

**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
May 5, 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 8:18 a.m. on Thursday, May 5, 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 Cegavske
Senator Bob Coffin
Senator Bernice Mathews

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Mr. Morse Arberry Jr., Chair
Ms. Chris Giunchigliani
Mr. Lynn C. Hettrick
Ms. Sheila Leslie
Mr. John W. Marvel
Mr. Richard D. Perkins

STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

James Manning, Budget and Planning Division, Department of Administration
James E. Rogers, Interim Chancellor, System Administration Office, University and Community College System of Nevada
John McDonald, Ph.D., M.D., Dean, School of Medicine, University of Nevada, Reno
Daniel J. Klaich, Vice Chancellor of Legal Affairs, System Administration Office, University and Community College System of Nevada

CHAIR RAGGIO:

I will open the hearing on the University and Community College System of Nevada (UCCSN) System-Wide budget. Please refer to the document titled Higher Education/Capital Improvements, Legislative Counsel Bureau Budget Closing ([Exhibit C](#), original is on file at the Research Library). On page 2 of

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[Exhibit C](#) is the list of Corrections and Adjustments. I would accept a motion to approve the list of corrections and adjustments. The net savings from the corrections and adjustments is \$2.2 million over the biennium.

SENATOR CEGAVSKE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING FOR THE CATEGORY TITLED CORRECTIONS AND ADJUSTMENTS ON PAGE 2 OF [EXHIBIT C](#).

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next category, page 3 of [Exhibit C](#), is titled Adjusted Base Budget. We should look at each item. All of them are included in the Governor's recommended budget. Item 1 is the Professional Merit Increases which is a 2.5-percent merit pool for professional employees. It is my understanding this is consistent with past practice. It excludes positions at or above the level of assistant dean for funding purposes. This continues the partial limits on some professional salaries that are beyond the maximum salary scale.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Could staff explain this? We want to ensure we exclude those at the top of the salary schedule for professionals.

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

For the positions that are budgeted beyond the maximum level in the salary scale, merit is not calculated on the portion of the salary that exceeds the salary scale. For example, if a position has a maximum salary of \$100,000 and the incumbent is budgeted at \$110,000, merit is not calculated in the Governor's recommended budget on the \$10,000 difference.

ASSEMBLYWOMAN GIUNCHIGLIANI:

When a position is capped, the salary should not exceed the capped amount and then qualify for additional salary.

MR. BURKE:

The Governor's recommended budget takes merit out of the calculation for that \$10,000 difference. The merit is still calculated on the \$100,000 portion of the salary.

ASSEMBLYWOMAN GIUNCHIGLIANI:

This item would enable the UCCSN to get around the capped level by segregating those two salaries. The UCCSN could provide a merit increase even though the employee reached the capped level.

CHAIR RAGGIO:

We are funding only to the capped level.

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MR. BURKE:

The UCCSN is funding merit on the amount up to the maximum salary schedule. On the \$100,000 example, the UCCSN is budgeting merit on the \$100,000 amount. They are not budgeting for the \$10,000 difference.

CHAIR ARBERRY:

The Assembly, on this particular issue, would not recommend closing on the merit increase.

CHAIR RAGGIO:

I will accept a motion on the Senate side.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 1, ON PAGE 3, OF [EXHIBIT C](#).

SENATOR COFFIN SECONDED THE MOTION.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 1, ON PAGE 3, OF [EXHIBIT C](#), EXCLUDING THOSE SALARIES AT THE TOP OF THE LEVEL FROM THE MERIT POOL.

CHAIR RAGGIO:

The merit pay is funded only up to the assistant dean's level. We do not fund salaries above that.

ASSEMBLYWOMAN GIUNCHIGLIANI:

If a professional is hired and the salary cap for that position is \$100,000, the intent was that person would not subsequently qualify for a merit increase because he or she has reached the maximum of the salary schedule. This proposal gets around that limit by segregating the two salaries and giving the person a merit increase on one portion and not on the other.

ASSEMBLYMAN PERKINS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Regarding item 2, Vacancy Savings, the Governor recommended a savings of 1 percent for professional positions and 3 percent for classified positions in the formula accounts. Factors of 2 percent and 3 percent are used in the non-formula accounts. This totals \$8 million and \$8.2 million, respectively, in each year of the biennium.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 2, ON PAGE 3, OF [EXHIBIT C](#).

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ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 3 is the Energy Conservation Program Savings which includes \$1.38 million in energy conservation debt service funding in University of Nevada, Reno's (UNR) Base Budget. The Base Budget for the University of Nevada, Las Vegas (UNLV) includes \$487,000 for the same purpose.

ASSEMBLYWOMAN GIUNCHIGLIANI:

When UCCSN entered into the Energy Conservation Program, there was supposed to be a savings, but we have never realized any savings. I do not know why we would continue the project if there has not been savings.

MR. BURKE:

When I asked UNR why we did not realize a decrease in the utility line item, the answer was we are recognizing savings. The reason we are not seeing a decrease in the line item is because of the growth in the number of students and the number of buildings and space we have to support.

ASSEMBLYWOMAN GIUNCHIGLIANI:

With the audit that was performed and the issue of bidding, or the lack thereof, there was never an indication of savings. I do not know if this is the correct budget area to deal with that, but we should not be supporting something if the contract has never realized actual savings.

CHAIR RAGGIO:

Regardless of that point, the debt needs to be serviced.

ASSEMBLYWOMAN GIUNCHIGLIANI:

To clarify, is this still tied to the contract with Gardner Engineering and Sierra Pacific Power Company?

CHAIR RAGGIO:

There are two contracts, one at UNR and one at UNLV for which the debt has to be serviced.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Then I am fine with making sure the contractors entered into that contract. However, we need to be careful in this area because UNR and UNLV entered into a contract without an open bid and subsequently never realized a savings. I understand we have to fund the contract obligation, but we need to deal with energy-saving issues at a later time.

CHAIR RAGGIO:

I would not disagree. An audit was performed that addressed these issues. Energy-saving programs have been sold, not only to UCCSN, but also to the Legislature. At the time these programs are sold and contracts entered into, the

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representation is there will be savings. I asked the same questions regarding an energy-saving program with the Legislature and never received firm answers or a guarantee of cost savings. In the future, when entering into these types of contracts, there should be a guarantee there will be savings over a period of time. I do not know what the practice is today, but I agree with you. If there are no savings, there should be a sanction or penalty against the contractor.

ASSEMBLYMAN MARVEL:

This subject has been brought up pointedly, and we now have the UCCSN's attention that they need to monitor energy-saving programs more closely. This was a big item in the audit.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 3, ON PAGE 3, OF [EXHIBIT C](#).

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 4 is the Community College Salary Adjustments. The Board of Regents approved increases to the professional salary schedule effective July 1, 2004, which is reflected in the adjusted Base Budget. The Subcommittee was informed by staff on March 2, 2005, these should be considered enhancement decisions.

MR. BURKE:

Staff had no concern with the amount of increase or the increase itself. We just wanted to point out the item should not be reflected as an adjusted Base Budget item. It should be a decision for the Subcommittee.

CHAIR RAGGIO:

I did not understand the explanation that this increase was requested because it was necessary to reach the Western Interstate Commission for Higher Education median. What was the explanation?

MR. BURKE:

The Board of Regents increased the overall community college salary scale by several hundred dollars. That has caused this increase throughout the various community colleges.

CHAIR RAGGIO:

What is staff's recommendation?

