

**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  
April 12, 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 8:13 a.m. on Thursday, April 12, 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  
Jim Rogers, Chancellor, System Administration Office, Nevada System of Higher Education  
Milton D. Glick, Ph.D., President, University of Nevada, Reno, Nevada System of Higher Education  
Patricia Charlton Dayar, Vice President of Finance and Budget, Community College of Southern Nevada  
David Ashley, Ph.D., President, University of Nevada, Las Vegas, Nevada System of Higher Education  
Bruce Shively, Assistant Vice President, Planning, Budget and Analysis, University of Nevada, Reno  
Marcia Turner, Interim Vice Chancellor and Chief Operating Officer for the University of Nevada Health Sciences System

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John A. McDonald, M.D., Ph.D., Dean, University of Nevada School of Medicine, Las Vegas  
Jane A. Nichols, Ed.D., Vice Chancellor, Academic and Student Affairs, System Administration Office, Nevada System of Higher Education  
Gerry Bomotti, Senior Vice President, Finance and Business, University of Nevada, Las Vegas  
Joanne Goodwin, Ph.D., Associate Professor, University of Nevada, Las Vegas

CHAIR RAGGIO:

This morning, we are continuing discussions on the budget of the Nevada System of Higher Education (NSHE). To utilize our time as efficiently as possible, I will ask staff to make some opening remarks. This may save time on issues we have already discussed. Then, the NSHE has requested time to make a presentation. Following that, the Subcommittee will go through some of the items which need further discussion.

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

I will be providing a brief overview of the revised enrollment projections, the fee revenues and the hold harmless. The Governor has recommended budget reductions in anticipation of lower-revenue projections by the Economic Forum. The Governor attempted to develop budget reductions which would cut approximately \$112 million statewide from the *Executive Budget*. The target for NSHE was \$32.9 million for the biennium. The budget reduction for the NSHE would be \$15.8 million in the first year of the biennium and \$17.1 million in the second year of the biennium. At this point, no budget recommendations have been received from the NSHE.

CHAIR RAGGIO:

We are aware of the NSHE's response. Understandably, there is a concern and reluctance to provide significant cuts at this time. I have had discussions with the Governor and his staff as well as staff of the Fiscal Analysis Division. There is an ongoing effort to ameliorate the necessity for any significant cuts. The Office of the Governor, the Budget Division and the Fiscal Analysis Division are working together to determine whether there are ways the anticipated shortfall may be diminished. There is some probability the depth of cuts across the budgets may not be as serious as was first thought. That is my understanding at this point.

EDUCATION

NSHE

MR. BURKE:

Next, I will discuss the enrollment projections. System-wide actual full-time-equivalent (FTE) enrollments grew by 2.01 percent in fiscal year (FY) 2005-2006 over the FY 2004-2005 actuals. This was substantially lower than the budgeted enrollment growth of 5.5 percent. Because of this slowdown, there is a hold-harmless provision in the Governor's recommended budget. Subsequent to the March 9, 2007, Subcommittee hearing, enrollment estimates were updated to reflect FY 2006-2007 annualized data. The revised projections

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are even lower than the preliminary reductions discussed by the Subcommittee at the March 9 hearing.

The anticipated decreases will have a substantial negative effect on anticipated student fee and tuition revenue collections and will also affect the hold-harmless situation which I will discuss later.

In FY 2007-2008, system-wide enrollment projections are 2,717 FTEs lower than the amounts used to construct the *Executive Budget*. The enrollment projections decrease even more in FY 2008-2009 to a loss of 3,821 FTEs from the *Executive Budget*.

CHAIR RAGGIO:

Is the largest decrease at the University of Nevada, Las Vegas (UNLV)?

MR. BURKE:

That is the most notable. Not only would the UNLV have a drop in the growth of enrollment, they would go negative according to the projections. In FY 2008-2009, the UNLV would have lower FTE enrollments than in the FY 2005-2006 actuals.

Overall, system-wide FY 2006-2007 updated enrollments are 8.4 percent lower than the FY 2006-2007 budgeted enrollments. A nominal growth of about 1.9 percent a year is anticipated system wide for the biennium. The community colleges and the state college partially offset some of the downturn at the UNLV.

Revenue collections will fall below the amounts recommended in the *Executive Budget*. This is because of the significant decline in projected enrollments. The student registration fee, out-of-state tuition and other sources of revenue will drop considerably compared to the amounts in the *Executive Budget*. The combined impact of the revenue decline is about \$28.9 million for the biennium.

CHAIR RAGGIO:

Is that registration and tuition fees?

MR. BURKE:

That is correct.

In the first year of the biennium, there would be a revenue decrease of \$11.5 million as compared to the *Executive Budget*. In the second year of the biennium, the revenue decrease would be \$17.4 million for a \$28.9 million overall loss.

CHAIR RAGGIO:

The largest losses are at the UNLV, with a loss of \$11.4 million in FY 2007-2008 and \$16.7 in FY 2008-2009. There are losses at all of the institutions, with the exception of the Western Nevada Community College (WNCC) and the Great Basin College (GBC).

MR. BURKE:

That is the current projection.

Staff has provided a chart to the Subcommittee which reflects the fee increases approved by the Board of Regents. These rates were discussed by the Subcommittee at the hearing on March 9, 2007.

There was considerable discussion during the 2005 Legislative Session and during the current Session regarding allocations of student fee revenues. Staff has provided a chart to the Subcommittee which reflects the percentage allocations of fee revenues to the State-supported operating budget for each level of discipline. In 2005, the Senate Committee on Finance and the Assembly Committee on Ways and Means issued a Letter of Intent to the NSHE indicating that if fee allocations to the State-supported budgets fall below the FY 2006-2007 cumulative percentages, the budgets may not be supported by the Legislature in corresponding General Fund appropriations.

In the *Executive Budget*, the fees distributed to the State-supported operating budget in each year of the biennium fall significantly below the cumulative percentage distributions for the 2005-2007 biennium. If the cumulative distribution percentages from the 2005-2007 biennium were used to determine the allocations to the State-supported budgets, projected additional student-fee revenues would total \$11.8 million which would be included in the NSHE budgets with corresponding decreases in General Fund appropriations.

