

**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-fourth Session  
May 3, 2007**

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 3, 2007. 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 in the Research Library of the Legislative Counsel Bureau.

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

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

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblyman Morse Arberry Jr., Chair  
Assemblywoman Barbara E. Buckley  
Assemblywoman Heidi S. Gansert  
Assemblywoman Sheila Leslie  
Assemblyman John W. Marvel  
Assemblywoman Debbie Smith

**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, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education  
Milton D. Glick, Ph.D., President, University of Nevada, Reno, Nevada System of Higher Education

**CHAIR RAGGIO:**

The Subcommittee has received copies of the Joint Subcommittee on Higher Education/Capital Improvements CIP Closing List #2, dated May 3, 2007 ([Exhibit C](#), original is on file in the Research Library). We have previously reviewed most of the information before the Subcommittee today. This is the Nevada System of Higher Education (NSHE) budget.

EDUCATION

NSHE

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

The first several pages of [Exhibit C](#) contain background information. The final budget reduction target for the NSHE is now \$10.8 million for the biennium. The NSHE proposes to address the Governor's reduction goals through enhancement cuts while the Governor proposes to cut enhancements and reduce formula funding.

CHAIR RAGGIO:

The Subcommittee has received copies of the report submitted by the NSHE in response to the questions asked at the hearing on April 12, 2007 ([Exhibit D](#), original is on file in the Research Library).

MR. BURKE:

On page 2 of [Exhibit C](#) is a chart listing the appeals and potential adjustments. Each of these items will be discussed in detail in the affected decision modules. If all of these appeals and adjustments were implemented, there would be a General Fund savings of \$204,000 for the biennium.

As discussed at the bottom of page 2 of [Exhibit C](#), the revised enrollment projections are considerably lower than the Governor's recommendation. In fiscal year (FY) 2007-2008, system-wide student full-time equivalents (FTE) are projected at 2,717 lower than the Governor's recommended amount. In FY 2008-2009, the projected enrollments are 3,821 FTEs lower than the Governor's recommended amount.

The chart at the top of page 3 of [Exhibit C](#) summarizes the revised FTE enrollment estimates. Enrollment growth is slowing at all of the campuses, but the University of Nevada, Las Vegas (UNLV) is experiencing actual FTE enrollment losses.

Because of the lower enrollments, revenue collections are expected to fall considerably below the amounts recommended in the Governor's budget. In the first year of the biennium, revenues are projected to decrease by about \$11.5 million. The projected revenue decrease for the second year of the biennium is \$17.4 million for a total revenue decrease of \$28.9 million for the biennium. These totals factor prominently in some of the formula and hold-harmless proposals you will see later in the budget closings.

The Governor's recommended formula funding is described at the top of page 4 of [Exhibit C](#). The Governor recommends formula funding at 85.5 percent. That percentage would not have brought all of the campuses out of hold harmless. The Governor's recommended budget includes a hold harmless which would have brought all of the campuses out of the hold harmless. However, as you will see throughout these closings, and as discussed in previous Subcommittee hearings, the significantly-lower revised enrollments impact the formula and the hold-harmless situation. That is what the Subcommittee will be addressing today.

SENATOR MATHEWS:

Is the formula funding 84.5 percent instead of 85.5 percent?

MR. BURKE:

The Governor is recommending 85.5 percent for this biennium. In the last biennium, the formula funding was 84.5 percent.

As requested by the Subcommittee at the last hearing, the NSHE provided a budget-reduction plan. The Budget Division also developed a budget-reduction plan which varies from the plan submitted by the NSHE. The NSHE proposed to address their budget-reduction targets entirely through enhancement cuts while the Budget Division proposes both enhancement cuts and a \$2 million cut to the formula-funding hold-harmless scenario.

The table at the top of page 5 of [Exhibit C](#) illustrates NSHE's proposal. The NSHE has run its revised enrollments through the formula. In FY 2007-2008, there would be a reduction of \$16.8 million. In FY 2008-2009, the reduction would be \$22.76 million. The NSHE has proposed to take the General Fund savings and redistribute them to the campuses that are significantly farther into the hold harmless. As you will recall from the last Subcommittee hearing, the UNLV was not funded for hold harmless in the Governor's recommended budget. This proposal would proportionately distribute the available General Fund revenues to cover each campus in hold harmless at an equal percentage. This would not bring all of the campuses out of the hold harmless. They would be at 57.59 percent of the hold-harmless amount in the first year of the biennium and 54.27 percent in the second year of the biennium.

This is the NSHE's proposal. The Budget Division's proposal is different. That is why, when the Subcommittee makes its decision, staff seeks authority to make any adjustments necessary based upon enhancement decisions. The Governor proposes to take \$2 million out of the formula funding shown in the table on page 5 and reduce the enhancement cuts proposed by the NSHE by \$2 million.

CHAIR RAGGIO:

At this point, the issue is whether the Subcommittee will accept the proposed formula adjustments submitted by the NSHE.

SENATOR CEGAVSKE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE PROPOSED FORMULA ADJUSTMENTS SUBMITTED BY THE NEVADA SYSTEM OF HIGHER EDUCATION WHICH DECREASE FORMULA FUNDING BASED UPON REDUCED ENROLLMENTS; TO PROPORTIONALLY REDISTRIBUTE GENERAL FUND SAVINGS TO THE HOLD-HARMLESS CAMPUSES; AND TO AUTHORIZE STAFF TO MAKE ANY ADJUSTMENTS NECESSARY TO INCORPORATE THE IMPACT OF ENHANCEMENT DECISIONS MADE LATER IN THE CLOSING PROCESS.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN ARBERRY, BUCKLEY, LESLIE AND SMITH VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYMAN ARBERRY, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE PROPOSED FORMULA ADJUSTMENTS SUBMITTED BY THE NEVADA SYSTEM OF HIGHER EDUCATION WHICH DECREASE FORMULA FUNDING BASED UPON REDUCED ENROLLMENTS; TO PROPORTIONALLY REDISTRIBUTE GENERAL FUND SAVINGS TO THE HOLD-HARMLESS CAMPUSES, BUT AT THE LOWER AMOUNT RECOMMENDED BY THE GOVERNOR, TAKING \$2 MILLION OUT OF THE HOLD HARMLESS FOR THE BIENNIUM; AND TO AUTHORIZE STAFF TO MAKE ANY ADJUSTMENTS NECESSARY TO INCORPORATE THE IMPACT OF ENHANCEMENT DECISIONS MADE LATER IN THE CLOSING PROCESS.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

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CHAIR RAGGIO:

The motion passes on the Assembly side, so we have a difference on this issue.