MR. BURKE:

Staff recommends approval.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 4, ON PAGE 3, OF [EXHIBIT C](#).

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SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 5 regards Graduate Assistant Health Insurance. Last session, funding was not approved to offer medical insurance to graduate assistants at the university level. Apparently, the regents approved health insurance for graduate assistants and allocated funds to provide those benefits during this biennium. They are in the adjusted Base Budgets at this time, but the formula has not been modified to recognize this. These benefits are provided by an allocation of resources within the existing formula.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 5, ON PAGE 3, OF [EXHIBIT C](#).

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 6 is UNR Intercollegiate Athletics Recharge and how it is handled at the respective universities. The University of Nevada, Reno employs a recharge mechanism, and UNLV does not with respect to the intercollegiate athletics account. We discussed this, and there was an indication the conference in which UNLV is involved does not accommodate a recharge.

MR. BURKE:

The recharge is not a matter of increased costs but a matter of being handled differently by the two universities. The University of Nevada, Reno is shifting the cost to intercollegiate athletics from its main account. There is no net increase or decrease in the dollar amount. The University of Nevada, Las Vegas did not do that for its intercollegiate athletics budget. If I recall correctly, if UNLV shifted the cost to intercollegiate athletics from its main account, it would put them out of synchronization with how the rest of the conference members in the Mountain West report their information.

CHAIR RAGGIO:

I will accept a motion to approve the budgets in the manner in which they are presented.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 6, ON PAGE 4, OF [EXHIBIT C](#).

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

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SENATOR COFFIN:

In the future, how will this look for us? Will it appear as if there is a difference between amounts appropriated for either institution? Will it be a cosmetic difference?

MR. BURKE:

Yes, that is correct. It will appear as though UNR has \$863,000 more in its intercollegiate athletic budget than does UNLV. It is cosmetic because UNLV is experiencing those costs. They are just reporting them differently than UNR.

SENATOR COFFIN:

Are you saying the total appropriation will not be affected?

MR. BURKE:

The total amount going to the two institutions is not affected, but the appropriation amount that will be reflected in the UNR intercollegiate athletic account will be increased by \$863,000. The University of Nevada, Reno's main account will be reduced by that amount and will instead have recharged revenues coming in.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

Regarding item 7, the FICA Alternative, it was decided in previous discussions the UCCSN plans to join the State of Nevada FICA alternative plan that is administered by the state's Deferred Compensation Committee. That plan would allow the UCCSN's part-time, seasonal and temporary employees to contribute 7.5 percent of pre-tax earnings to their personal investment accounts rather than social security. The participation in the FICA alternative plan subsequently allows the UCCSN to eliminate the matching employer contribution for those employees who participate in the plan. That results in savings to the UCCSN. We asked the UCCSN to provide savings estimates associated with participation in the alternative plan. This would be voluntary.

MR. BURKE:

If I am not mistaken, UCCSN plans to implement a mandatory component.

CHAIR RAGGIO:

The response received was the UCCSN was not able to determine the savings for the upcoming biennium. Staff recommended we issue a Letter of Intent directing UCCSN to reserve for reversion any savings that accrue from implementation of the alternative plan.

ASSEMBLYMAN MARVEL:

Does staff anticipate any savings?

MR. BURKE:

If UCCSN implements the alternative plan and does not have to come up with a match, there should be savings. We have no idea what the savings will be at this point.

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CHAIR RAGGIO:

The fair thing to do, since UCCSN cannot tell us what the savings would be, is to make sure it is implemented and if there are savings, there can be reversion, and we can issue a Letter of Intent for that purpose.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 7, ON PAGE 4, OF [EXHIBIT C](#).

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

SENATOR COFFIN:

For clarification, if a person starts out as a part-time, seasonal or temporary employee and migrates into the full-time faculty, what will happen then? If they made a decision to leave the social security system, do they have to make an election again? Can they leave the money in or take it out at that time?

MR. BURKE:

This plan is portable. Participants could take with them any savings accrued in the alternative plan when they terminate their employment.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 8 is the Nevada National Guard Fee Waivers. The issue is whether the Subcommittee wants to continue the fee waivers during the next biennium. We have [Senate Bill \(S.B.\) 78](#) that addresses this issue. What is the amount in that bill?

[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. BURKE:

I do not believe there was an amount in the bill. The adjusted Base Budgets for all the institutions, with the exception of Nevada State College (NSC), include funding for the fee waivers.

CHAIR RAGGIO:

You are correct. The issue is we did not include funding at the NSC to cover this item. If we are going to approve the program, which I believe the Subcommittee supports, it seems appropriate to add whatever is necessary to include NSC. Apparently, it is not a large amount, \$9,300 and \$9,500, respectively, for the two years of the biennium for NSC.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 8, ON PAGE 4, OF [EXHIBIT C](#).

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 9 regards Athletic Fee Waivers. Last session, UCCSN requested General Fund appropriations for supporting athletic appropriations, and we did not fund those. We understood the fee waivers would be covered by a formula funding, and because it was a difficult session last time with limited revenue, we would support the fee waiver in this biennium. The process varied at the two universities. During our last meeting in April, we requested a report on the amounts collected for the Donor Athletic Scholarship Program. We asked how it was funded and how the waivers were utilized.

The UCCSN's report is in the University and Community College System of Nevada, 2005 Legislative Session, Joint Subcommittee for Higher Education, Responses to April 8, 2005, Legislative Budget Hearing ([Exhibit D](#), original is on file at the Research Library), page 37 under Question 7. The Donor Scholarship Program funds such things as room, board and books that are not covered under the fee waiver. The amounts in the table, on page 5, of [Exhibit C](#), reflect the amounts in the state-supported budget. The amounts are as follows: for UNR \$1.27 million and \$1.32 million, respectively, and for UNLV \$1.71 million and \$1.79 million, respectively, in the biennium, with respect to the university system. There is an add-on that reflects a fee waiver at the Community College of Southern Nevada (CCSN). There is also a request to add athletic fee waivers at the Western Nevada Community College (WNCC).

There are two issues. First, whether the athletic fee waivers at the university should be funded at the level indicated. There is a question as to whether we want to fund with a blank check as the amount grows or whether we should fund at the level indicated. Second is whether or not this Subcommittee wants to recommend this new concept of funding athletic waivers at the community colleges.

CHAIR ARBERRY:

In your opening remarks, you mentioned that we made a commitment to UNR and UNLV to consider athletic fee waivers. I am supportive of the amounts of the waivers shown in the chart on page 5 of [Exhibit C](#). However, because of the way the economic forum came in, we should put CCSN on the back burner and look at it next session.

CHAIR RAGGIO:

That would be true of any of the community colleges. Is that correct?

CHAIR ARBERRY:

That is correct. I mentioned CCSN, but none of the community colleges should receive fee waivers this session.

ASSEMBLYMAN HETTRICK:

I would support the fee waivers, but it should be a fixed amount. We should set the waiver at a certain amount and have the opportunity to change it later rather than having the waiver on a formula that would continue to expand. We

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are expanding the program as it is which is fine. However, we should be able to review the amount of the waiver each session.

MR. BURKE:

The Subcommittee discussed the possibility of implementing a direct appropriation rather than continuing with a fee waiver, noting that a direct appropriation would confine athletic fee support to a known limit approved in advance by the Legislature. If the Subcommittee wishes to approve a direct athletic appropriation, it would be necessary to create an intercollegiate athletics account for CCSN. The subcommittee should also note that the UCCSN has submitted an appeal to include WNCC in the athletic fee waiver process. Fee waivers are not included in the base budgets for the WNCC campus. The UCCSN estimates the cost to add WNCC to the process would be \$81,290 in FY 2005-2006 and \$82,005 in FY 2006-2007. As previously noted by the Subcommittee, inclusion of athletics funding at the community colleges departs from previous legislative actions on this matter.