Next, I will discuss the formula funding and hold harmless. In FY 2006-2007, the Legislature funded higher education formulas at 84.5 percent. Because of enrollment declines and a slowdown in the rate of growth, formula maintenance calculations at the 84.5-percent level yield lower overall funding than the current service levels. This is a hold-harmless position.

In the *Executive Budget*, at the 84.5-percent level, maintenance calculations result in net system-wide reductions of \$9.87 million in FY 2007-2008 and \$4.05 million in FY 2008-2009. In decision unit E-200, the Governor recommends enhancing the formula by 1 percent to 85.5 percent, adding \$7.91 million in the first year of the biennium and \$8.45 million in the second year of the biennium.

E-200 NSHE Formula Funding – Pages NSHE-23, 55, 80, 86, 92, 97, 103, 108

CHAIR RAGGIO:

Is that the net result of increasing the formula to 85.5 percent?

MR. BURKE:

That is correct. However, under the enrollment scenario used by the Governor to construct the *Executive Budget*, the formula enhancement does not lift all campuses out of hold-harmless positions. That is why the Governor recommends approximately \$9 million a year in hold-harmless amounts.

CHAIR RAGGIO:

Is that recent data?

MR. BURKE:

This is the most recent enrollment data. Based on the enrollment data, the net hold-harmless calculation would increase to \$24.8 million in the first year of the biennium and \$26.4 million in the second year of the biennium.

The UNLV would experience the most significant negative impact as a result of the updated projections. In the *Executive Budget*, the UNLV would benefit from a formula-funding increase of about \$4.6 million in the second year of the biennium over the current service levels. However, if you use the updated enrollments at the 85.5-percent funding level, the UNLV would be placed in a hold-harmless position of \$13.2 million which is a negative swing of about \$17.8 million. The UNLV is especially hard hit because they were in a growth position at the 85.5-percent formula level when the Governor's budget was constructed, and no hold-harmless funding was budgeted.

Lower enrollments result in lower fee revenues. Based upon updated enrollment counts, to offset anticipated fee losses and to maintain the hold harmless for each affected campus, we would need an additional \$11.2 million in the first year of the biennium and \$12.9 million in the second year of the biennium. This is about \$24.1 million for the biennium beyond the amounts in the *Executive Budget*, just to hold all campuses harmless.

CHAIR RAGGIO:

Are these amounts in addition to what is already in the *Executive Budget*? That would be \$11.2 million in FY 2007-2008 and \$12.9 million in FY 2008-2009, or a total additional amount of \$24.1 million for the biennium.

MR. BURKE:

That is correct.

These figures are based on the revised estimates. They are preliminary estimates based on staff's analysis of the data and working with the NSHE. Further reconciliation and consultation are required prior to finalizing these numbers. This is presented to give you an idea of the magnitude of the current problem.

CHAIR RAGGIO:

At this time, the NSHE will make their presentation to the Subcommittee.

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

At the March 9, 2007, budget hearing, the Subcommittee recommended the NSHE provide a plan for dealing with the long-term demographics in education which were highlighted at that meeting, including the current enrollment trends and the anticipated long-term enrollment picture. While a comprehensive plan would take more than a month to devise and require more input, we would like to present our preliminary thoughts on a plan and our perspective on why this biennial budget is so critical to the implementation of any future plan.

Demographic data for Nevada indicates we are among the lowest-ranked states in the nation in producing degreed professionals for our workforce. At the same time, the jobs requiring individuals with that level of training or education, which

this State will require in the future, are among the highest in the nation. In addition, workers migrating to this State are coming with lower educational levels and our per-capita income is dropping. These combined statistics paint a rather bleak picture for our future if we do nothing. If we do not take dramatic action to recruit, retain and graduate a more highly-educated workforce, the option is we will become a minimum-wage service-oriented economy where the drain on our social and health services can be expected to continue to grow exponentially. Another factor, which we think cannot be ignored should we fail to upgrade our workforce, is the inevitable growth in our prison population. This could swallow up any hope we have for meaningful education, health, social reform or improvements in this State. We pledge the full available expertise of the NSHE to deal with the problem of growth in our prison population.

I am presenting this background to help you understand our position that, while we are here today to discuss the budget of higher education, we believe we are talking about the future of the State of Nevada and what our contribution to that future can and should be. We are asking that you hold the line on our budgets for the upcoming biennium by supporting the recommendations of the Governor for formula funding and for hold harmless. You will be hearing from three of the NSHE's campus presidents of the institutions most dramatically affected by what the failure to do that would mean to their institutions and, by extension, to our economy. A similar plan will be presented by Dr. Phil Ringle for Truckee Meadows Community College. Dr. Ringle was unable to be present at this meeting, and that plan will be forwarded to staff for inclusion in the record.

As part of the biennial budget process, the Board of Regents established a goal for every institution to increase both student access and success. In accordance with directions from the Board of Regents, every institution in the system has increased and will redouble efforts at enrollment management including recruitment, retention and timely graduation of students. We will present to you, for your review, accountability metrics whereby you can measure our progress. Campus plans now being implemented, with limited financial resources, will begin to show system-wide payoffs in the upcoming biennium. We are not satisfied with our record of success in this area. To date, we have not graduated enough students in a timely fashion. We pledge to do better.

Your approval of our requested budget should be with the understanding we must deliver higher retention and graduation numbers for degree-seeking students, starting with an increase in fall-to-fall retention rates within the system. Currently, those rates average about 71 percent system wide over all institutions. Increasing those rates to 72 percent can create a greater enrollment within our systems, helping deal with the problems Mr. Burke outlined earlier in this hearing.

Understanding State revenues are not infinite and we have to work within a statutory framework of limited expenditures, we believe it is important for the NSHE to explore and exploit every alternative source of funding available to it. This includes private fund-raising, capital campaigns, federal grants and discussions with students regarding a higher fee and tuition model.