MR. BURKE:

The next items for consideration are the fee rate increases and the Letter of Intent issue. In 2005, a Letter of Intent was issued by the Senate Committee on Finance and the Assembly Committee on Ways and Means. The Letter of Intent noted that if the Board of Regents distributed fee increases at levels below the 2007 cumulative percentage, the Legislature may not take corresponding action in General Fund appropriations. As discussed during the Subcommittee hearings, the percentages proposed for the 2007-2009 biennium are significantly lower than the 2005-2007 cumulative distribution. That is reflected in the table at the bottom of page 6 of [Exhibit C](#).

The table at the top of page 7 of [Exhibit C](#) illustrates the impact which would have been realized had the fees been distributed at the 2005-2007 cumulative percentage. For the biennium, \$11.78 million more would have come to the State-supported operating budgets. The NSHE has addressed this issue and their comments are included below the table on page 7 of [Exhibit C](#).

CHAIR RAGGIO:

I have been asked to allow further input on this issue by the NSHE.

DANIEL J. KLAICH (Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education):

Regardless of the action taken, and particularly given the revenue situation of the State, it appears unlikely current service levels will be maintained under almost any scenario you are able to fund. We appreciate this is a difficult situation. Between now and the end of Session, we would appreciate the opportunity to have dialogue with you about giving us some flexibility in meeting the current service levels through other opportunities. One of these is the student fee policy and, possibly, a redistribution of fees. We would

appreciate the opportunity to work with you to better meet the spirit of the Letter of Intent and to allow us to work with students and fees over the next biennium. That would be somewhat difficult with the current Letter of Intent.

CHAIR RAGGIO:

That is a fair request. We will reserve judgment on this item until later in the Session when we can agree upon the final closing of the NSHE budget and whether some relaxation or suspension of the Letter of Intent might be in order.

CHAIR ARBERRY:

At this time, would you accept a motion on the Assembly side regarding a letter of intent?

CHAIR RAGGIO:

A letter of intent is not appropriate until we know how we are going to close the budget.

At this time, we will go on to the next issue.

MR. BURKE:

Technical corrections are necessary to add application fees to the budgets of the Nevada State College (NSC) and the UNLV School of Dental Medicine and to correct a miscalculation in the University of Nevada School of Medicine's (UNSOM) budget. This is addressed on page 7 of [Exhibit C](#).

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO AUTHORIZE TECHNICAL CORRECTIONS TO THE NSHE BUDGET; TO ADD APPLICATION FEES TO THE NEVADA STATE COLLEGE AND THE UNLV SCHOOL OF DENTAL MEDICINE BUDGETS; AND TO CORRECT A MISCALCULATION IN THE BUDGET OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

As noted at the bottom of page 7 of [Exhibit C](#), the Governor has restored the \$1 million enhancement for the Whittemore-Peterson Institute. This amount was included in the cuts initially proposed by the NSHE. Does the Subcommittee wish to approve this enhancement?

NSHE - School of Medical Sciences – Budget Page NSHE-33 (Volume I)  
Budget Account 101-2982

E-325 Services at Level Closest to People – Page NSHE-36

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO RESTORE THE \$1 MILLION ENHANCEMENT FOR THE WHITTEMORE-PETERSON INSTITUTE.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN ARBERRY, BUCKLEY, LESLIE AND SMITH VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The chart at the top of page 8 of Exhibit C lists the enhancement reductions proposed by the NSHE to address the request for reductions.

MR. BURKE:

In response to the Subcommittee's direction at the last budget hearing, the NSHE developed a list of proposed cuts. For workforce development and malpractice funding, they have proposed to cut the entire modules. They have proposed a cut of \$8,300 in the first year of the biennium for the Desert Research Institute (DRI) administrative positions and a reduction in the enrollments for the Western Undergraduate Exchange (WUE). The NSHE proposes to completely eliminate the preschool through age 21 (P-21) Council and the Nevada Scholars Program. The NSHE is proposing to remove the Women's Research Institute which was an amendment to the Governor's recommended budget.

The first enhancement reduction to be considered by the Subcommittee is decision unit E-179, Workforce Development Grants.

NSHE - System Administration – Budget Page NSHE-1 (Volume I)  
Budget Account 101-2986

E-179 Increase Non-gaming Business – Page NSHE-4

Both the NSHE and the Budget Division propose to eliminate decision unit E-179 in its entirety to help meet the budget reduction target.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE ELIMINATION OF DECISION UNIT E-179, WORKFORCE DEVELOPMENT GRANTS.

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLYWOMAN LESLIE:

I will be voting against all of the proposed reductions, with the exception of this first one. The NSHE told us hold harmless was their top priority in the formula and that is why I lent my support to keeping the hold harmless, although at a lower level.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next proposed enhancement reduction is medical risk management and malpractice, decision unit E-250.

E-250 Working Environment and Wage – Pages NSHE-24, 35, 55, 98, 104 and 108

MR. BURKE:

The reduction in this enhancement is \$78,272 in the first year of the biennium and \$142,460 in the second year of the biennium. This is recommended by both the NSHE and the Budget Division.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE RECOMMENDED REDUCTION IN DECISION UNIT E-250, MEDICAL RISK MANAGEMENT AND MALPRACTICE.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLYWOMAN BUCKLEY:

Is this a reduction in the decision unit to remove duplications or an elimination of the decision unit?

MR. BURKE:

The reduction amounts would constitute a complete elimination of this decision unit.

CHAIR RAGGIO:

It was my understanding the recommendation was to reduce the amount of the enhancement by \$17,000 and \$18,000 to remove duplications.