CHAIR RAGGIO:

Would your proposal be to fund at the amounts indicated?

ASSEMBLYMAN HETTRICK:

Yes, if you want to drop CCSN. If you include CCSN, we would have to include WNCC. I do not have a problem with that. I do not care which way we go. If you want to fix the amount at \$3 million a year and include everyone, that is fine. If you want to fund only UNR and UNLV and fix the amount at the FY 2006 level, that is fine, but it needs to be a fixed amount.

CHAIR RAGGIO:

We need to send a clear message, as follows, with respect to the community colleges:

We understand that some of the community colleges are engaged in athletic programs and we were assured they were going to be privately funded and that is fine. For the Legislature to start funding athletic fee waivers, at this point in time, would be inappropriate.

A proper motion would be to fund the athletic fee waivers in the amounts, indicated on page 5 of [Exhibit C](#), for each of the universities and not include athletic fee waivers at the community college level.

ASSEMBLYMAN HETTRICK MOVED TO FUND THE TWO UNIVERSITIES' ATHLETIC FEE WAIVERS AT THE FIXED AMOUNTS OF \$1,263,333 FOR UNR AND \$1,713,379 FOR UNLV FOR FY 2006 AND FY 2007.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

SENATOR MATHEWS:

Since we are going to fix the funding at the FY 2006 amounts, could we consider also funding athletic fee waivers for CCSN and WNCC?

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CHAIR RAGGIO:

You can consider it. The issue is, once you have opened the door, you are opening a big door. There are a number of community colleges. Does the Subcommittee want to consider Senator Mathews' suggestion?

SENATOR COFFIN:

My feeling is that athletics are good for all the campuses, including all the community colleges. I understand we have options regarding whether to consider funding fee waivers for WNCC later with appeal money. I do not like the idea of freezing the amount at this point, particularly at the FY 2006 level. I support continuation of the fee waivers for CCSN at the least. Funding fee waivers has brought good publicity to UNLV at a low price which, in turn, enhances the morale at the university. I am not prepared to support the motion as it stands.

SENATE: THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 10, on page 6, of [Exhibit C](#), regards University Police Officer Salaries. What is the cost of the two-grade increase?

MR. BURKE:

Based on my calculations, in the first year of the biennium, the cost would be \$411,417 and in the second year \$430,941 would be added beyond what is in the Governor's recommended amounts.

SENATOR COFFIN:

In our March meeting, we had a thorough discussion of this issue. We had been discussing a shooting on the UNR campus that occurred in 1998. The university police officers run risks at both university campuses. The university officers are on the same streets as the other uniformed officers. We need to bring the university police officers' salaries in line with other law enforcement personnel. Exclusion of the university police from the two-grade salary increase must have been a mistake. They have formal agreements with police agencies and are on call to assist in Reno, the City of Las Vegas and in the unincorporated county where the university exists.

CHAIR RAGGIO:

I believe the university police officers' salaries were raised during the interim, but they fell behind due to the new proposal.

ASSEMBLYWOMAN GIUNCHIGLIANI:

If the university police salaries are falling behind, we should look at that. The two-grade increases the Governor was recommending in many of the budgets were for those with retention problems and high turnover rates. Probably the reason university police officers' salaries were not recommended in this budget by the Governor is because that is not the threshold problem they were having. If it is an issue of equity, we should deal with that portion of it. If the university

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police officers received a raise and fell behind again, it is reasonable to fill that gap. However, I do not want the perception we are raising university police salaries due to high turnover because that will set a policy as we debate the other budgets.

MR. BURKE:

When the university police officers received the two-grade increase during the interim, only a portion was recognizing salary disparity.

SENATOR COFFIN:

It is not necessarily a threshold issue on retention for me. I am more concerned about the danger of the job and the pay equity issue. Our universities have grown to the extent they are communities unto themselves with their own methamphetamine laboratories, their own violators and so forth.

ASSEMBLYMAN PERKINS:

There is a lot of interaction between the university officers and local law enforcement. A spillover in jurisdictions occurs. I do not have a handle on what the disparity is between university officers' salaries and officers from the Reno Police Department or the Metropolitan Police Department. Therefore, it is difficult to arrive at a decision on this item without that information as well as not understanding what the retention issues are.

CHAIR RAGGIO:

Staff, please ask for additional information, and we will defer action on this item. The issue is whether to approve the budget, with the upgrades that occurred during the interim, or whether or not you want to add an additional two grades to the university police officers' salaries.

We took action on each of the items discussed thus far that approves the Governor's Base Budget recommendations with the exception of the university police officers' salaries. The two Houses voted differently on the professional merit increases. I will accept a motion to approve the remaining Base Budget recommendations as indicated in the budget.

SENATOR CEGAVSKE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE BASE BUDGET RECOMMENDATIONS AS INDICATED IN THE BUDGET EXCEPT THE TWO-GRADE INCREASE TO UNIVERSITY POLICE OFFICERS' SALARIES AND THE PROFESSIONAL MERIT INCREASES.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

On pages 6 through 13 of [Exhibit C](#), please refer to the maintenance decision modules.

Maintenance Decision Modules

Under M-100 – Inflation, the rate of increase of 4 percent per year for electricity and 8 percent per year for natural gas are included in the *Executive Budget*.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 1 UNDER MAINTENANCE DECISION MODULES ON PAGE 6 OF [EXHIBIT C](#).

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Regarding item 2, M-102 – UNLV Recharge, pursuant to a Letter of Intent issued during the 2003 Legislative Session, the Governor's budget introduces a recharge process for UNLV's professional schools. Operations and Maintenance expenditures made by UNLV on behalf of the dental and law schools would be recharged to those schools under the Governor's plan. The recharge proposal would result in a clearer depiction of the true cost of state-supported operations at the dental and law schools.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 2, M-102 – UNLV RECHARGE, ON PAGE 6 OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 3 is M-104 – University Press Inflation. This item includes a 6-percent paper cost increase for the University Press.

ASSEMBLYMAN PERKINS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 3, ON PAGE 7, OF [EXHIBIT C](#).

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN ARBERRY WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

Item 4 is M-200 – Enrollments and Formula Funding at 84.09 Percent, one of the major items. This deals with enrollments and formula funding in the

Governor's budget at 84.09 percent. The revised enrollment projections need to be reviewed.

MR. BURKE:

On page 7 of [Exhibit C](#), item a, is the driver in the M-200 module, the revised enrollment projections. The UCCSN continues to experience significant enrollment increases, but it is quite a bit lower than what the Governor recommended. The table, at the bottom of page 7 of [Exhibit C](#), indicates that in FY 2006, while still increasing, the rate of enrollment increase has dropped. Compared to the Governor's recommendation, we would drop 2,068 full-time equivalency (FTE) enrollments in the first year and 2,940 FTE system-wide enrollments in the second year of the biennium.

There are two baseline ways of looking at this and numerous options in between. If the Subcommittee were to stay at the 84.09-percent formula level recommended by the Governor, those lower enrollments would drive savings as compared to the Governor's recommended budget. At the top of page 8 of [Exhibit C](#), the table indicates a savings of \$9,993,175 in the first year of the biennium and \$13,570,932 in the second year of the biennium for a total of \$23,565,107.

