standard procedure. If we anticipate we will acquire or purchase space for the next biennium, we notify the Legislative Counsel Bureau staff and include that in the appropriation.

CHAIR RAGGIO:

What is the status of the 35,000 square feet associated with the academic medical center scheduled for completion March 2006? We would like details on that project.

JOHN A. McDONALD, M.D., PH.D. (Dean, School of Medicine, University of Nevada, Reno):

That date is probably aggressive for that project. This refers to the Lou Ruvo Center for Alzheimer's Disease and Brain Aging that is going to be constructed on the Union Park plat in Las Vegas.

CHAIR RAGGIO:

A presentation is being made on that today in Las Vegas.

DR. McDONALD:

That is correct. There will be an announcement of the architect and a discussion of the programs it will house.

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CHAIR RAGGIO:

Are you saying that it may not come online in March 2006?

DR. McDONALD:

That would be an aggressive date for it to come online.

CHAIR RAGGIO:

Please keep us informed of the status of the project.

DR. McDONALD:

Yes, we will.

CHAIR RAGGIO:

This shows that the enrollment at the UNLV School of Dental Medicine will go to a target of 300 students in 2006. Is that correct?

CAROL C. HARTER, PH.D. (President, University of Nevada, Las Vegas):

Yes, it is.

CHAIR RAGGIO:

Why are the costs significantly higher for the additional students?

DR. HARTER:

This has to do with the requirements of the fourth-year students. The fourth-year students spend approximately 70 percent of their time in clinical practice treating patients. This requires more intense faculty supervision. In the earlier years, the faculty-to-student ratio is about 1:8; in the fourth year it becomes 1:6.

CHAIR RAGGIO:

Is that a standard classroom ratio?

DR. HARTER:

For the clinical practice, we want to have a supervising faculty member engaged with the student in treating patients. That is a more intense faculty supervision which increases the cost in the fourth year. After four years, we would be fully enrolled and it would be flat with the exception of some normal inflation.

CHAIR RAGGIO:

What is the number of positions that would be required?

GERRY J. BOMOTTI (Vice President for Finance, University of Nevada, Las Vegas):  
The total number of positions anticipated for the dental school is 118. We expect for the next biennium we will top out at the 118 as originally planned.

CHAIR RAGGIO:

Is that 46 new FTE positions?

MR. BOMOTTI:

We are slightly ahead of the original plan in terms of FTE. We currently have about 90 FTEs and will go to 118.

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SENATOR MATHEWS:

Please repeat the faculty ratio and what it is in each year.

DR. HARTER:

The ratio is about 1:7.5 in the lower years and about 1:6 in the fourth year because of the need for extra supervision in the clinic.

ASSEMBLYWOMAN GIUNCHIGLIANI:

I would like to know exactly how much General Fund money is going to support the dental school. When it was created, which I did not support, it was to be self-funded and not cost the state any money. I passed a piece of legislation that said it would not. Obviously, that has changed. So, I am trying to find out how much General Fund is being used, how much is Medicaid and the minimal amount you get for the clinics. How many individuals are staffed within the clinics, what is the number of community individuals you are serving and what are their ages?

DR. HARTER:

We have all of that information and we will provide it. I think there is a misunderstanding of the total amount of state support in the dental school's budget. The dental school's total budget this year, 2005, is \$26.3 million. Of that amount, only 17.2 percent or \$4.5 million is direct General Fund support. In other words, the clinic revenues, the Medicaid revenues and other revenues bring the budget much higher than just the state support or just the tuition. While the state support is only 17 percent of the total budget, the tuition is relatively high at the dental school. It is \$15,000 a year for in-state students and \$30,000 for out-of-state students. In 2004, we served 86,977 Medicaid patients and there were 111,000 Medicaid visits to the various clinics.

ASSEMBLYWOMAN GIUNCHIGLIANI:

How many students are serving the 86,000 patients?

DR. HARTER:

The student population will not start directly serving patients.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is it done with contracted individuals?

DR. HARTER:

That is correct.

ASSEMBLYWOMAN GIUNCHIGLIANI:

That is a wonderful outreach and you should be commended for that part of it. That is not what I have issue with.

DR. HARTER:

The dollars flow back to the school. The dollars are part of what pays the debt service on the facilities where we do dental education. We purchased property and renovated property on Shadow Lane. That was a bonded indebtedness of \$30 million the University took on. Part of that is paid for with student capital improvement dollars and a part is paid for with clinic revenues. We did not come

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back to you to ask for you to pay for that space. That is part of our self-supported activity in the dental school.