MR. BURKE:

If the Committee had gone forward with the Governor's initial recommendation, there were some duplications which would have to have been removed. That will be accomplished by eliminating the module.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

A collateral issue, which we looked at during the meeting of the Interim Finance Committee (IFC), is whether the surplus funds from FY 2006-2007 should be

used to provide malpractice tail coverage for physicians being recruited for the UNSOM. Does the Subcommittee wish to approve that coverage with the use of these surplus funds?

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO UTILIZE THE SURPLUS MALPRACTICE INSURANCE PREMIUM BALANCE FROM FY 2006-2007 FOR MALPRACTICE TAIL COVERAGE FOR PHYSICIANS BEING RECRUITED FOR THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLYWOMAN BUCKLEY:

During our previous hearing, I was promised a check which I have not received. Therefore, I do not know if we have received the money or if there are any funds left.

There are significant problems with the State accepting liability for potential claims which occurred prior to being employed by the State. I do not have enough information regarding this to convince me it is a prudent course for the State to embark upon.

MR. KLAICH:

I apologize if I did not deliver a copy of our letter transmitting the check to the Office of the State Treasurer. A check in the amount of approximately \$378,000 was delivered about three weeks ago.

ASSEMBLYWOMAN BUCKLEY:

My staff has confirmed the check was received.

CHAIR RAGGIO:

Does that mean this is a moot issue and the motion will not be considered?

MR. KLAICH:

The expenditure brought to our attention by Assemblywoman Buckley is for FY 2005-2006. The \$600,000 issue for tail coverage is from FY 2006-2007.

CHAIR RAGGIO:

That clarifies it and the motion is valid.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN ARBERRY, BUCKLEY, LESLIE AND SMITH VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. BURKE:

At the bottom of page 9 of [Exhibit C](#), staff notes the NSHE has indicated it would not be prudent to continue to budget savings or anticipate savings from malpractice premiums into FY 2007-2008 and FY 2008-2009 because the contracts have to be renegotiated annually. There still is a possibility of savings,



and the Subcommittee may wish to direct the UNSOM through a letter of intent to either approach the IFC for prior approval if savings accrue in FY 2007-2008 and FY 2008-2009 or to revert savings during the 2007-2009 biennium. Also, there is still the outstanding issue of Senate Bill 66, the tort cap expansion. That may affect medical malpractice premiums and costs.

**SENATE BILL 66**: Increases the amount of damages that may be awarded in certain tort actions brought against a governmental entity or its officers or employees. (BDR 3-120)

CHAIR RAGGIO:

The appropriate action would be to not continue that amount as premium savings but, through a letter of intent, require the NSHE to approach the IFC for authority to spend any premium savings.

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO DIRECT THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE THROUGH A LETTER OF INTENT TO APPROACH THE INTERIM FINANCE COMMITTEE FOR PRIOR APPROVAL TO SPEND ANY MALPRACTICE PREMIUM SAVINGS WHICH MAY ACCRUE DURING THE 2007-2009 BIENNIUM.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Let us go to the next item, the DRI institutional support, decision unit E-253.

NSHE - Desert Research Institute – Budget Page NSHE-77 (Volume I)  
Budget Account 101-3010

E-253 Working Environment and Wage – Page NSHE-80

MR. BURKE:

The Governor recommends General Fund appropriations of \$949,000 in the first year of the biennium and \$959,000 in the second year to provide salary and benefits for three vice presidents, one chief information officer and four support staff. The Budget Division and the NSHE have come in with different budget reduction targets. The Budget Division proposes to reduce first-year funding by \$157,208. The NSHE's proposed reduction for FY 2007-2008 is \$8,307.

CHAIR RAGGIO:

What is the reason for the difference?

MR. BURKE:

That is some of the \$2 million difference in budget reductions between the Budget Division and the NSHE. They are proposing reductions in different areas.

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CHAIR RAGGIO:

Is there a motion to accept the reductions proposed by the NSHE?

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO REDUCE THE FIRST-YEAR AMOUNT IN DECISION UNIT E-253 FOR INSTITUTIONAL SUPPORT FOR THE DESERT RESEARCH INSTITUTE BY \$8,307, AS RECOMMENDED BY THE NSHE, AND APPROVE THE FULL \$959,376 RECOMMENDED FOR FY 2008-2009.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN ARBERRY, BUCKLEY, LESLIE AND SMITH VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYMAN ARBERRY, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO TOTALLY ELIMINATE DECISION UNIT E-253 FOR THE DESERT RESEARCH INSTITUTE INSTITUTIONAL SUPPORT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

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CHAIR RAGGIO:

Next is the Western Undergraduate Exchange (WUE) decision unit E-300.

NSHE - University of Nevada - Reno – Budget Page NSHE-19 (Volume I)  
Budget Account 101-2980

NSHE - University of Nevada - Las Vegas – Budget Page NSHE-51 (Volume I)  
Budget Account 101-2987

E-300 Improve Pupil Achievement – Pages NSHE-24 and 55

MR. BURKE:

The NSHE has responded to the Subcommittee's comments from previous hearings about the imbalance in the number of Nevada students who participate in the WUE program and the nonresident students who attend Nevada institutions through the WUE program. The NSHE has updated its revenue projections and proposes that at the University of Nevada, Reno (UNR) the General Fund amounts should be reduced by \$723,812 in the first year of the biennium and by \$607,268 in the second year of the biennium. There is no change to the UNLV amount. The UNLV appropriation is not a WUE-related adjustment. It is a nonresident tuition adjustment.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO COMPLETELY ELIMINATE THE WESTERN UNDERGRADUATE EXCHANGE ENHANCEMENT IN DECISION UNIT E-300.

ASSEMBLYWOMAN BUCKLEY:

In a time of declining revenues, we cannot afford to reduce the tuition costs for students from California. Maybe the NSHE can make some further adjustments in this program.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

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

SENATE: THE MOTION FAILED UNANIMOUSLY.