The other way of looking at this is if you were to maintain the total funding level the Governor was recommending, because of the lower enrollments, that would drive a higher-funding formula percentage. As shown in the table on the bottom of page 8 of [Exhibit C](#), rather than the 84.09 percent formula funding, the first year of the biennium would be at 85.53 percent and in the second year, 85.94 percent. These are the maintenance budgets. We will talk later about the nominal increases in an enhancement module. As you can see, this option results in no net cost increase or decrease system wide, but there are some significant redistributions among the campuses because of different levels of growth at each campus.

One thing important to point out is, in either of these options, WNCC, which was in a hold harmless position, has been removed from that status because of their updated enrollment experience. Great Basin College (GBC) falls significantly into a hold harmless position in both of these charts. What this means is GBC would be below the Base Budget and current maintenance service levels by \$673,000 in the first year and \$647,000 in the second year. You can see it would be a lower amount if you concur with the Governor-recommended dollar totals.

CHAIR RAGGIO:

In either scenario, with the exception of GBC and Desert Research Institute (DRI), there would be increases beyond the Base Budget and maintenance funding levels. The question is whether we strictly adhere to the formula projections and remain at 84.09 percent, or whether we leave the dollars at the Governor's recommended level based on the assumption enrollments would be higher.

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CHAIR ARBERRY:

We were looking at this yesterday, and we have a great feeling about alternate 1, where we leave it at 84.09-percent formula which results in a General Fund savings of \$23,564,107.

ASSEMBLYMAN MARVEL:

If we remain at the 84.09-percent formula, which programs would have to be dropped from the university's curriculum?

CHAIR RAGGIO:

It actually results in increases for all the institutions except the two I mentioned. Otherwise, there are increases that would not result in dropped programs. These are dollars that were recommended based on anticipated enrollments in the Governor's budget.

ASSEMBLYMAN MARVEL:

Would that be holding GBC harmless?

CHAIR RAGGIO:

That issue is on another list. It is under the UCCSN Appeals category that we will discuss later.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ALTERNATE 1 THAT MODIFIES ENROLLMENT FUNDS AT THE 84.09-PERCENT FORMULA FUNDING LEVEL AS RECOMMENDED BY THE GOVERNOR AND RECOMMEND THE AMOUNTS RESULTING IN A GENERAL FUND SAVINGS OF \$23,554,107 FOR THE 2005-2007 BIENNIUM.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATOR COFFIN:

I would like clarification as to which enrollment projection Chair Arberry was recommending, the re-projected amounts or the Governor's recommendation? I think the enrollment is probably going to be higher than reflected in the re-projected figures.

CHAIR ARBERRY:

We are not cutting the enrollment projections. My understanding is that enrollment is still rising, but it did not rise to the projection shown in the table on the bottom of page 8 of [Exhibit C](#). Alternate 1 is the projection taken from the Governor's recommendation.

MR. BURKE:

The re-projections continue to use the three-year weighted average. All the re-projections do is incorporate the latest data through FY 2005. These have the FY 2005 data point in them currently.

SENATOR COFFIN:

Do the re-projections take into account the increased population projections of the general population?

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MR. BURKE:

The re-projected enrollment figures are strictly based on the three-year weighted average in the formula.

CHAIR RAGGIO:

The Chair will accept the motion contingent on other actions we take on the budgets otherwise.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 4b is Student Fee and Tuition Revenue Re-projections. Please refer to the table on page 9 of [Exhibit C](#). Does this have to be revised because of the limit we placed on the athletic fee waivers?

MR. BURKE:

The table, on page 9 of [Exhibit C](#), incorporates the new enrollments and corrects previous revenue calculation and input errors. We modified the adjusted realized percentages to recognize waived revenues. We will have to modify either the information in this table or the information contained in the table on page 5 of [Exhibit C](#) regarding CCSN, to restore those revenues.

CHAIR RAGGIO:

With that understanding, we can approve the concept in item 4b. Is that correct?

MR. BURKE:

That is correct.

CHAIR RAGGIO:

The motion should be to approve the student fee and tuition revenue re-projections, but allow staff to make appropriate adjustments for actions we have taken otherwise.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 4B AS DESCRIBED ON PAGE 9 OF [EXHIBIT C](#) AND TO ALLOW STAFF TO MAKE APPROPRIATE ADJUSTMENTS FOR ACTIONS TAKEN OTHERWISE.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

SENATOR COFFIN:

I believe it was one of the Assembly Members who said "the students are being fee'd to death." If we have been cutting in areas in which it is just the total dollar revenues that have been cut, and we adjourn, the institutions have the right to readjust fees and tuition, even over and above what has been projected. That is the institution's right. We have to be careful. In all the motions we have been making where we have been reducing funding, we will see even larger fee and tuition increases than those outlined in the chart on page 9 of [Exhibit C](#).

CHAIR RAGGIO:

I do not disagree with your comment. It is my understanding UCCSN has been monitoring the level of fees and whether or not they are consistent with similar institutions. That is something to which the Board of Regents should be mindful.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Actually, Senator Cegavske raised that point and we had a healthy discussion about that issue. We are the lowest in tuition in all the regions, and staff researched the tuition issue. The regents ought to look at our tuitions, properly charge them so they are competitive with other universities but stop feeing the students to death. That was the issue that was raised. We cannot solve that issue today, but perhaps the interim Committee to Evaluate Higher Education Programs and some other groups could look at that issue.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 4c regards Remedial Courses. We have previously discussed in this Subcommittee, beginning in the fall of 2006, UCCSN plans to make remedial courses at the university self supporting. The issue is that the FTE enrollments generated by the remedial courses are included in the three-year weighted-average enrollment projection. They are reflected in the state-supported FY 2006-2007 enrollment counts for 2007. We expressed concern that state support could be provided for the FTE university students who will be in self-supported courses. The Subcommittee noted the universities would receive funding for students that UCCSN planned to educate at the community college. Concern has been voiced by UCCSN that an adjustment to the university and college enrollments would be a departure from the three-year weighted average, the formula component.

We need to remind UCCSN, as well as the Subcommittee, the Committee that studied the funding of higher education anticipated situations such as this remedial enrollment transition in the formula. The Committee suggested an adjustment factor to recognize unusual or unique circumstances may be proposed. That was part of the final decision on the formula. We requested UCCSN to explore the possibility of accelerating the implementation date to this fall. Legitimate concerns were expressed by UCCSN that we should not require them, in that short time, to move ahead with a plan. Everyone supports that concept, but the question is how do we do it? The Chair suggests we support the formula-funding modifications necessary to shift funding of these remedial enrollments to the community colleges.

The table, on page 10 of [Exhibit C](#), applies to FY 2007. I recommend we support the formula funding modifications necessary to shift the remedial enrollments to the community colleges as indicated in the table on page 10.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE FORMULA FUNDING MODIFICATIONS NECESSARY TO SHIFT THE REMEDIAL ENROLLMENTS

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TO THE COMMUNITY COLLEGES AS INDICATED IN THE TABLE ON
PAGE 10 OF [EXHIBIT C](#).

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

SENATOR COFFIN:

The fact we must offer remedial courses, even to Millennium Scholars, has been an issue upsetting to all of us. I would hope the two institutions that are sheltering Millennium Scholars, who ought not to be there, will stop offering remedial instruction to those students effective in the fall. By definition, a person who qualifies for the Millennium Scholarship should not be receiving remedial instruction. It is an indictment on the entire program. I think it should stop now as a matter of policy. Students should find out the truth about their abilities sooner than they do under the present system.