The Board of Regents has historically adopted a low tuition and fee model. If our institutions are to move significantly to increase tuition and fee models, some flexibility with respect to the Letter of Intent previously referenced needs to be discussed further. We believe a higher tuition and fee model must help fund essential campus needs which are not funded elsewhere, particularly the provision of more need-based financial aid for our most needy college-eligible students. We cannot afford to lose these students.

Regarding private fund-raising, private donors can and should be expected to provide a margin of excellence at our institutions throughout the State. However, we would like you to understand that, in approaching private donors, our appeals cannot be as successful without the commitment of a constant level of funding from the State.

The funding formula we have used to fund higher education in the past has served the State and higher education well. However, basing budget projections in the future on three-year historic enrollment averages has produced unnecessary elements of volatility into the process and has proven incapable of handling the kind of rapid enrollment shifts brought about by our joint policy changes, such as raising admission requirements, moving remedial courses from the universities to the community colleges, tightening Millennium Scholarship eligibility and the establishment of a State college. All of these have occurred since the formula was developed.

For the 2009-2011 biennium and beyond, we propose enrollment budgeting be based upon enrollments projected by the campuses with a transparent and agreed-upon methodology. Budgeting based upon campus projections agreed upon by both the Board of Regents and the Legislature will eliminate long-term discussions of hold harmless, as each campus will be forced to study its current and projected circumstances and live within the results. If this agreement can be reached, there should be no further hold harmless needed beyond FY 2010-2011 in any circumstance and, in most cases, beyond FY 2008-2009. The success of this plan is not necessarily measured in terms of months or years; however, we believe efficiency, effectiveness and ultimately the quality of our institutions can be properly measured and we can be held accountable on a series of metrics which we will present to you for your review. They will show how we are doing in attracting, retaining and graduating students in a manner responsive to the workforce of the State and contributing in a meaningful way to our overall economy and culture. We believe the development of such metrics is an appropriate and necessary discussion between the Legislature and the Board of Regents and should be conducted in the interim. We would be open to any discussion in this regard, including the possibility of reviewing the current formula for funding higher education.

Finally, we believe discussions of future funding of education in Nevada should consider the funding of kindergarten through Grade 12 (K-12) and higher education and the relationship of the two. The NSHE has consistently supported funding K-12 education as the most important way to improve higher education in the State, and we stand by that commitment. It may be appropriate to look at the funding of both and their relationship to each other as a means of guaranteeing a brighter future for education at all levels throughout the State.

CHAIR RAGGIO:

We start from the premise the Legislature is the body under the *Constitution of the State of Nevada* which has to approve the funding. It is not the function of the Legislature to micromanage the operations and governance of the NSHE. You have said a plan is being implemented to deal with the situation which has resulted in lower enrollments. You said the plan is to increase student access, recruitment, retention and graduation rates. Hopefully, we will hear from the affected institutions how they are going to implement a plan to do that.

No one anticipated we were going to have a downturn in the growth of enrollment because enrollments had been increasing dramatically in almost all of the institutions within the NSHE. The formula was well thought out and it was helpful to the funding process for the NSHE. Without the three-year average, you would have more serious problems in many situations. We recognize the need to not have the formula pegged to the preceding year but that there be a three-year average to consider. If the growth in enrollment does not follow, there has to be some consequence. There has to be some way to adjust for adequate and necessary funding. You cannot keep doing hold harmless indefinitely. That is done even under K-12 and we are looking at that, as well. You cannot keep programs or positions which are not serving a full purpose. We need to hear some definite specifics as to how you are going to provide access and recruit. The taxpayers cannot be expected to fully fund everyone who wants to attend higher education institutions. We need to provide that for K-12, but it does not necessarily follow it has to be done at the higher-education level.

We have some unusual circumstances in this State. Nationally, about 70 percent of students who graduate from high school go on to higher education. In the Washoe County School District, that is a true number. In southern Nevada, a lower percentage of those who leave high school go on to higher education. There is a higher earning capability in Clark County, and I think that is one of the reasons there is a downturn in the number of students who are recruited.

You have remediation programs for the retention situation. We have had to change some of the requirements for the Millennium Scholarships. The growth in enrollment was augmented because of the availability of the Millennium Scholarships.

You indicated you cannot get private funding unless there is a constant level of funding from the State. I thought we were providing funding. I assume what you are talking about is having more private funding available for scholarships for those who otherwise would not have the means to attend higher education. You used the term "more need-based scholarships." I do not know what the need is or whether you have ever pointed that out as a specific amount in addition to what we are already providing. Maybe that is an area where there should be more private funding, particularly in the southern Nevada institutions.

I would like to hear from the institutions about their plans to provide more access, retain students and increase the graduation rate.



MR. KLAICH:

I would like to make a few comments on areas where I was probably not as clear as I should have been. With respect to private fund-raising, if cuts are made in institutional budgets, it is more difficult to sell to private donors who will question if they are being asked to fund areas which were previously funded by the State.

With respect to need-based aid, we will provide staff calculations regarding unmet financial aid. I was putting that in juxtaposition to the tuition and fee model. Under a higher-tuition model, we would take responsibility for providing that. This was the basis of the comment regarding need-based aid. We were not proposing coming back to the State for more need-based financial aid.

CHAIR RAGGIO:

What stands out is the large amount of tuition which would be lost at the UNLV.

MR. KLAICH:

That is correct.

ASSEMBLYMAN MARVEL:

We are dealing with two years into the future. How accurate are these enrollment projections? Can something be done in the immediate future to enhance the enrollment?

MR. KLAICH:

The answer to that question is absolutely yes. There is a culture on campuses which is not as nurturing with respect to retention as it could be. There should be more services to students to be sure they progress in the pipeline. If we make minor changes to keep students in the colleges and universities, it will have a dramatic impact on our FTEs and alleviate the problem with respect to hold harmless. Changing that culture and incorporating the retention of students as a core value of our institutions will have a significant impact.

ASSEMBLYMAN MARVEL:

Can you put this in place before the end of the next biennium? Maybe the current enrollment projections are not accurate.