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SENATOR COFFIN, IN A SENATE-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S RECOMMENDATION TO APPROPRIATE GENERAL FUND REVENUES TO COVER LOWER NONRESIDENT TUITION REVENUES ASSOCIATED WITH WESTERN UNDERGRADUATE EXCHANGE ENROLLMENTS AT THE UNIVERSITY OF NEVADA, RENO; TO REDUCE THE \$1.6 MILLION ANNUAL APPROPRIATIONS BY \$732,812 IN FY 2007-2008 AND \$607,268 IN FY 2008-2009 TO REFLECT UPDATED PROJECTIONS; AND TO APPROVE GENERAL FUND APPROPRIATIONS OF \$525,599 IN FY 2007-2008 AND \$582,998 IN FY 2008-2009 IN CONSIDERATION OF REDUCED NONRESIDENT TUITION ENROLLMENTS AT THE UNIVERSITY OF NEVADA, LAS VEGAS.

SENATOR MATHEWS SECONDED THE MOTION.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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SENATOR COFFIN:

These are tough decisions where you have reductions in student count. We recognize we would lose money on the out-of-state WUE students. On the other hand, our funding formula is driven by student count and some out-of-state enrollments will be discouraged. Until we change the funding formula from student count to something which more accurately reflects the mission of the institutions, we will not be able to fairly fund them.

CHAIR RAGGIO:

The next issue is the P-21 Council and College Goal Sunday. What is the recommendation from the NSHE?

E-308 Improve Pupil Achievement – Page NSHE-4

MR. BURKE:

The NSHE proposes to eliminate this enhancement in its entirety. The Budget Division proposes to retain the full amount.

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE NSHE'S RECOMMENDATION TO ELIMINATE DECISION UNIT E-308, P-21 COUNCIL AND COLLEGE GOAL SUNDAY.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Decision unit E-325, Chronic Fatigue Syndrome, is an appropriation of \$400,000 in FY 2007-2008 and \$600,000 in FY 2008-2009 for the Whittemore-Peterson Institute. This was covered earlier in this meeting with a difference between the Senate and the Assembly.

The next enhancement is decision unit E-350, DRI Groundwater Study.

NSHE - Desert Research Institute – Budget Page NSHE-77 (Volume I)  
Budget Account 101-3010

E-350 Environmental Policies and Programs – Page NSHE-81

Unless there is an objection to the \$1 million a year appropriation, the only issue here is whether the funding for the water study should be placed with the DRI or transferred to the Office of the State Engineer. We provided equipment to the DRI last Session. The water study is an essential study. I do not know that it matters whether it is with the DRI or the Office of the State Engineer. What is the pleasure of the Subcommittee on this?

ASSEMBLYMAN MARVEL:

I support this appropriation. The study is critical to the State so we know what our water inventory and sources are.

CHAIR RAGGIO:

What is the preference of the NSHE as to where this funding should be placed?

MR. KLAICH:

I have spoken with Dr. Stephen Wells of the DRI. He feels this would be a more valid and objective tool if it were transferred to the Office of the State Engineer, as the Governor has recommended, with the DRI working in conjunction with the Office of the State Engineer.

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CHAIR RAGGIO:

Have we closed the budget on the Office of the State Engineer?

MR. BURKE:

That subcommittee left the decision to this Subcommittee.

CHAIR ARBERRY:

We will be voting against this motion because we want to totally eliminate this project.

CHAIR RAGGIO:

I will entertain a motion on the Senate side that the \$1 million be approved but that the funds be placed in the Office of the State Engineer.

SENATOR COFFIN, IN A SENATE-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S RECOMMENDATION TO APPROPRIATE \$1 MILLION A YEAR TO MAP AND STUDY NEVADA'S GROUNDWATER RESOURCES; AND TO REMOVE THE FUNDING FROM THE DESERT RESEARCH INSTITUTE ACCOUNT AND PLACE THE FUNDING UNDER THE CONTROL OF THE OFFICE OF THE STATE ENGINEER.

SENATOR CEGAVSKE SECONDED THE MOTION.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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SENATOR COFFIN:

To help explain my position, I serve on the Senate Committee on Natural Resources and have an opportunity to observe the State Engineer operate. I feel he is earning the trust of the people. Also, if the appropriation is approved, the DRI will be working with them.

ASSEMBLYMAN ARBERRY, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO TOTALLY ELIMINATE DECISION UNIT E-350, THE DRI GROUNDWATER STUDY.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

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CHAIR RAGGIO:

Next is the Nevada Scholars Program, decision unit E-425. The Governor recommends \$100,000 a year at the UNR and the UNLV, totaling \$400,000 for the biennium. The NSHE has proposed to eliminate this enhancement module and the Governor has proposed to retain it.

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NSHE - University of Nevada - Reno – Budget Page NSHE-19 (Volume I)  
Budget Account 101-2980

NSHE - University of Nevada - Las Vegas – Budget Page NSHE-51 (Volume I)  
Budget Account 101-2987

E-425 Enable, Motivate & Reward Self Sufficiency – Pages NSHE-24 and 56

ASSEMBLYMAN ARBERRY MOVED TO ELIMINATE DECISION UNIT  
E-425, NEVADA SCHOLARS PROGRAM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The Nye County Service Area Transfer is decision units E-500 and E-900. This has already been implemented and it is a matter of ratification of this item. Does the Subcommittee wish to approve the transfer of the Nye County service area from the Community College of Southern Nevada (CCSN) to Great Basin College (GBC)?

NSHE - Great Basin College – Budget Page NSHE-83 (Volume I)  
Budget Account 101-2994

E-500 Adjustments – Transfers In – Page NSHE-87  
E-900 Transfer from CCSN, BA 3011 – Page NSHE-87

NSHE - Community College of Southern Nevada – Budget Page NSHE-94  
(Volume I)  
Budget Account 101-3011

E-900 Transfer to GBC, BA 2994 – Page NSHE-99

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL  
COMMITTEE TO APPROVE THE TRANSFER OF THE NYE COUNTY  
SERVICE AREA FROM THE CCSN TO THE GBC WITH ADJUSTMENTS  
TO THE TRANSFER MODULE AND ADDING GENERAL FUND  
APPROPRIATIONS OF \$146,117 IN FY 2007-2008 AND \$27,122 IN  
FY 2008-2009 BEYOND THE GOVERNOR'S RECOMMENDED AMOUNTS.