ASSEMBLYWOMAN GIUNCHIGLIANI:

This year, \$4.5 million was General Fund and it goes up to \$7.5 million and \$7.6 million over the biennium for a total of approximately \$15 million out of the General Fund. Before we get in any deeper in some of these programs, we need to revisit the whole issue. The testimony from four years ago indicated most universities got rid of their dental schools in past years because of the additional costs associated with them. We are stewards of the public's money and we need to know whether or not the program is doing what was expected or if it is becoming a burden on the state. At this point, I think it has become a burden on the state.

DR. HARTER:

The data has changed about the closing of dental schools. It is true that over a 25-year period, approximately 9 dental schools were closed, all in the private sector. In the last few years, three have opened, partly because there is a need for dentists in most of our communities and there has been a reduction in the number of spaces to educate dentists. We have 1,800 applicants each year for 75 slots in the dental school. We have enormous needs in our communities for practicing dentists. The difference between our dental school and many other public dental schools is that we are much more self-supporting. Most public dental schools receive a higher percentage of their base budgets from state sources and less from clinical sources. The community outreach is one of the major justifications for the program and for the students' education.

CHAIR RAGGIO:

It has never been my understanding that the dental school was going to be entirely self-supporting.

Let us go to the next issue which is the law school enrollment funding for the William S. Boyd School of Law at UNLV. There is a recommendation for \$685,000 each year to accommodate previously unfunded enrollment growth. What is the anticipated enrollment?

DR. HARTER:

We anticipate enrollment flattening out at 460 students. That is about to happen and we will hold the enrollment at that level.

CHAIR RAGGIO:

Evidently, the decision has been made to increase the full-time fees for students at the law school. However, the increases would not apply to students who are currently enrolled in the law school, and that seems to be an issue. We do not do that for other students at the University. If fees go up, they are expected to pay. Would we be setting a precedent by doing this? What is the reason for this proposal?

DR. HARTER:

Dean Richard Morgan looked carefully at the tuition within the western state region for law education and determined the market could bear a fairly substantial increase and that it was reasonable.

CHAIR RAGGIO:

Why would the fee increase not be paid by those currently enrolled? If you do that, would students in other graduate programs expect the same consideration?

DR. HARTER:

In this particular case, it was a dramatic increase and current students had not planned for such an increase. To be fair to them, we would grandfather the currently-enrolled students for only two years. After two years, every student will be paying the higher fees. That would give them an appropriate warning of that event. The dean asked the Board of Regents to allow him to retain a substantial portion of the increase to help students who have financial needs. He was trying to be as fair as possible with 25-percent or 30-percent increases in the fees to the current students.

CHAIR RAGGIO:

In the future, we may want to discuss a little more how you are allocating access for scholarships with the increased fees. This is an issue we are concerned about.

SENATOR CEGAVSKE:

If you are going to allow the students who are currently enrolled to not pay the increase, then the state would be responsible for the balance. Do you know what that total cost would be for the state?

DR. HARTER:

I think it would be the same as it has been for several years with little difference except for the inflation difference in the budgets. With the new students paying at the higher level, there will be increased support from revenues generated by tuition. May Mr. Gerry Bomotti speak to that?

CHAIR RAGGIO:

Staff will collect the information from him.

We have questions on the professional and classified COLAs.

MR. MILES:

In the *Executive Budget*, the expenditure levels for both the classified and professional COLAs are included at 100 percent of cost, but the funding provided in the budget is at 80 percent. That may be a problem.

CHAIR RAGGIO:

Is the proposed funding for the COLAs at 80 percent?

MR. MILES:

Yes, historically our professional COLA has always been funded at 100 percent with a vacancy savings taken.

MR. MANNING:

For all classified positions, we set aside funds in the General Fund salary adjustment for agencies, including the universities, to come back and request

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additional funding if they actually incur it and need 100 percent. They have the ability to do that through the Board of Examiners. On the professional positions, it is funded in a separate budget account at only 80 percent. That is done because, historically, the requests have been for no more than 75 to 80 percent.

CHAIR RAGGIO:  
Are you are saying that has been historic?

MR. MANNING:  
That is correct. We would not expect them to come back and ask for more than that. The only issue I am aware of is with the Desert Research Institute where they have technology positions that were treated as professionals.

CHAIR RAGGIO:  
Has it always been the case with professional COLAs that they have only been funded with direct appropriation at 75 or 80 percent?

MR. MANNING:  
They had the ability to go back for 100 percent. We set up a separate budget account from which they could draw.