MR. KLAICH:

We will be able to see results by the end of the biennium. If I could give you one example, at the University of Nevada, Reno (UNR), Dr. Milton Glick has adopted a program where we provide mentors to hundreds of students at Hug High School. The goal is to take what is a college-eligible pool of students and bring more of them to the point where they know they can succeed in college. We believe that is going to be successful. When you take people from the president of the university on down to businessmen in the community who are mentoring these students one-on-one, that will have a dramatic impact. Every one of our institutions can do that. By changing the culture of finding students who do not think they are ready for a college education, convincing them they are and that there are long-term benefits in that kind of education and a degree for them, we are hopeful we are going to be able to turn this around.

ASSEMBLYMAN MARVEL:

Enrollments are a key factor in the formula of how we fund the NSHE. I hope the projections can be increased before the end of the biennium.

CHAIR RAGGIO:

One factor not anyone contemplated is that the creation and expansion of the Nevada State College (NSC) would have a direct impact on the enrollment growth at the UNLV.

JIM ROGERS (Chancellor, System Administration Office, Nevada System of Higher Education):

I would like to add a couple of remarks regarding private donors. When my wife and I made a commitment to the University of Arizona for \$137 million, we were told we better watch out because the week after the commitment was made, the Legislature would have a meeting and they would cut the law school loose. We put in our agreement with the University of Arizona that if there were less than a constant flow of money from the State, we would leave. Within ten days after we made the pledge, the Legislature tried to cut the law school loose. We showed them the agreement and advised them we needed a base level of funding. Any donor who comes forward to give substantial funds will not do so if the donor believes he is putting it in the front door and the Legislature is taking it out the back door.

If we go to a donor, we expect they will understand their money is an enhancement of the present program. When we made the commitment for \$30 million to the UNLV law school seven or eight years ago, we put that same provision in the agreement between us and the UNLV so if funding were to drop off, we would have the right to leave. We have the same agreement at Idaho State University. It is difficult for us to go to a donor and ask for money to make this medical school a better medical school, or this law school a better law school, and have them worry that whatever they put in is going to be taken out the back door by the Legislature and we end up with the same amount of money in the schools and have not raised the standards of the schools.

CHAIR RAGGIO:

I am not aware of a situation where this Legislature has taken away money based upon the fact somebody has given money to the university. It has been quite the opposite. We have agreed to construct capital improvement projects which were not on our list because we supported a donor.

MR. ROGERS:

I agree with that. There was a statement made recently that K-12 was unable to raise private money, and if there is a shortfall, the higher education system can look to private donors to fill in that shortfall. That statement was of great concern to me because it has a chilling effect on donors. I am not saying that has ever happened because it has not. There is \$110 million in the Capital Improvement Program for the University of Nevada Health Sciences System (UNHSS). We have said if you will give us the \$110 million, we will raise \$47 million. If there is a feeling by donors that the system going forward is going to be shaky, it will have a chilling effect on the donors giving the \$47 million. That is a great concern to me.

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

The importance of the hold harmless is demonstrated by the fact that all of the presidents, even those who are not in a hold-harmless situation, have agreed the impact of not receiving help in hold harmless would be so great on the long-range future of higher education in the State that this is our top priority, ahead of any enhancements. I am going to talk about the impact of not receiving help from hold harmless, how we would fill that need and how we will cure our enrollment problems.

We have 2 percent more students this fall than last fall. We have 2 percent more than next fall. It is not that we are dropping enrollments. It is that we are not increasing as fast as projected. The difference between what we have and not being in a hold-harmless situation is about 300 FTE students. I can solve that, but I cannot solve it for the fall of 2007. The worst-case scenario is a \$9 million cut. This State has been good to the universities and the community colleges. We are not here to complain that you have not been good to us. A \$9 million cut would undo much of the progress of the last decade. We do not want that to happen, and I know you do not want it to happen. Our problem is not just money, it is inflexibility. We have graduation rates and retention rates that are too low. It is the top priority at the UNR to address that, not just because it hurts us financially, but because it is the right thing to do. We want our students to graduate. We do not intend to put these cuts on the backs of students. It is counterproductive and it is wrong. It would be bad stewardship. We intend to create a culture of completion on our campuses. That is not what exists today, and we will work on that.

Our problem is our dollars are tied up in people and programs. To give you an idea of the magnitude of \$9 million in terms of our flexible money, if I were to close every open search today and reduce the number of part-time and temporary instructors, I could save about \$6 million. That would eliminate seats for one-third of our students. That is the magnitude of the impact and I would also not achieve the \$9 million. I am not going to do that. That would be the beginning of a downward spiral where, instead of the enrollment problem we have now, we would have a bigger enrollment problem because part of our problem in graduation and retention is an inadequate number of seats in our classrooms.

Part of the problem is our students do not take enough credits. The average student does not take 15-credit hours. You will not graduate in four years if you do not take 15.5-credit hours. We have more students taking 12-credit hours than 15-credit hours. We are going to cure that.

If you told me I had to cut \$9 million next year, we would close the searches that would not have a draconian impact on either our programs or our student access. We would change the temperature of our buildings to hotter in the summer and colder in the winter. That affects productivity, but we would do it. We would delay equipment purchases for refreshing instructional equipment. We would consolidate sections into larger classrooms. We do not have large classrooms. Our faculty teaches more hours than their counterparts, but they teach fewer students. This is partly a classroom-size issue. To get to where we have to without doing harm, I would be talking to you and to the Board of

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Regents about my ability to borrow money. I would do that because the only way I know to cut that much money is to close entire academic programs. I cannot get that done today because we need to ensure students are able to complete their degrees and we must honor faculty contracts. We are in a growth state. We do not have too many programs. We will limit new programs.

CHAIR RAGGIO:

Are there some programs you can look at which have declining enrollments?

DR. GLICK:

There are, and we would do that whether or not we have a financial problem. However, many of those programs have great political antennae.

Now, I will discuss what we would do to solve the long-term problem in finance. First, we would diversify our funding portfolio. Being the cheapest tuition in the country is not the best value. We need to raise tuition to ensure adequate financial aid for those unable to afford tuition. Low tuition is a wonderful subsidy for most of the population, but for the really needy, it is not nearly enough. Help with tuition is needed because we have to educate every part of our population. We would also offer better quality experiences for our students. I can sell that to our students, but only if we can keep most of the tuition increment to be able to tell the students what we can do for them if they agree to pay more.