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLY: THE MOTION FAILED. (ASSEMBLYMEN ARBERRY,  
BUCKLEY, LESLIE AND SMITH VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR ARBERRY:

Would you accept another motion to totally eliminate this?

CHAIR RAGGIO:

By that, do you mean to not fund the community college in Pahrump?

CHAIR ARBERRY:

Yes.

CHAIR RAGGIO:

You do not want to fund it at all?

CHAIR ARBERRY:

No, only decision unit E-500.

CHAIR RAGGIO:

You do not want to transfer the service area to the GBC?

CHAIR ARBERRY:

No, we voted on that. Now we just want to eliminate decision unit E-500.

MR. BURKE:

The NSHE presented this information to the IFC some time ago to put them on notice this change was going to be enacted. At that point, the IFC advised if the NSHE was going to go forward, any cost differential would have to be presented as an enhancement module. That is what they have proposed here in decision unit E-500. There are two components of this transfer. The first is the actual transfer itself which would be a no-cost transaction. The second part is decision unit E-500 which recognizes the cost differential between the GBC and the CCSN. If I understand you correctly, you want to approve the transfer but not the differential in cost.

CHAIR RAGGIO:

Is that what you want to do?

CHAIR ARBERRY:

Yes.

CHAIR RAGGIO:

Your motion then would be not to deny the transfer, but not to approve the enhancement. I thought that was what you already voted against. Do we need another motion for clarification? That is what the result of our action was.

CHAIR ARBERRY:

That is correct.

ASSEMBLYWOMAN GANSERT:

Are we actually zeroing out one account and transferring it to another, so it is cost neutral?

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MR. BURKE:

The transfer itself would be cost neutral; the cost differential is not. Because of the economies of scale and being a smaller institution, the formula funding for the GBC is more lucrative. That is the cost differential in decision unit E-500 and the portion the Assembly wants to remove.

CHAIR RAGGIO:

Next is decision unit E-814, salary adjustment. This is pay increases for construction inspectors. It is a small item.

NSHE - University of Nevada - Reno – Budget Page NSHE-19 (Volume I)  
Budget Account 101-2980

NSHE - Community College of Southern Nevada – Budget Page NSHE-94  
(Volume I)  
Budget Account 101-3011

E-814 Other Salary Adjustments – Pages NSHE-25 and 98

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-814, PAY INCREASES FOR CONSTRUCTION INSPECTORS AT THE CCSN AND THE UNR BASED UPON THE PERSONNEL DEPARTMENT'S MARKET SURVEY.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Decision unit E-900 is the UNLV Intercollegiate Athletics Operating Transfer. This is recommended by staff to make closing adjustments to fully transfer the funding for the UNLV athletics facility support from the main campus account to the Intercollegiate Athletic Account (ICA). The UNLV ICA program would then pay for its operating costs through a recharge mechanism in the main campus account, similar to the UNR.

NSHE - University of Nevada - Las Vegas – Budget Page NSHE-51 (Volume I)  
Budget Account 101-2987

NSHE - Intercollegiate Athletics - UNLV – Budget Page NSHE-58 (Volume I)  
Budget Account 101-2988

E-900 Transfer to UNLV-ICA, BA 2988 – Pages NSHE-56 and 60

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT E-900 AND AUTHORIZE STAFF TO MAKE THE CLOSING ADJUSTMENTS NECESSARY TO FULLY



TRANSFER FUNDING FOR THE UNLV ATHLETICS FACILITY SUPPORT  
FROM THE MAIN CAMPUS ACCOUNT TO THE ICA ACCOUNT.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The first item under Major Maintenance Items on page 14 of [Exhibit C](#) is the UNLV Paradise Lease Inflation, decision unit M-103.

NSHE - University of Nevada - Las Vegas – Budget Page NSHE-51 (Volume I)  
Budget Account 101-2987

M-103 Inflation - Agency Specific – Page NSHE-53

This lease agreement has not been fully resolved. The Subcommittee will have to approve the amount for the lease of the premises, but staff is recommending a letter of intent which directs the NSHE to revert any unspent portion of the authorized lease funding and prohibit its use for any purpose other than the lease payments. The NSHE would be required to report to the IFC on the status of the negotiations.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR DECISION UNIT M-103, WITH A LETTER OF INTENT DIRECTING NSHE TO REVERT ANY UNSPENT PORTION OF THE PARADISE PROPERTY LEASE FUNDING AND PROHIBIT THE USE OF THE FUNDING FOR OTHER PURPOSES; AND TO REPORT TO THE IFC ON THE RESULTS OF ANY NEGOTIATIONS WITH CLARK COUNTY AND THE AIRPORT AUTHORITY REGARDING THIS PROPERTY, INCLUDING POTENTIAL PROPERTY TRADE AGREEMENTS.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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ASSEMBLYWOMAN BUCKLEY:

I have sent an inquiry to the Chair of the Clark County Commission and the Clark County Manager and their lobbyists asking them to look at this and try to resolve it so we do not have a 1,000-percent increase in rent.

CHAIR RAGGIO:

Decision unit M-201 is New Space Operations and Maintenance (O&M).

M-201 Demographics/Caseload Changes – Pages NSHE-21, 54, 79, 85, 96 and 107

MR. BURKE:

Staff has worked with the NSHE in detail on this item. The recommended savings in the first year of the biennium would be almost \$1 million. There would be a savings of approximately \$45,000 in the second year of the biennium. Some of the more significant changes are noted on page 16 of [Exhibit C](#). The Subcommittee will recall there was a lot of discussion about the Getchell building space, the former library.

CHAIR RAGGIO:

Did the NSHE indicate they reduced that amount?

MR. BURKE:

That is correct. They are taking out 60,000 square feet for the last six months of FY 2008-2009. There was also discussion about the usage of the Jot Travis Student Union. The NSHE's responses regarding that issue are noted on page 16 of [Exhibit C](#).