ASSEMBLYWOMAN GIUNCHIGLIANI:

The Millennium Scholarship bill we are looking at in the Assembly would restrict remedial classes. Remedial classes would not be counted for scholarship. In the current motion, the money follows the student. If we made the policy decision that the colleges would be the ones to offer remediation classes, it means the money will follow the student to where the classes are being taken in FY 2007.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

Next is item 5, M-201 – Operations and Maintenance of New Space. We have had a number of discussions on this item. The modifications we have referenced result in net decreases of \$1,045,000 in FY 2006 and \$725,226 in FY 2007, as compared to the Governor's budget. On page 11 of [Exhibit C](#) are listed each of the items for the institutions indicated that would have adjustments. I would accept a motion to approve the new space funding with the adjustments on page 11.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL
COMMITTEE TO APPROVE THE ITEMS LISTED UNDER 5, ON PAGE 11,
OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Does this motion include only the items noted for UNR office space, art department and laboratory, but not the other things found later?

CHAIR RAGGIO:

There are additional appeals we can look at later. These are the adjustments that were noted and the type of adjustment, such as removal, delays and so forth.

THE MOTION CARRIED. (ASSEMBLYMAN MARVEL WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

Item 6, M-202 – UNLV Academic Leases, on page 11 of [Exhibit C](#), is for new or amended leases for the Art Department and fine arts instruction at UNLV. The Governor has recommended \$202,632 in FY 2006 and \$208,113 in FY 2007 to fund these areas.

ASSEMBLYMAN PERKINS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 6, ON PAGE 11, OF [EXHIBIT C](#).

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

I have a request to go back to remedial funding. Staff requests authorization to make adjustments.

MR. BURKE:

The remedial scenario presented to the Subcommittee was built on the Governor's recommended total dollar amounts. Staff is seeking authority to modify the budget as necessary to make the funding consistent with the 84.09-percent formula recommendation.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO AUTHORIZE STAFF TO MAKE MODIFICATIONS NECESSARY TO ENSURE THE REMEDIAL FUNDING IS CONSISTENT WITH THE 84.09-PERCENT FORMULA RECOMMENDATION.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN PERKINS WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

Item 7 is M-204 – UNLV Dental School Enrollment. Please refer to the chart at the bottom of page 11 of [Exhibit C](#). The chart indicates the recommendation which supports 26.5 new FTE positions. The recommendation is to add 11.5 professional and 15 classified FTE positions and support the full enrollment of 75 dental school students.

ASSEMBLYWOMAN GIUNCHIGLIANI:

I have a question regarding the additional FTEs being requested to support anticipated student enrollment. There was testimony regarding the issue of

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expanding into other areas of dental care. I have a concern about what care is actually being provided. I do not know that the dental school justified the need for the increase in FTEs.

CHAIR RAGGIO:

The dental school indicated, in our earlier hearing, that the fourth-year students are more costly to educate, and the faculty to student ratio is 1:6 for clinical education compared to a standard dental classroom ratio of 1:75.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ADDITIONAL FTES AS DESCRIBED IN THE CHART AT THE BOTTOM OF PAGE 11 OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

SENATE: THE MOTION CARRIED. (SENATOR CEGAVSKE VOTED NO.)

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYWOMEN GIUNCHIGLIANI AND LESLIE, ASSEMBLYMEN ARBERRY AND HETTRICK VOTED NO. ASSEMBLYMAN PERKINS WAS ABSENT FOR THE VOTE.)

CHAIR RAGGIO:

Regarding M-204 – Law School Enrollments, on page 12 of [Exhibit C](#), the issue is the unfunded-enrollment growth at the law school. The Governor's recommendation is \$685,078 to accommodate previously unfunded-enrollment growth, and this adds 5.5 FTE faculty and staff part-time instructors and operating increases. The law school reported the budget submitted for the last biennium omitted some enrollment growth. The report indicated the FTE grew from 418 to 458 and is projected to be 470 in this fiscal year. The change would reflect that growth.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE UNFUNDED ENROLLMENT GROWTH.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN PERKINS WAS ABSENT FOR THE VOTE.)

CHAIR RAGGIO:

Item 8 is M-300 – Fringe Benefit Adjustments. The Governor recommended \$1.2 million in FY 2006 and \$3.26 million in FY 2007 for cost adjustments in retirement group health insurance and other indicated items on page 12 of [Exhibit C](#). There is an unemployment insurance-assessment correction included in Corrections and Adjustments. Staff requests authority to make modifications that may be necessary if this item is approved.

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MR. BURKE:

The unemployment insurance was on the Corrections and Adjustments sheet. The other issue is that the Budget Division has a proposed group insurance premium amendment that has not been approved by the Legislature at this point. If you approve it, staff needs authority to make modifications to this budget as needed.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 8, ON PAGE 12, OF [EXHIBIT C](#); TO INCLUDE THE GROUP INSURANCE PREMIUM AMENDMENT AND AUTHORIZE STAFF TO MAKE MODIFICATIONS TO THIS BUDGET, AS NEEDED, IF THE PREMIUM AMENDMENT IS APPROVED.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN PERKINS WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

Item 9 is M-304 – Classified Position Two-Percent COLA. The issue is whether the Subcommittee wishes to approve funding for the classified position 2-percent cost of living allowance (COLA) recommended by the Governor. What is the issue with DRI?

MR. BURKE:

When the Governor pulled the DRI weather modification funding out, the COLA provision did not follow it. There is a nominal adjustment that you approved under Corrections and Adjustments.

SENATOR COFFIN:

I know that items 9 and 10 are not linked in terms of how our budget works and, in effect, there is a linkage in the thinking. I would like Mr. Burke to clarify the difference between professional and classified employees as far as COLA funding.

CHAIR RAGGIO:

Item 10 is M-306 – Professional Two-Percent COLA. The Governor has appropriated 80 percent of the full COLA cost while the transfers reflect the full cost of the COLAs. The Subcommittee needs to review a mechanism to ensure there will be 100-percent COLA funding for professional positions. Staff has provided alternatives on page 13 of [Exhibit C](#).

SENATOR COFFIN:

I support the full appropriation including DRI in item 9.

CHAIR RAGGIO:

I would accept a motion to approve M-304, the classified position 2-percent COLA.

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ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 9, ON PAGE 12, OF [EXHIBIT C](#).

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN PERKINS WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

We will now address M-306 – Professional Two-Percent COLA. The Governor recommends a General Fund appropriation of \$5.44 million in FY 2006 and \$10.99 million in FY 2007 to fund the annual 2-percent COLA increases for the professional positions. As noted, the amounts represent 80 percent of the full COLA cost, and the transfers reflect the full cost of the COLAs.

MR. BURKE:

The problem with this module is the professional COLA amounts are appropriated directly to UCCSN, unlike the classified positions that are appropriated to the Board of Examiners' account. The professionals, unlike the classifieds, cannot currently come back to the Board of Examiners and achieve up to 100 percent. The professionals are limited to the 80-percent appropriation. Also, in the professional's budget is a 100-percent transfer amount budgeted for each of these positions. There is a 20-percent gap in the amount appropriated to fund the COLAs and the budgeted amount to pay a full 2-percent COLA increase.