There is a myth in the academic world that if you take fewer credit hours, you will be more successful. All of the data says if you take more credit hours, you will be more successful. We have had meetings with our advisers and our faculty and we are pushing students to take full loads. If we had one extra credit hour for every student, or one extra course for one-third of our students, we would not be talking hold harmless. We can do that. Not only is it financially the right thing to do, it is the right thing to do for the students. We have already enhanced our recruitment efforts. We will recruit more in southern Nevada because we serve all of Nevada. We will not be taking away from the UNLV or the NSC by recruiting in southern Nevada. Promoting the effort to go to college will help all the institutions.

We will look at redistributing class loads and we will be seeking alternative funding mechanisms. We do not believe we should be a high-tuition state. That is not in the nature of the State or in the nature of our universities. We believe we can be a higher-tuition state than we are and serve the students better.

PATRICIA CHARLTON DAYAR (Vice President of Finance and Budget, Community College of Southern Nevada):

On behalf of Dr. Richard Carpenter, President of the Community College of Southern Nevada (CCSN), I would like to share that he agrees and fully supports the comments made by Mr. Klaich and Dr. Glick. The impact and the severity of our funding situation is real. The CCSN is starting behind the curve. We lack adequate resources to support the student population we have. Our funding for each student is lower than the other institutions as well as our national peers. The Board of Regents concurred with that and have made a recommendation. While it is on the list of enhancements, we understand hold harmless and formula funding must come first to protect all of the institutions. We are a large

community college and we are growing. This spring, our enrollments were over 36,000 head count and almost 18,000 FTEs. This spring, we enrolled over 1,100 more students than last spring. That 1,100 students equated to 500 FTEs. We are growing and southern Nevada continues to grow, as well. We need to respond to those needs.

We are finding our enrollment growth primarily in our general education courses and those classes which are going to lead to degrees and help students transfer to the universities and the State college. Our primary growth this year has been in the areas of communication, English, biology, mathematics and history. Our operating budget is bare bones already and to address budgetary reductions would be difficult, given our current state. The hold harmless for us has been estimated to be as much as \$5.7 million for one year of the biennium. This is sizeable and significant for our college. The core of our mission is access and to provide an opportunity for those to pursue higher education who otherwise may not have the opportunity. We enrolled the largest proportion of minority students in the State and have a sizeable disabled student population which is more intensive on needed accommodations. We enroll the largest number of first-generation college attendees.

Our college is comprised of three major centers, numerous sites and extended learning centers located throughout southern Nevada. A reduction of this magnitude would have an impact on access. There is no way we could avoid that.

The CCSN operating budget is people intensive. Most of our budget is consumed with full-time and part-time staff, administrative staff, classified staff, student workers and the fringe benefits that go along with those employees. A \$5.7 million reduction would be damaging and one which would be felt for years to come. It is counterproductive to what we are trying to accomplish to address enrollment. Funding is limited for our college, and the impact of that budget reduction would be deep. All areas of the campus would be impacted. We would try to eliminate staffing reductions as best we could, but there would be no way to avoid that and it has a direct impact upon access. A 3-percent decrease in our sections to accommodate a portion of the reduction would realize a loss of over 600 FTEs. A 3-percent decrease would not be enough.

The reduction of faculty would also be devastating long into the future, as our ability to regain staff, once it is lost, would be difficult in southern Nevada. The opportunity to acquire affordable housing is diminishing on a daily basis. Southern Nevada is continuing to grow, and our institutions need to have the ability to keep pace with that growth. Resources needed to keep our programs up to date and instruct students with current technologies would be impacted and would result in our students not having the skills they need in the workplace. New programs would not be possible. We are currently limited in new programs. Sites and centers would have to be assessed and their operations limited. If necessary, we would have to close centers. These impacts could not be realized immediately.

CHAIR RAGGIO:

Everyone is going to have to live within a budget. I have not yet heard what you are going to do to provide access and retention. On the issue of tuition amounts, that is a Board of Regents' decision. Tuition is a bargain in this State at all levels. I am not sure you have to go to the students to get their approval to raise tuition.

ASSEMBLYWOMAN BUCKLEY:

We will know fairly soon the level of enhancement we will have available. There is a lot of support for making sure a great deal of the enhancement money goes to education, both K-12 and higher education. We are going to have to make some decisions on what should be given priority because it is apparent we are not going to be able to fund everything. We can increase funding formulas and increase the hold harmless up to \$26 million along with the other new programs. We are going to have to see more of a plan. We cannot fund \$26 million for students you do not have. Whether it is looking at tuition increases, vacancy savings, or jettisoning some part-time instructors to move around some of the instructors, you are the ones who are going to have to design that. We need to know what your plan is and what your priorities are for the amount of money we will have for education, both K-12 and the NSHE, to be treated equitably. We need your help because we do not want to make those priority decisions without your input and your recommendation of what would help your institutions.

MS. DAYAR:

I would like to share with you some of the improvements we have made to address the need for recruiting, retaining and increasing the graduation rates at our college. Over the last 2.5 years, we have made ongoing commitments to review administrative efficiencies in an attempt to reduce administrative costs and we have done that. We have saved over \$1 million a year by eliminating positions and redirecting resources. All of those resources are primarily targeted for student services because student services mean student success. We are currently implementing plans for retention. We are doing everything we can and need to continue in those efforts. Once a student leaves our campus with a degree, 99 percent of the time they will head to the UNLV or to the NSC which will help the economy.

DAVID ASHLEY, PH.D. (President, University of Nevada, Las Vegas, Nevada System of Higher Education):

Several things have driven the current enrollment shortfall. They include the creation of the NSC, the new admissions policies for the two universities, remedial courses no longer developing course credit for the universities and the cumulative changes in the Millennium Scholarships. The impact of these jointly-made policy decisions has been a reduction in growth at the universities. The term of current service level used by Mr. Burke is more accurate and more comprehensive than hold harmless and revenue shortfall. The current service level is what we are asking you to support. That is a constant buying power of being able to provide services at a level comparable to what we now provide.