ASSEMBLYWOMAN SMITH:

It is my understanding the amount paid by the Davidsons was \$15 million which was basically for the purpose of rent. I do not think we should be paying the O&M if the UNR made that commitment to the Davidson Academy. The UNR should absorb that amount.

CHAIR RAGGIO:

I will ask the NSHE to give a brief explanation to justify the O&M for this purpose.

MILTON D. GLICK, PH.D. (President, University of Nevada, Reno, Nevada System of Higher Education):

Of the \$15 million the Davidsons committed, \$5 million is to renovate the space to be used by the Davidson Academy. You require an \$18 million match for the new science and mathematics building and \$10 million of their gift was to be used for those matching funds. We consider that a major commitment by the Davidsons to the health of the university and the State.

Regarding the O&M, we think this follows the precedent of the Judicial College. While the Davidson Academy is an independent academy, it is integral to the long-term good of both the university and the State because it will be giving a unique opportunity for the profoundly gifted to study in special surroundings, many of their courses being given by university professors.

CHAIR RAGGIO:

Does it pay rent to the university?

DR. GLICK:

No, it does not.

ASSEMBLYWOMAN SMITH:

I absolutely support the Davidson Academy and have taken the lead on legislation to support it. However, I do not think we can publicly fund their O&M and, at the same time, consider them a public school. We would be giving the academy funding we are not giving to other schools. They are in a unique situation, but I do not think we can do that. If the university committed to the Davidson Academy on this, they need to absorb the O&M.

CHAIR ARBERRY:

I agree with Assemblywoman Smith because of the precedent we would be setting for large donors. We want to show them we support their donation, but this is the wrong precedent to send to any other donors. We will not support providing State O&M funding for the Davidson Academy.

CHAIR RAGGIO:

This will be the upper floor of the Jot Travis Student Union which is presently being serviced. It is an adjunct to the UNR. The Davidson Academy will be known internationally and it will bring a great deal of prestige to the university even though it is an independent school. Would you have them hire separate janitors to take care of and maintain this building? I do not think it would be setting a bad precedent and it makes sense for us to assume the cost of that O&M.

ASSEMBLYWOMAN SMITH:

I do not want you to misunderstand what I am saying. I support the Davidson Academy. I think it is in the right place and it is the right thing to do. I am saying we should honor the Davidson's commitment and the amount of money they have already paid with their understanding that they were taking care of these costs. The university should absorb those costs. I just want to clarify that I believe we should honor the amount of money they have paid.

ASSEMBLYWOMAN SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEE TO NOT COVER THE O&M FUNDING FOR THE DAVIDSON ACADEMY IN THE JOT TRAVIS STUDENT UNION AND THAT THOSE COSTS BE COVERED BY THE UNIVERSITY.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

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

SENATE: THE MOTION FAILED UNANIMOUSLY.

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SENATOR MATHEWS, IN A SENATE-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO PROVIDE STATE O&M FUNDING IN FY 2008-2009 FOR THE SPACE IN THE JOT TRAVIS STUDENT UNION BUILDING THAT WILL BE OCCUPIED BY THE DAVIDSON ACADEMY FOR PROFOUNDLY GIFTED STUDENTS.

SENATOR COFFIN SECONDED THE MOTION.

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

If there are no other items on which there is a disagreement, I will accept a motion to approve the remainder of the items listed as new space operations and maintenance under decision unit M-201, including the indicated adjustment for the UNR Knowledge Center.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE REMAINDER OF THE ITEMS LISTED AS NEW SPACE OPERATIONS AND MAINTENANCE UNDER DECISION UNIT M-201 ON PAGE 15 OF [EXHIBIT C](#).

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Next is New Space Rentals, decision units M-201 and M-202. There is a \$100,000 a year reduction in CCSN which is the revised cost of some unfunded lease space.

NSHE - System Administration – Budget Page NSHE-1 (Volume I)  
Budget Account 101-2986

M-201 Demographics/Caseload Changes – Page NSHE-2

NSHE - Desert Research Institute – Budget Page NSHE-77 (Volume I)  
Budget Account 101-3010

NSHE - Community College of Southern Nevada – Budget Page NSHE-94  
(Volume I)  
Budget Account 101-3011

NSHE - Nevada State College at Henderson – Budget Page NSHE-105  
(Volume I)  
Budget Account 101-3005

M-202 Demographics/Caseload Changes – Pages NSHE-79, 96 and 107

MR. BURKE:

There are reductions at CCSN and DRI from the Governor's recommended budget. There would be an addition for space not recognized for the GBC, as noted at the top of page 18 of [Exhibit C](#).

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE LEASE FUNDING RECOMMENDED BY THE GOVERNOR IN DECISION UNITS M-201 AND M-202, WITH THE ADJUSTMENTS NOTED BY STAFF.

ASSEMBLYMAN ARBERRY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is the athletic fee payments, decision unit M-203. On page 19 of [Exhibit C](#), staff has outlined the suggested action for the Subcommittee. This does not change the General Fund appropriations and would also include the letter of intent to authorize the waiver of fees that fall outside the direct appropriation.

NSHE - Intercollegiate Athletics - UNR – Budget Page NSHE-27 (Volume I)  
Budget Account 101-2983

NSHE - Intercollegiate Athletics - UNLV – Budget Page NSHE-58 (Volume I)  
Budget Account 101-2988

M-203 Demographics/Caseload Changes – Pages NSHE-28 and 59

CHAIR RAGGIO:

The chair will accept a motion that we issue a letter of intent authorizing the NSHE to waive fees for student athletes that fall outside the direct appropriation; require that they build the waived fees back into Base Budgets during the next budget cycle and require them to seek direct appropriations to replace any revenues that are waived through an enhancement request and indicate replacement is not guaranteed; approve the recommended increases for athletic fee payments as adjusted; and convert the remaining fee waivers to direct appropriations.