I have outlined several options for the Subcommittee on page 13 of [Exhibit C](#). The 20-percent gap represents a \$1.36 million shortfall in the first year and a \$2.75 million shortfall in the second year of the biennium. The options, as laid out, are you can approve item 10, as the Governor recommends, but should recognize there is a gap. Normally, UCCSN professionals receive the full amount appropriated because they have no access to the Board of Examiners. Another option is to add the Governor's recommended amounts of \$1.36 million and \$2.75 million beyond the Governor's recommended amount. That would be a straight add. The third option is to depart from traditional means of budgeting and move them into the Board of Examiner's appropriation. You could keep the 80-percent appropriation and not have to add, but modify, the language in the pay bill to allow professional employees to receive up to 100 percent of their justified need as other state agencies do.

CHAIR RAGGIO:

Is this being done differently than in previous budgets?

MR. BURKE:

This is a departure from previous budgets. Previously, professionals received a 100-percent COLA.

CHAIR RAGGIO:

I would ask the Budget Division to explain the reason for funding the COLA for professional employees at 80 percent.

JAMES MANNING (Budget and Planning Division, Department of Administration):

We were recognizing the historical needs of the agencies by the way they previously came back for Board of Examiners' salary adjustment funds. Normally, the agencies would come back and request no more than 75 percent or a maximum of 80 percent. We chose to leave the budget account for the professional positions at the level it was even though the right to come back to the board for the transfer amounts was at the 100-percent level.

CHAIR RAGGIO:

Previously, the agencies did not have to come back; it was funded at 100 percent.

MR. MANNING:

Mr. Burke is correct, the 80-percent level is a departure. I am just going by the historical needs of the agencies. From the Governor's *Executive Budget*, we decided to fund COLAs at a level similar to the way we actually use our salary adjustment fund for the classified positions.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO MOVE THE UCCSN PROFESSIONAL SALARY ADJUSTMENT ACCOUNT TO THE BOARD OF EXAMINERS AND ALLOW THE UCCSN TO ACCESS UP TO 100 PERCENT OF NEED BASED ON JUSTIFICATION BY THE UCCSN OF THE AMOUNTS REQUIRED TO FUND PROFESSIONAL SALARY INCREASES.

SENATOR CEGAVSKE SECONDED THE MOTION.

CHAIR RAGGIO:

My question is if we approve the motion, we would have to put the money somewhere in case there is a need to come back. You are only funding at 80 percent. What if the need is greater?

MR. BURKE:

According to this scenario and as Mr. Manning explained, there would be 80 percent in the budget similar to the way classified employees are treated. The UCCSN would then come back to the Board of Examiners. This pool of money would be available for all state agencies at that point. It would be available for both years of the biennium. As Mr. Manning said, generally the state agencies do not access the full amount. There is generally a reversion in that account. Some agencies would be using less than 80 percent while others might use up to 100 percent.

SENATOR COFFIN:

I cannot support the motion due to the problem of finding the money. The Governor's recommendation breaks with precedence. We should not ask the Board of Regents to take the decision out of their province and to the Board of Examiners.

ASSEMBLYWOMAN GIUNCHIGLIANI:

For clarification, it is common practice for UCCSN to go to the Board of Examiners and they already do that for classified personnel. What this does is to treat the professionals the same as the classified personnel. If UCCSN needs

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100 percent for professional salary increases, they can request it. This, at least, makes it a line item and would have to go through the same process as everything else.

SENATOR COFFIN:

Since this is a major policy departure, I am curious as to why we did not have a bill or some discussion so we could have heard the real reasons behind this move.

CHAIR RAGGIO:

There are two issues. One is the basic issue of whether the Subcommittee supports the 2-percent professional COLA. I have heard no objection to that. The other issue is this is the first time the dollars appropriated for the COLA have been less than 100 percent for professionals. If we follow the Governor's recommendation, only 80 percent would be available representing that funding. The motion would recognize additional dollars should be available through the Board of Examiner process to accommodate the need if it requires more than the 80 percent that is funded. Is that correct?

MR. BURKE:

Item c, on page 13 of [Exhibit C](#), would not provide additional General Fund appropriation, it would simply move the existing Governor's recommended appropriation from the UCCSN accounts into the Board of Examiners' account. It would then allow UCCSN access up to 100 percent of their justified need.

CHAIR RAGGIO:

The motion is to move all of the professional salary adjustment account to the Board of Examiners and allow UCCSN access up to 100 percent of need, but it would be capped by the amount in the Governor's budget.

I am not going to support the motion at this point based on a lack of understanding on my part.

SENATE: THE MOTION FAILED. (SENATORS RAGGIO, MATHEWS AND COFFIN VOTED NO.)

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

I support the COLA, but I want to ensure the funding is available for 100-percent utilization. Senator Coffin, we probably should take some action on the Senate side at this time.

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 10B, ON PAGE 13, OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Enhancement Decision Modules

Item 1, on page 13 of [Exhibit C](#), is E-199 – Incremental Formula Increases. This is determined by the action we have taken otherwise.

SENATOR COFFIN:

Before we depart from the issue of formula increases, I would like this kept open, at least on the Senate side, so that we take back to the full Committee the understanding of the impact of the other decisions we have made in relation to the formula decision. It could be that there is a third, fourth or fifth number upon which the two Houses will agree.

CHAIR RAGGIO:

Based on the actions previously taken, I indicated my vote was contingent upon other actions taken in closing these budgets. I would accept a motion to approve the incremental formula increases in decision unit E-199.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE INCREMENTAL FORMULA INCREASES IN DECISION UNIT E-199 AS DESCRIBED ON PAGE 13 AND THE TABLE AT THE TOP OF PAGE 14 OF [EXHIBIT C](#).

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLYWOMAN GIUNCHIGLIANI:

For clarification, that is in the table at the top of page 14 of [Exhibit C](#) which would be to eventually move the enrollments to 84.15 percent and then to 84.25 percent.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 2 is E-200 Enhancements. Item a, on page 14, is the Medical School Residency program. A list of the residency and fellowship programs is presented in a chart on page 15 of [Exhibit C](#). It would authorize \$1.28 million and \$2.55 million in respective years of the biennium to expand the number of medical school residencies and fellowships as indicated in the Governor's *Executive Budget*.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 2A AS OUTLINED ON PAGES 14 AND 15 OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

Item 2b is Remove DRI Cloud Seeding Funding. This is an issue that has been around for 30 years, and it comes back every year. I would entertain a motion to include this item in the *Executive Budget*.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE LINE ITEM IN 2B, DESCRIBED ON PAGE 15 OF [EXHIBIT C](#), TO INCLUDE IT IN THE *EXECUTIVE BUDGET*.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

Item 2c on page 15, is the National Direct Student Loan (NDSL) program. There has been concern that some of these loan programs are being cut at the federal budget level. Does anyone have recent information regarding this issue? Under this item, the *Executive Budget* adds \$1,400 per year to provide funding needed to match federal student loan allocations that would bring total state funding to \$50,904 per year.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 2C ON PAGE 15 OF [EXHIBIT C](#) AND REQUEST UCCSN TO PROVIDE SEMI-ANNUAL REPORTS TO THE IFC ON THE STATUS OF THE PROGRAM.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

CHAIR RAGGIO:

The next issue is item 3, E-201 – Ruvo Center for Alzheimer's. This item would provide funding for eight professional and two classified staff for the Medical School in support of the Lou Ruvo Center for Alzheimer's Disease and Brain Aging. At what point does this staffing occur?

MR. BURKE:

Staff are funded in the second year of the biennium.