This does not include the enhancement funding we were originally seeking to advance our research university mission. We have not given up on the research university mission. However, in the reality of what we are facing, we recognize

we first have to tighten our belts and do those things which will make us more efficient. We have to make sure we do not endanger the future opportunity to accomplish our research objectives.

Our priorities are the hold harmless and the revenue shortfall. If we were unable to achieve both of those, we would be faced with over a 10-percent immediate reduction in available resources. Over 70 percent of our expenses are in the academic affairs area. Over 75 percent of our overall budgets are in salaries and benefits of current employees. We do not have much flexibility in the short term. Anything we do to try to effect a portion of a budget reduction would be such things as vacancy savings and removing or canceling searches. It would be an uneven effect if we were to cancel or freeze searches. We might have to furlough staff in less critical areas. All areas are important, but those areas necessary for functioning would be less likely for furlough. This would be a huge issue for us and would move us backwards in being able to provide the services needed for our students.

No matter what we did cumulatively, in the short term we would be looking for ways to support debt because we do not believe we could make these reductions without tearing the fabric out of the university. If the reductions reached a level which would impact the academic integrity and mission of the university, I would not make these decisions unilaterally. We would engage a special ad hoc task force to help guide me in making the cuts. We could not do anything less than that because these are people who have devoted their careers to the UNLV.

Over the next two years, we will work to enhance the enrollment. As of yesterday, we have a preliminary number which indicates our enrollment projections over a year ago are up substantially. This is over a lower enrollment year and would yield a slight increase in the enrollment of freshmen.

The retention rate for the UNLV is not acceptable. It will be a priority for the UNLV to understand our students and the factors which cause them to leave or not proceed at a normal rate. This is a significant and unacceptable problem which we will address seriously. Our campus has been growing by approximately 7 percent a year over the decade. Another priority will be to match the instructional delivery to the enrollment. We will fine-tune how and where we deliver courses, whether class sizes are growing too large and the kinds of scheduling which will allow students to advance at a normal rate toward their degrees.

This is a defining moment for the future of the UNLV. Our ability to remain whole and have a foundation for the future is going to be decided by how you react to maintaining the current service level. The kinds of budget reductions which would be the result of not funding these portions of our university would cause us not only a two-year decline, but many years into the future, and would have an adverse impact on our achieving the longer-term missions you have set out for us. I came here to help Nevada develop a college-going culture. We are looking at a growing state and a growing demand for education. We want to make sure every student has the possibility and encouragement to go on to higher education in whatever segment they choose. These decisions you make

are going to be critical in our ability to deliver that to the students and the citizens of Nevada.

CHAIR RAGGIO:

We went through the long and arduous process of developing formula funding for the NSHE. Everyone on this Subcommittee, as well as in the Legislature, takes a great deal of pride in the advancements which have been made in dealing with higher education in this State. There have been vast improvements over the past decades. Much of it is because of the commitment of those who serve in the administration and governance of the institutions and the citizens who participate and provide substantial private funding. We went through the process of developing a formula, one that was agreed to and endorsed fully by everyone who participated. It was understood the formula was based on the need to fund enrollment and respond to a growing enrollment. Other things have occurred which have had an impact, such as the establishment of other institutions. When there is a downturn, there has to be a consequence. When there is an increase in enrollment, we are expected to fund that. You have to be understanding and resilient when there is a downturn.

I am going to ask that your staffs work with the staff of the Legislative Counsel Bureau and the Budget Office on a plan to address the enrollment and revenue shortfall. At this time, we do not know what the revenue shortfall will be. Hopefully, it will not be as drastic as first anticipated.

SENATOR COFFIN:

In Dr. Ashley's testimony, he stated he plans to pull back from the overly-ambitious schedule for the UNLV to become a research university. I have always felt we were moving too fast in that direction and now we have to pay the bills. Each one of the institutions can be research or expert in some areas but not in everything. I recognize many of the decisions made at the campuses have been made at levels lower than the president as the presidents have been occupied with fund-raising activities. We have been committed to expensive new programs. We now have some practical people in charge who are recognizing this. This gives me a great deal of reassurance and confidence you will get hold of expenses. Research people teach fewer students and receive a higher salary.

DR. ASHLEY:

I want to clarify that our ambitions to be a research university are real and we are still proceeding in that direction. My previous comments were in the sense of the budget reality for the next biennium which will not allow us to advance as aggressively during that time period. I would like to make sure everyone is aware a research university is the goal. We will be more focused in our investments and will make choices deliberately instead of taking money and spreading it broadly. I believe we can still achieve the research university, but we are going to have to be much more skillful and strategic in our planning.

CHAIR RAGGIO:

Next, let us discuss the issue of athletic fee payments. That is decision unit M-203. Would you please clarify how the funding was utilized? It is my understanding it was based on the number of nonresident student athletes at



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each of the two university campuses and there was a smaller number at the UNR than at the UNLV. What is the status of that and what is the outlook?

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Budget Account 101-2983

M-203 Demographics/Caseload Changes – Page NSHE-28

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

M-203 Demographics/Caseload Changes – Page NSHE-59

BRUCE SHIVELY (Assistant Vice President, Planning, Budget and Analysis,  
University of Nevada, Reno):

You are correct. The differential in costs between the UNR and the UNLV relates precisely to the distribution of student athletes between resident and nonresident. That level is lower at the UNR and higher at the UNLV.

CHAIR RAGGIO:

What is needed here and what is the status?

MR. SHIVELY:

What is needed is what you have done to this point. The direct appropriation now includes all the athletes, male and female, where that was not the case in preceding years. The only outstanding issue we have is the fact the direct appropriation is currently built on the existing distribution between resident and nonresident students. That mix could change over the course of a two-year period. We would like to request the ability to use fee waivers on a limited basis in the event the mix of students changes. We would absorb the loss in revenue on our campus and come forward in a subsequent biennium with a decision unit for your consideration.