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ISSUE A LETTER OF INTENT AUTHORIZING THE NSHE TO WAIVE FEES FOR STUDENT ATHLETES THAT MAY FALL OUTSIDE THE DIRECT APPROPRIATION; TO REQUIRE NSHE TO BUILD THE WAIVED FEES BACK INTO BASE BUDGETS DURING THE NEXT BUDGET CYCLE; TO REQUIRE NSHE TO SEEK DIRECT APPROPRIATIONS TO REPLACE ANY WAIVED REVENUES VIA AN ENHANCEMENT REQUEST, INDICATE THAT SUCH REPLACEMENT IS NOT GUARANTEED; TO APPROVE THE RECOMMENDED INCREASES FOR ATHLETIC FEE PAYMENTS, AS ADJUSTED; AND TO CONVERT THE REMAINING FEE WAIVERS TO DIRECT APPROPRIATIONS IN THE INTERCOLLEGIATE ATHLETICS ACCOUNTS WITH NO NET CHANGE IN GENERAL FUND APPROPRIATIONS.

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ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The reductions in Other Maintenance Items are noted on page 19 of [Exhibit C](#). It is not necessary to go through each of them unless the Subcommittee has a specific request. Decision unit M-300, Fringe Rate Adjustments, is discussed on page 20 of [Exhibit C](#).

M-300 Fringe Benefit Rate Adjustments – Pages NSHE-3, 7, 11, 14, 22, 28, 31, 34, 39, 42, 45, 49, 54, 59, 63, 67, 72, 75, 79, 85, 91, 97, 102 and 107

MR. BURKE:

As previously discussed in the Subcommittee, the Personnel Assessment in the Governor's recommended budget is now being assessed against the NSHE's self-supported accounts. The initial amount has been reduced. It was over \$200,000 in the first year of the biennium and \$190,000 in the second year of the biennium. That amount has been adjusted down to \$187,000 in the first year and \$175,000 in the second year of the biennium. The NSHE contested this assessment, but the Budget Division stands with its initial recommendation.

CHAIR RAGGIO:

What is staff's recommendation?

MR. BURKE:

Through their business centers, the NSHE performs a number of services provided by the Department of Personnel. However, the work performed by the Department of Personnel does benefit the NSHE. One instance is the classification system. The main concern staff has is that if you take this amount out, there will be a hole in the budget of the Department of Personnel.

One other item under the Other Maintenance Items is the cost-of-living allowance (COLA) for the part-time instructors at the community colleges. The Subcommittee had expressed some interest at the last hearing in having a letter of intent to reinforce its desire the NSHE use these funds solely for part-time instructor increases.

CHAIR RAGGIO:

It was acknowledged the funding directed for part-time instruction would be used solely for that purpose and the part-time instructors would see the benefit of it without any slippage. A letter of intent would be appropriate.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S MAINTENANCE BUDGET RECOMMENDATIONS, RECOGNIZING THE SUBCOMMITTEE'S ACTIONS ON INDIVIDUAL MAINTENANCE BUDGET ITEMS; AND TO ISSUE A

LETTER OF INTENT REINFORCING THAT THE NSHE USE THE COMMUNITY COLLEGE PART-TIME COLA FUNDING SOLELY TO INCREASE PART-TIME INSTRUCTOR SALARIES, WITH AN ANNUAL REPORT ON HOW THE COLA FUNDING WAS EXPENDED.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

There are a number of items under Adjusted Base on page 21 of [Exhibit C](#). The first is Professional Merit Increases. The *Executive Budget* includes the 2.5-percent merit pool for professional employees, excluding positions at or above the assistant dean's level. Was there an adjustment to this item?

MR. BURKE:

Yes, some corrections had to be made which result in General Fund savings of \$197,000 in the first year of the biennium and \$231,000 in the second year of the biennium.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE 2.5-PERCENT MERIT POOL RECOMMENDED BY THE GOVERNOR FOR POSITIONS BELOW THE ASSISTANT DEAN'S LEVEL, WITH ADJUSTMENTS THAT WOULD NET SAVINGS OF \$197,635 IN FY 2007-2008 AND \$231,276 IN FY 2008-2009.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR ARBERRY:

I know it has been the norm for the professional merit increases to be 2.5 percent. However, because of the budget shortfalls, the Assembly side would like to recommend a reduction of 0.5 percent in the merit pool and make it a 2-percent merit pool this Session.

CHAIR RAGGIO:

That is contrary to the motion we just adopted to approve a 2.5 percent merit pool. Do you want to correct your action on that motion?

CHAIR ARBERRY:

Yes, I would.

ASSEMBLYMAN ARBERRY, IN AN ASSEMBLY-ONLY MOTION, MOVED TO RECOMMEND TO THE FULL COMMITTEE TO REDUCE THE MERIT POOL INCREASE FROM 2.5 PERCENT TO 2 PERCENT.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

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

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CHAIR RAGGIO:

The Subcommittee has a difference of opinion on this item.

SENATOR MATHEWS:

The NSHE faculty do not receive longevity. The faculty in kindergarten through Grade 12 (K-12) receive longevity.

CHAIR RAGGIO:

The K-12 faculty also has the opportunity for collective bargaining, in addition to what is approved by the Legislature.

MR. KLAICH:

It was my understanding Assemblyman Arberry intended the 0.5-percent reduction to be solely for this biennium, but I did not hear that in his motion. I would like clarification on whether that was the intent.

CHAIR ARBERRY:

Yes, that was the intent.

CHAIR RAGGIO:

At this point we have a motion approved by the Senate for the continuation of the 2.5-percent merit pool with the indicated adjustments. By a separate motion on the Assembly side, they have reduced their support to 2 percent for this biennium.

Are there any issues with the Vacancy Savings recommended at the historical percentage?

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE VACANCY SAVINGS AT THE PERCENTAGES HISTORICALLY APPROVED BY THE LEGISLATURE.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The National Direct Student Loan Program is item 3 on page 21 of [Exhibit C](#). What is the issue with this?