CHAIR RAGGIO:

This is a turnkey facility that is going to be gifted to the School of Medicine. Mr. Ruvo and others have provided the funding. The UCCSN's response to the Subcommittee's questions is included under tab 14 of [Exhibit D](#). The center will be completed during the calendar year 2007.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 3, ON PAGES 15 AND 16, OF [EXHIBIT C](#).

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLYWOMAN GIUNCHIGLIANI:

If the center is a privately-operated building, why are we staffing it with state personnel?

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

The agreement is that the building will be built with private funds, and the UCCSN will operate the center. It will be a turnkey operation at the time the title is given to UCCSN upon completion.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Will the title be transferred to UCCSN? We will not maintain it as a private property.

MR. ROGERS:

No. Once it is built and operational, title will be transferred.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Another issue is that the center will not be built until 2007. Why would we need the staff this year?

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

We are trying to recruit a group of professional staff and faculty who will work together as a team. These are individuals who are in short supply. We will identify space for them to initiate their operations so that when the facility is opened, they are ready to move into the building and start operations rather than having the building sit empty and costing money for a year while trying to recruit.

ASSEMBLYWOMAN GIUNCHIGLIANI:

However, you are asking for staffing for FY 2005-2006?

DR. McDONALD:

No, it is actually for FY 2006-2007. We would like the lead time to recruit individuals so that by the time the building is open, we have the nucleus of faculty and staff to operate it.

ASSEMBLYWOMAN GIUNCHIGLIANI:

Is that standard practice?

DR. McDONALD:

I would say that is standard practice in medicine. When a new hospital opens, you must be ready to run it.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 4 is E-205 – Retain 100 Percent of Indirect Cost Recoveries. Over time, the retention rate has decreased to 25 percent. The Governor recommended letting UCCSN retain 100 percent of indirect cost recoveries. At issue is that the amount in the budget is not the full 100 percent. What is the differential?

MR. BURKE:

It falls short by \$913,954 in the first year and \$1.26 million in the second year of the biennium.

CHAIR RAGGIO:

We have two issues, to approve allowing UCCSN to retain 100 percent of indirect cost recovery, and, if so, to adjust the amounts to reflect the entire 100 percent.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 4, ON PAGE 16, OF [EXHIBIT C](#) AND TO ADJUST THE AMOUNTS IN THE BUDGET TO REFLECT THE ENTIRE 100 PERCENT OF INDIRECT COST RECOVERIES.

SENATOR COFFIN SECONDED THE MOTION.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMAN ARBERRY, ASSEMBLYMAN PERKINS AND ASSEMBLYWOMEN GIUNCHIGLIANI AND LESLIE VOTED NO.)

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ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO RETAIN THE CURRENT INDIRECT-COST FORMULA.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN MARVEL AND HETRICK VOTED NO.)

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CHAIR RAGGIO:

Item 5 is E-810 – UNLV Dispatcher Grade Increase to fund two-grade increases for the dispatchers.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM 5, ON PAGE 16, OF [EXHIBIT C](#).

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ASSEMBLYMAN PERKINS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 6 on page 17, of [Exhibit C](#), is E-500 and E-900 through E-914 – Move Special Projects Funding to the Campus Accounts.

MR. BURKE:

The E-900 series of modules moves the funding that has been in the special projects accounts into the campus accounts. Everything that was traditionally in the special projects accounts that can be linked to the individual campuses, such as financial aid, scholarships, part-time faculty compensation, research associated with a specific institution and data networking, would be moved to the campus accounts. Item 7 is a related item. Module E-915 through E-930 moves all of the non-formula equipment money directly into the campus accounts.

The E-500 module reflects the formula redistributions that would result from merging the special projects funding into the campus accounts. Generally, they are nominal adjustments, although UNR would lose approximately \$90,000 in the first year and \$94,000 in the second year of the biennium with CCSN and NSC being the primary beneficiaries.

There are other transfers under this item. The Student Incentive Grant would be moved from UCCSN to the Department of Education. Universities used to fund that through an estate tax allocation and subsequently move it over to the Department of Education. Now that the grant is an appropriation, it makes sense to have it in the account that is actually doing the work. There were a number of mechanical errors in the transfers in the Governor's recommended budget. Staff would request authority to make whatever mechanical corrections are necessary and the adjustments necessary consistent with your actions on the M-200 and E-199 modules.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEMS 6 AND 7, ON PAGE 17, OF [EXHIBIT C](#).

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED. (ASSEMBLYMAN ARBERRY WAS ABSENT FOR THE VOTE.)

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CHAIR RAGGIO:

The next issue is Student Fee and Revenue Issues. The Board of Regents has approved annual student fee increases ranging from \$1.75 per credit to \$13.75 per credit during the 2005-2007 biennium. Please refer to the table at the top of page 18 of [Exhibit C](#). The budget recommends implementing the

Regents' plan for significant portions of the annual increases. The concern expressed was the dedicated shares of student registration-fee revenues have steadily declined since FY 2001. For example, in one instance, only \$0.25 of \$1.75 in improved increases (approximately 14 percent) were allocated to the state-supported budget. If we continue this trend into the future, the overall percentage of student-fee revenues allocated to the state-supported budgets will eventually dip below 50 percent. This decline should be limited. I suggest we issue a Letter of Intent that communicates our position. I have suggested wording for the Letter of Intent as follows:

The Legislature recognizes that allocating fee revenues to student access relieved the state of the burden of meeting access demands. [I am talking about scholarships.] Further, the Legislature recognizes and respects the Board of Regents' authority to establish the fee policy. However, decreasing percentages of student fee allocations to the state-supported budgets result in higher General Fund operating appropriations than would otherwise occur. As a result, the money committees wish to communicate that any future Regent-approved fee allocations to the state-supported budgets that are below current cumulative percentages may not be supported by the Legislature in corresponding General Fund appropriations.

In a related fee issue, the money committees would communicate to the System that the disparate treatment of student-fee increases for new and continuing students at the UNLV Law School is not precedent setting, and similar differences in the future may not be supported by the Legislature in corresponding General Fund appropriations.

This language reflects comments made during previous discussions. I ask the Subcommittee for direction in this regard.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE FUNDING UNDER THE CATEGORY OF STUDENT FEE AND REVENUE ISSUES, INCLUDING A LETTER OF INTENT USING LANGUAGE READ INTO THE RECORD BY CHAIR RAGGIO.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

SENATOR COFFIN:

I will reserve voting on the motion until I have reviewed the language of the Letter of Intent you read into the record. The fact the UCCSN sometimes raises fees and puts the money into areas which are not General Fund supported means they did not believe they were going to receive General Fund support, and yet they needed the building or the program. I will wait until I have studied the issue further before I support it.

CHAIR RAGGIO:

The issue is that we cannot bind future Legislatures, but we need to draw attention to the fact there is no blank check. If UCCSN uses the fee increases

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and has to continue to allocate them for other than purposes of supporting the budget, we need to send the message that it is not acceptable.

THE MOTION CARRIED. (SENATOR COFFIN VOTED NO.)

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CHAIR RAGGIO:

On page 19, item b, is Research Grant Balance Forwards.

MR. BURKE:

In this item, staff is seeking authority to modify the Appropriations Act language to clarify that General Fund appropriations for research grants can only be balanced forward if committed as a match for known grants. There was disagreement early in the session between Legislative Counsel Bureau staff and UCCSN, but we now agree. We would like to add this language for clarification. Staff would also note we will need to expand the Appropriations Act language beyond the special projects account because previously it only applied to that account. Now that those funds have been moved to the campuses, we will need to recognize that in the Act.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM B ON PAGE 19 OF [EXHIBIT C](#).