CHAIR RAGGIO:

Your response regarding athletic fee waivers is included in the booklet containing responses to the questions from the March 23, 2007, budget hearing ([Exhibit C](#), original is on file in the Research Library) following the tab labeled "Question #15."

The next item is the UNHHS proposal. We are aware of the capital improvement programs for which the Governor has recommended \$110 million. You have requested \$73 million in operating funding during the next biennium. Following the tab labeled "Question #13" in your responses to Legislative questions from the March 9, 2007, budget hearing ([Exhibit D](#), original is on file in the Research Library), you have provided a list of operating funding priorities. To what extent, if any, are the operating funds required if the structures are not in existence? Your response in [Exhibit D](#) would increase operating needs from \$72.3 million in the 2007-2009 biennium to \$83.9 million in the 2011-2013 biennium. Please clarify what is needed in the next biennium.

MARCIA TURNER (Interim Vice Chancellor and Chief Operating Officer for the University of Nevada Health Sciences System):

The Subcommittee members have received a binder titled "University of Nevada Health Sciences System, 2007-2009 Budget Request Overview" ([Exhibit E](#), original is on file in the Research Library). Following the first tab in [Exhibit E](#) labeled "UNHSS Summary" is an update on our funding priorities. This contains all of the items included in what had originally been a \$73 million operating request. None of these operating request items were included in the *Executive Budget*. This is our recommendation for the order in which the items would be funded if the funds become available. The two top items are doctors and nurses.

CHAIR RAGGIO:

The total operating request is now \$57 million for the 2007-2009 biennium.

MS. TURNER:

We have been asked to convey to you, on behalf of the Board of Regents, that these are important items to develop because of the health-care shortages in so many areas. We understand there is limited funding. That is why we put them in order of funding priority. We have also reviewed the recommendations within these plans. For instance, we have reviewed the timing of how we would ramp up the programs at the University of Nevada School of Medicine (UNSOM) and have shifted some programs off to later years. This has had a positive impact on the amount of funding being requested. The original request was just under \$73 million and we have reduced that by about \$16 million to a revised request of \$57 million.

ASSEMBLYWOMAN BUCKLEY:

I find it hard to believe we will be able to move down this list much at all with money not already included in the budget. We would like to see an increase in the UNSOM. However, while we may have some capital money, we are not going to have operating money for huge expansions in either this biennium or the next biennium. Have any other plans been developed for operating funds?

MS. TURNER:

We have been focusing on the needs and what the defined plan would be as far as the needed areas of specialty. We have not looked at alternative funding sources beyond the basic revenues generated by the UNSOM. With the faculty we are requesting, in the first year faculty members come on board they are at approximately 70 percent of funding. By the second year, their funding decreases to about 40 percent because they are able to generate revenue. In response to your question, there are some opportunities, but we have not defined a specific plan.

MR. ROGERS:

For us to get the private sector to invest an additional \$45 million in this \$150 million or \$160 million project, we need to have a commitment on the buildings going forward. In discussing how we would fund the operation in the meantime, I am told there are many programs where we have leased space all over southern Nevada. An example of this is the nursing school at the UNLV. It does not have sufficient space, and it needs to be moved. If we went ahead right now and built the Shadow Lane Campus, which is one of the projects

included in the \$150 million, we would move the present nursing college out of the UNLV and into the Shadow Lane Campus. We have the capability to move programs and fill the buildings in the short run. In the meantime, we hope we will have gotten enough of the private sector involved in making a substantial investment so we will be able to increase the size of the medical school and nursing programs. We have a plan even if you do not give us any money for the operating expenses. We do not want to find the inability to fund operating costs at this point taints our ability to get the bricks and mortar done as soon as possible. We have a fine medical school, but it is the smallest in the United States. It needs to be increased from 50 students a year to 100 students a year so we are dealing in the same realm as Arizona, New Mexico and Utah. You cannot build half a building or a quarter of a building, fill it up and then build another quarter. We need the funds to build all of these bricks and mortar projects, and then we will work out the implementation.

CHAIR RAGGIO:

It would be helpful if you could briefly outline the components of the plan.

MS. TURNER:

Following the final tab in [Exhibit E](#) labeled "UNHSS CIP" is an overview of the elements of the plan. The total cost of the capital improvement program is \$157 million.

CHAIR RAGGIO:

We are aware of the capital improvement program. The Chancellor was talking about the operational portion of the project and the necessity for operating funds.

MS. TURNER:

If we received money for the capital improvement program and were not successful in getting funds for operations, the building would not sit empty. We have plans for existing nursing programs to occupy the new space. The UNSOM currently leases a number of square feet in the south, and existing programs could be moved to the building.

MR. KLAICH:

We do not have an additional plan with respect to the nursing program. The plan we presented with respect to doubling nursing enrollment was based on funding. With the lack of funding, it would be difficult for us to increase those enrollments in more than incremental ways. We would certainly go back and do everything we could to increase them, understanding the shortage, but we have not developed an additional plan at this point.

ASSEMBLYWOMAN BUCKLEY:

We need operational plans. We need to have a sense of what you are requesting from us. It probably would be appropriate for you to anticipate we are not going to have operating funds this biennium nor may there be funds next biennium. If your point is that you can achieve better synergy and better operations by having a capital request, we need to know that and we need to see a plan on how the operations would change and how it would be implemented.

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

Approximately one dollar in five of our operating budget comes from the State. Four dollars in five are derived from other sources. Two of those four dollars come from clinical revenues generated by our faculty. The remainder comes from hospital support and federal grant funding. We do not own any space in southern Nevada. We lease everything we occupy. The quality of some of the space is not as inviting for patient care as it could be. Having capital support for our programs would enable us to expand clinically, based on our clinical revenues and our relationship with hospitals. We could provide improved patient care and become more attractive to a broader patient base.

If I understand your question correctly, you are asking us to tell you what we can do without any additional operating enhancements in the coming biennium. We have prepared plans for 100 percent of the operating funds we requested, 75 percent, 50 percent and 25 percent. We do not have a plan for zero percent, but we would be happy to provide that.

CHAIR RAGGIO:

That would be helpful. Hopefully, whatever capital improvement projects we fund, to the extent State funding is required for operations, we will be able to fit it into the budget. We will try to work with that.