MR. BURKE:

As discussed during the Subcommittee hearings, the federal share of funding for this program has gone away. The Governor recommends continuation of the program as a State-funded program. The Subcommittee will have to act on that recommendation. There is an issue about the FY 2006-2007 funding. The NSHE plans to revert the \$50,000 appropriated last Session. If the Subcommittee continues this as a State program for FY 2007-2008 and FY 2008-2009, you might want to consider authorizing them to keep that funding.

CHAIR RAGGIO:

This is an important program which we need to fund as fully as possible. Would the Subcommittee be willing to let them retain the FY 2006-2007 appropriation and approve the funding as indicated?

ASSEMBLYMAN ARBERRY MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CONTINUE STATE GENERAL FUND APPROPRIATIONS OF \$50,904 A YEAR TO PROVIDE FINANCIAL ASSISTANCE FOR NEED-BASED STUDENTS AS A STATE-FUNDED PROGRAM WITH NO CONTINUING FEDERAL CONTRIBUTIONS; AND TO AUTHORIZE THE NSHE TO RETAIN THE FY 2006-2007 APPROPRIATION RATHER THAN REVERTING THE FUNDING AT THE END OF THE FISCAL YEAR.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Under the System Administration Audit Contract, there was a significant increase in the cost of the independent audit contract. At a previous hearing, we heard this is necessary and there is no alternative.

MR. BURKE:

That is correct.

SENATOR CEGAVSKE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE BASE ADJUSTMENT FOR THE COST OF THE INDEPENDENT AUDIT CONTRACT.

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

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SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Item 5 on page 22 of [Exhibit C](#) is the Medical School Residency Funding Reallocation and Intergovernmental Transfer. Does the Subcommittee have to authorize the UNSOM to continue to use the residency funding authorized by the 2005 Legislature?

MR. BURKE:

That is correct.

CHAIR RAGGIO:

The UNSOM has submitted a revised plan which is outlined in the table on page 23 of [Exhibit C](#). Staff is requesting authorization to make any necessary line item adjustments to reflect the revised plan.

ASSEMBLYMAN MARVEL MOVED TO RECOMMEND TO THE FULL COMMITTEE TO FORMALLY AUTHORIZE THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE TO CONTINUE TO USE THE RESIDENCY FUNDING AUTHORIZED BY THE 2005 LEGISLATURE PURSUANT TO THE REVISED PLAN AND TO AUTHORIZE STAFF TO MAKE ANY NECESSARY LINE ITEM ADJUSTMENTS TO REFLECT THE REVISED PLAN.

SENATOR COFFIN SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Are there any issues on the items under Other Base Appeals/Adjustments on page 24 of [Exhibit C](#)? What was the issue with the one-time adjustments?

MR. BURKE:

That is a onetime expenditure proposed by the NSHE. Staff recommends the Subcommittee approve the Governor's recommendation and deny the appeal on this item.

CHAIR RAGGIO:

Other items under Other Base Appeals/Adjustments are Position Funding Errors and Medical School O&M. Is there a motion to accept staff's recommendations under Other Base Appeals/Adjustments?

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE STAFF RECOMMENDATIONS UNDER

OTHER BASE APPEALS/ADJUSTMENTS ON PAGES 23 AND 24 OF [EXHIBIT C](#).

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

Does the Subcommittee have any concerns on any of the items under Other Base Items of Note on page 24 of [Exhibit C](#)? These items include utilization of the Indirect Cost Recovery, the DRI weather modification program and the FICA alternative.

SENATOR COFFIN MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE GOVERNOR'S BASE BUDGET RECOMMENDATIONS WITH THE PREVIOUSLY NOTED ADJUSTMENTS AND CORRECTIONS AND RECOGNIZING THE SUBCOMMITTEE'S ACTIONS ON INDIVIDUAL BASE BUDGET ITEMS.

ASSEMBLYMAN MARVEL SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR RAGGIO:

The next item is the Women's Research Institute of Nevada. This is one of the funding proposals the NSHE has proposed to eliminate.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ELIMINATE THE FUNDING FOR THE WOMEN'S RESEARCH INSTITUTE OF NEVADA.

SENATOR CEGAVSKE SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMEN LESLIE AND BUCKLEY WERE ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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SENATOR COFFIN:

It is important people understand there is a bill that will provide funding for the Women's Research Institute of Nevada to allow it to continue.

CHAIR RAGGIO:

That is Assembly Bill 309.

**ASSEMBLY BILL 309**: Makes an appropriation for the Women's Research Institute of Nevada and the National Education for Women's Leadership program at the University of Nevada, Las Vegas. (BDR S-684)

The next item is the budget amendment for the Nevada Cancer Institute. This is in Senate Bill 443 which has had a hearing in the Senate Committee on Finance. The Assembly Committee on Ways and Means will have a hearing on the bill, so we will hold any action on this item at this time.

**SENATE BILL 443**: Makes an appropriation to the Nevada Cancer Institute for research, community outreach and education, and expansion of laboratory and clinical space. (BDR S-1234)

The next item is the operational funding for the University of Nevada Health Sciences System. We are not approving any capital improvement projects, but this is the funding request for the operation of the facilities. What is the issue here?

MR. BURKE:

At the Subcommittee hearing on April 12, 2007, the NSHE presented a revised proposal totaling \$56.9 million for operational funding. That is outlined in a table on page 26 of Exhibit C. This is not in the Governor's recommended budget. If the Subcommittee wants to fund any of these initiatives, you would have to add General Fund appropriations.

CHAIR RAGGIO:

We will hold this item open until decisions are made on the capital improvement projects and we receive more specific information on completion dates for any authorized projects.

Is there anything the representatives of the NSHE feel we have omitted or not covered this morning? As you can understand, we are not in complete agreement on the closure of this budget, so there will be meetings between the Committees to attempt to resolve the differences.

MR. KLAICH:

We believe you have covered everything, and we appreciate the differences.

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CHAIR RAGGIO:  
There being no further testimony or public comment, the meeting is adjourned  
at 9:53 a.m.

RESPECTFULLY SUBMITTED:

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

APPROVED BY:

\_\_\_\_\_  
Senator William Raggio, Chair

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

\_\_\_\_\_  
Assemblyman Morse Arberry, Chair

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