CHAIR RAGGIO:  
Staff has a problem with this.

BRIAN M. BURKE (Senior Program Analyst):  
With the professional staff, it is a direct appropriation to the UCCSN. Unlike the classified positions, they cannot come back to the Board of Examiners and ask for anything above the 80 percent. The Subcommittee will have to take action to make an adjustment to match the appropriations with the transfer amounts reflected in the budget. It is probably a little over \$2 million in the second year and about \$1 million in the first year of the biennium.

CHAIR RAGGIO:  
Do you oppose the proposal that 100 percent of indirect cost be returned to the UCCSN? Over the years, this has crept up from 25 percent and now the Governor is proposing the full 100-percent indirect cost recovery. How will that be utilized? Will it be an enhancement for the institutions?

DR. LARSON:  
Maintaining 100 percent of the indirect cost recovery at the institutions where the grants and contracts that generate these funds are coming in will allow reallocation of these funds to support additional research. The campuses have predicted their return on investment at anywhere from 4:1 to 5:1 for every dollar they are able to reinvest in research support. This may be improvement of lab facilities, technician salaries or bringing in funded researchers who can jump-start research programs.

CHAIR RAGGIO:  
The information we have from staff is that going to 100 percent still leaves some indirect cost recovery on the table that is not included in the calculation.



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MR. MILES:

We are aware of that. We concur with the Governor's action to return 100 percent of the indirect cost recovery to the University system. We hope the Subcommittee will take that into consideration.

CHAIR RAGGIO:

How did that occur?

MR. MILES:

It was an enhancement item for about \$5 million annually. Our enhancement list was made about a year ago using current numbers at that time. Through the course of building the budget going forward for FY 2006 and FY 2007, new revenue estimates were made. We failed to go back and correct the value of the enhancements.

CHAIR RAGGIO:

Does the Budget Division agree with that calculation? They are now saying they want 110 percent. Was the intent to return 100 percent?

MR. MANNING:

That is correct. As far as redoing their adjustment, I would have to pursue that further with staff to verify it.

CHAIR RAGGIO:

We would like to see a more definitive proposal on the utilization of the indirect cost recovery by the institutions. What is proposed for student fees and revenues?

MR. MILES:

The student fees, as approved by the Board of Regents, are listed on page 4 of [Exhibit E](#). We have listed both the current fee, the fee for 2006 and the fee for 2007. The Board of Regents has a policy of establishing fees every two years to coincide with the budget cycle. An internal committee is appointed, including representatives from the chancellor's office, the administrators, faculty and students, to develop a recommendation to bring to the Board of Regents. The policy has been to use the Western Interstate Commission for Higher Education (WICHE) median in registration fees and tuition. The WICHE data is a year old and we are projecting two years out, so there is a lag. Most states set these fees annually.

CHAIR RAGGIO:

When will these fees be implemented?

MR. MILES:

They would be implemented in the next academic year which would be in September. The increase in undergraduate student fees for the biennium is 15.7 percent; for graduate students it is 19.3 percent. The increase for Nevada State College is 12.9 percent and the increase for the community colleges is 7.1 percent.

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CHAIR RAGGIO:

Our staff has performed a study on the allocation of these fee increases. The Board of Regents is proposing equal fee increase allocations to student access and the state-supported budget with a nominal amount going to the capital improvement fund.

MR. MILES:

That is correct.

CHAIR RAGGIO:

The study by our staff indicates the amount allocated to the state-supported budget is decreasing each year. In 2001, almost 74 percent of the undergraduate fee revenues from students was allocated to state-supported budgets. At the end of 2007, a little over 64 percent of these student fees will go to the state-supported budgets. Is this steady decline of fees going to the state-supported budget intentional?

MR. MILES:

I do not have those figures in front of me, but I would tend to disagree with the general premise. In the current biennium, we are about 20-percent student-funded overall and in the upcoming biennium we will be about 20-percent student-funded. Even though the percentage going to the state budget might have slipped, it is not because the Regents are taking the money away. The Board of Regents and the students on our committees were willing to go with a slightly higher student fee increase each time because they knew a portion of it was coming back in student access funds.

CHAIR RAGGIO:

We will provide the information from this study to you, and we will ask for comment at a later meeting. The survey shows that in four years the amount allocated to the state-supported budget has dropped 10 percent.

When will you get your final count on student enrollments?

MR. MILES:

March 17, 2005, is the count day. It will take some time to compile and correlate the information.

CHAIR RAGGIO:

We will need to have that information no later than March 21, 2005.