ASSEMBLYMAN PERKINS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item c on page 19, is Law School Fees. This is another issue we discussed. The increased fees, at the time, were not going to be applicable to students enrolled in the Law School.

MR. BURKE:

I spoke with the Law School and asked what the increase to the General Fund would be if we had a 10-percent increase for existing students. The 10-percent increase would add revenues of \$29,000 and reduce General Funds by a similar amount. That would recognize a partial increase for existing students. The Law School made a compelling case not to increase fees by 23 percent for existing students. We determined to make costs equivalent to what those of the general graduate students at the two universities would be to increase fees by 10 percent. To make the 10-percent adjustment, the Law School's General Fund would be reduced by \$29,000, and students' fees would be increased correspondingly.

CHAIR RAGGIO:

That would increase fees for existing students by 10 percent. Is that consistent with what is practiced at other professional schools?

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MR. BURKE:

It would, at least, not leave existing students at a zero-percent increase.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM C, ON PAGES 19 AND 20, OF [EXHIBIT C](#), WITH A 10-PERCENT INCREASE FOR EXISTING STUDENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item d on page 20, is Non-Resident Tuition ([S.B. 32](#)). This issue is contained in [S.B. 32](#).

[SENATE BILL 32](#): Makes various changes relating to qualifications for free tuition and loans for certain students at institutions of University and Community College System of Nevada. (BDR 34-158)

[Senate Bill 32](#) reflects the policy of the Board of Regents to bring the residency requirements to 12 months.

ASSEMBLYMAN HETTRICK MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE ITEM D, ON PAGE 20, OF [EXHIBIT C](#) AND TO AUTHORIZE STAFF TO MAKE ANY REVENUE ADJUSTMENTS NECESSARY IF [S.B. 32](#) IS APPROVED BY THE LEGISLATURE.

SENATOR COFFIN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The issue of the Estate Tax has been discussed previously. The UCCSN proposed to use the projected \$29 million unobligated-estate-tax balance. The \$29 million is not allocated in the budget. This issue should be left to the Capital Improvement Program (CIP) Subcommittee.

CHAIR ARBERRY:

The Assembly concurs with that decision.

CHAIR RAGGIO:

There is a list of UCCSN Appeals reflected in the table at the top of page 21 of [Exhibit C](#). These are items that would have been processed through the formula if they had been presented when the Governor's *Executive Budget* was constructed. We have already disposed of the athletic fee-waivers issue. If we approve the appeals, they could be funded through what we have already approved under Corrections and Adjustments. I will accept discussion on any items that need special consideration. Otherwise, I would accept a motion to

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approve the appeals and use the money saved from Corrections and Adjustments along with other revenue modifications to fund those appeals.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE APPEALS AND USE THE MONEY SAVED FROM CORRECTIONS AND ADJUSTMENTS ALONG WITH OTHER REVENUE MODIFICATIONS TO FUND THOSE APPEALS; TO AUTHORIZE ANY PREVIOUS ACTIONS ON APPEAL ITEMS TO BE ADDED OR OMITTED AS APPROPRIATE TO THE APPEALS LIST.

ASSEMBLYMAN HETTRICK SECONDED THE MOTION.

SENATOR MATHEWS:

Did we already approve the GBC hold harmless?

CHAIR RAGGIO:

No, we did not approve the GBC hold harmless issue. That is in the appeals list.

THE MOTION CARRIED. (ASSEMBLYWOMAN GIUNCHIGLIANI VOTED NO.)

CHAIR RAGGIO:

We have some unfunded items, and I am going to ask for limited testimony regarding which items on the list, on pages 22 and 23 of [Exhibit C](#), are the highest priority. Which are the items of the most critical importance to UCCSN?

DANIEL J. KLAICH (Vice Chancellor of Legal Affairs, System Administration Office, Board of Regents, University and Community College System of Nevada):
The most critical item on the list is item 1. You have addressed that. We wish you would fund technology growth which is item 2.

CHAIR RAGGIO:

Please reference the items by the way they are shown on the list. Item 2 is Technology.

MR. KLAICH:

I am also only referencing, in this Subcommittee, operating dollars. Is that correct?

CHAIR RAGGIO:

Please reference the total, over the biennium, indicated on the list. These are items in the budget, and we are looking at funding with available dollars that have been reflected in Corrections and Adjustments and other related items. I am asking which items on the list are the most critical.

MR. KLAICH:

System network and applications upgrades, nursing initiatives and enhancements to the School of Medicine.

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CHAIR RAGGIO:
Under priority 2, which are you referencing?

MR. KLAICH:
I am referencing \$5.3 million and \$2.33 million. The remaining would be onetime items.

CHAIR RAGGIO:
Is that the onetime technology infrastructure?

MR. KLAICH:
Yes, sir.

CHAIR RAGGIO:
You mentioned nursing capacity initiatives. Is that priority 3?

MR. KLAICH:
Yes, that is priority 3.

CHAIR RAGGIO:
Are there any items under priority 4?

MR. KLAICH:
Under priority 4, we have brought forth two Medical School initiatives and the increase in enrollment at the Medical School.

CHAIR ARBERRY:
Regarding the items under technology, which items can be paid for out of the estate tax?

MR. KLAICH:
We do not propose any of those to be paid out of estate tax. There are equipment onetime requests of which we would reserve discussion for the CIP Subcommittee if that would be your pleasure.

CHAIR ARBERRY:
Why cannot your technology requests be paid for by the estate tax?

MR. KLAICH:
It is our position the estate tax should go to the CIP needs we have identified as critical.

CHAIR RAGGIO:
We will have to take these requests under consideration.

MR. KLAICH:
May I make a comment before you take these requests under consideration? It was my understanding that the request of the Chair was to comment with respect to ongoing funds and enhancements. I would be remiss if I did not indicate that onetime funding for technology, to which Chair Arberry referred, to increase the system equipment at a cost of \$10 million as well as critical needs for the School of Dentistry equipment of \$6.73 million at UNLV, are critical

onetime needs. If I misunderstood your question, I apologize. I would respectfully request that you take both of those items under consideration.

CHAIR RAGGIO:
At this point, we are trying to total what you have said are critical items within the budget that could be accommodated. We have already indicated the estate-tax funding is going to be reviewed by the CIP Subcommittee, and we have already agreed to fund the appeal items.

I was trying to recognize the action of the Subcommittee to date which limits the amount of money that otherwise might be available under the existing budget. I was not looking, at this time, to add more money to the budget. That is something that can be considered later by the committees. That was my purpose in asking what might be feasible in this list of unfunded items you deem critical.

CHAIR ARBERRY:
The reason I asked what Mr. Klaich believed to be his top priority under technology was that I was contemplating funding that out of the estate tax and not shifting it to the CIP Subcommittee. However, we need clarification on these projects. We have not had any hearings on these, and we would not be in a position to approve any of them today.

CHAIR RAGGIO:
We will leave this issue open for further discussion at another time. There being no further business to come before the Subcommittee, the meeting is adjourned at 10:53 a.m.

RESPECTFULLY SUBMITTED:

Jo Greenslate,
Committee Secretary

APPROVED BY:

Senator William J. Raggio, Chair

DATE: _____

Assemblyman Morse Arberry Jr., Chair

DATE: _____