MR. MILES:

On page 3 of [Exhibit E](#) are the enrollment projections for UCCSN. The projections are based on a three-year weighted average. The newest year is weighted 50 percent, the middle year is weighted 30 percent and the oldest year is weighted 20 percent. That growth curve is applied to arrive at the FTE numbers for the biennium. Nevada State College does not have the four years needed to create a three-year average, so the numbers used for FY 2006 and FY 2007 are estimates. Nevada State College has experienced extraordinary growth through the fall and their preliminary number in the spring is high. The estimate for Nevada State College is probably too low. We would propose those numbers be changed modestly when we have the 2005 enrollment count.

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CHAIR RAGGIO:

We can hold this issue until we have the 2005 enrollment count and at that time can make the needed adjustments.

SENATOR CEGAVSKE:

The last time we met I had asked for information on The Associated Students of the University of Nevada, Reno and The Consolidated Students of the University of Nevada, Las Vegas. In reviewing the information provided to me, I would like to know why there are three full-time professional staff at UNR and only one at UNLV. You can provide this information at our next meeting.

Many of the performance indicators in your budgets are in percentages or are not available. We prefer to see the actual numbers in the performance indicators. I would appreciate it if you would look over your performance indicators in the different budgets.

MR. MILES:

Are you referring to the performance indicators that appear in the *Executive Budget*?

SENATOR CEGAVSKE:

Yes, I have gone through all of them.

MR. MILES:

The performance indicators we provided at our first meeting are significantly improved.

SENATOR CEGAVSKE:

I want to disclose, for the record, I am employed by Sun Belt Communication Company which is owned by James E. Rogers, Interim Chancellor of the University and Community College System of Nevada. The Ethics in Government Law allows me to vote on the items on the agenda relating to the UCCSN because I have no connection with the UCCSN. I have a child who attends one of the universities. I have no monetary interest related to the UCCSN nor do I have a commitment in a private capacity to the interests of the UCCSN.

SENATOR COFFIN:

I would like to disclose that my wife is an employee of the University of Nevada, Las Vegas. She is in her 15th consecutive one-year contract.

CHAIR RAGGIO:

We will discuss the unfunded requests at this time.

MR. KLAICH:

On page 31 of [Exhibit E](#) are the unfunded requests for the operating budget. Page 30 of [Exhibit E](#) contains the capital improvement projects which I understand you want to discuss at a different time.

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CHAIR RAGGIO:

Has the Board of Regents revisited the priorities for capital improvement projects? What does this represent?

JAMES E. ROGERS (Interim Chancellor, University and Community College System of Nevada):

We have revisited both the operating and the capital improvement budgets with the Board of Regents. We will be taking it back to the Board of Regents at a special meeting on March 18, 2005. This is probably 98 percent final at this point.

CHAIR RAGGIO:

If there is a change, please let us know before our April 8, 2005, meeting on the budget.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Why are the health and safety issues, on page 30 of [Exhibit E](#), such a low priority as opposed to expanding programs and building construction?

MR. ROGERS:

Our hope is that we will get all of the projects funded and we will not have to face the problem of prioritizing. We believe this is a needs list and not a wish list.

ASSEMBLYWOMAN GIUNCHIGLIANI:

I appreciate your honesty and your advocacy. Our job is to be advocates of the taxpayer money and make sure we are assuring safety. It concerns me that we are looking at expanding or adding other construction before taking care of life, health and safety issues. As we deal with the estate tax money, we should be looking at some of those projects as well as looking at offsetting the General Fund with the estate tax money. We have to balance the needs of the UCCSN with the long-term obligations, but we also need to make sure the money goes where it is needed by the students.

MR. KLAICH:

There are significant deferred maintenance items throughout our system that we have to look at and we accept the challenge to balance those against new programs and buildings.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is today the appropriate time to discuss the merit increases and the energy conservation savings?

CHAIR RAGGIO:

We will put that on the April 8, 2005, agenda along with the other items we did not cover today.

MR. MILES:

There is one unfunded item we would like to discuss. We had requests for maintenance and enhancement items dealing with technology that were not funded in the *Executive Budget*. We think this is a problem.

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MR. KLAICH:  
We are prepared to leave this to the April 8 meeting. This is a significant issue.

CHAIR RAGGIO:  
There being no further business to discuss at this time, I will adjourn the meeting at 10:37 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Anne Vorderbruggen,  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Senator William J. Raggio, Chair

DATE: \_\_\_\_\_

\_\_\_\_\_  
Assemblyman Morse Arberry Jr., Chair

DATE: \_\_\_\_\_