Let us turn to the iNtegrate issue. This is a project to bring us up to date on the integrated information system. This project is estimated to be in excess of \$90 million overall. The State is being asked to fund \$10 million for the first phase of this project and the NSHE is committing \$15 million from other sources. At the meeting of the Senate Committee on Finance on April 6, 2007, we asked if the \$25 million commitment would fully cover the student module, data warehouse and Web portal portions of this project and it was our understanding it would. Is that true?

MR. KLAICH:

That was the testimony given on Senate Bill (S.B.) 192. Subsequent to that hearing, the direction I gave to the individuals negotiating contracts on behalf of the NSHE was that was the limitation of our resources.

**SENATE BILL 192**: Makes an appropriation to the Nevada System of Higher Education to fund the integration of computing resources. (BDR S-1209)

CHAIR RAGGIO:

If we commit to \$10 million and it is not all necessary, can we expect the remainder to be reverted to the State?

MR. KLAICH:

Yes.

CHAIR RAGGIO:

What priority does the NSHE give to the workforce development funding proposed in decision unit E-179?

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

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

MR. KLAICH:

You have heard what the NSHE's highest priorities are and I would be surprised if you get past that.

CHAIR RAGGIO:

The next issue is medical risk management and malpractice costs. Would you please expand on your comment it would not be prudent to continue the \$602,989 in malpractice premium savings experienced in FY 2006-2007 which you had intended to utilize for tail coverage, retention costs and incentives?

DR. McDONALD:

We have provided our written response to that question. Everything we can do to improve our ability to recruit and retain distinguished physicians from within the community, which we are actively doing, would be an enormous incentive for us.

CHAIR RAGGIO:

Next, let us turn to decision unit E-300, the Western Undergraduate Exchange (WUE).

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Budget Account 101-2980

E-300 Improve Pupil Achievement – Page NSHE-24

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

E-300 Improve Pupil Achievement – Page NSHE-55

Would you please discuss the WUE policy changes implemented by the NSHE and the long-term impact the changes you have instituted will have on these enrollments? How long will it take to achieve a balance between the import and export of WUE students? Are we being shortchanged here in Nevada?

JANE A. NICHOLS, ED.D. (Vice Chancellor, Academic and Student Affairs, System Administration Office, Nevada System of Higher Education):

In our responses, you have the plans of both campuses to limit substantially the number of out-of-state WUE students based upon a capped number and higher qualifications for those students to get the best and brightest from other states.

CHAIR RAGGIO:

Does this affect your tuition? Are we not getting the same benefit for the students we are sending out of the State?

DR. NICHOLS:

It is difficult to predict whether those students would pay full out-of-state tuition or whether we only get those students because we have the reduced WUE rate. We definitely will get fewer WUE students with the extra WUE rate, but we do not know if they would come and pay full State tuition,

CHAIR RAGGIO:

Where would they go to get a better bargain?

DR. NICHOLS:

The college-going patterns of students and their decisions of where to attend college are complex. At the UNLV, we have attracted many students from Hawaii who come because of the WUE rate being available. We will see that number decrease. We do not know if those same students will come and pay out-of-state tuition if they do not meet the WUE qualifications.

The Western Interstate Commission for Higher Education (WICHE) program has asked for a staff position in Las Vegas to recruit more Nevada students who may wish to take advantage of the WICHE WUE rate in other states. We would expect to see some increase in the number of Nevada students going out of state at the same time we see the decrease in students coming in. It is hard to predict how long that would take, but you will probably not see the full impact of that for about four to six years.

CHAIR RAGGIO:

That is under consideration in the WICHE budget.

SENATOR COFFIN:

We cannot ignore the impact WUE has had on our budget. The loss is almost \$20 million. The program is a money loser and our resident students are not taking advantage of it. Even if they did, we would lose money. We need to consider terminating this program.

DR. NICHOLS:

If we drop the WICHE WUE program and our participation in it, there is no assurance we would gain the additional revenue in out-of-state tuition. More likely, those students would go to Montana, Idaho or other states. It is not a loss of revenue in the sense that if we did not have it we would receive out-of-state tuition for those students.

SENATOR COFFIN:

The WICHE program was and will continue to be a good program for our State. I do not know about the WUE program. We should get out of the WUE program, regardless of the loss of students from California or Hawaii.

DR. NICHOLS:

This is a public-policy decision for each state. It has appeared to be a good decision for Nevada because we need a more educated workforce. We are recruiting the best and brightest from other western states. Most of them are staying and working in Nevada and contributing to the State. Many young people have taken advantage of the program to be able to afford to attend

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college in other states, who might not otherwise have been able to have that experience.

CHAIR RAGGIO:

There being nothing further on the WUE program, we will go to the UNLV Paradise lease situation. I would like further clarification on the status of the lease. Are you making progress?

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Budget Account 101-2987

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

GERRY BOMOTTI (Senior Vice President, Finance and Business, University of Nevada, Las Vegas):

We continue to have discussions with the Clark County Commissioners. The Chancellor and the President of the University are both involved. We are trying to expedite the process. Another meeting has been scheduled with the Commissioners and we hope to move forward to some resolution. It may take some time because two large public entities are working together.

CHAIR RAGGIO:

We would urge you to move that along. Whatever we put in the funding, the negotiations will stop because they will assume that is what they will receive. On the other hand, we do not want to shortchange the funding so it does not work out. Please let us know what is decided as quickly as possible.

MR. BOMOTTI:

We will do that. Whatever has been mentioned in any of the budget hearings is not a starting point for negotiations with Clark County. That is probably why the discussions have continued. We are looking at the long-term issues and hope to limit the financial obligation for the State and the University.

CHAIR RAGGIO:

Next, we will discuss the utilization of the Jot Travis Student Union (JTSU). Your response to this is following the tab labeled "Question #11, New Space Funding" in [Exhibit C](#). It is our understanding the lower level will be occupied by several departments, including Student Services and TRIO. What is the TRIO?

DR. GLICK:

The TRIO programs are a series of programs to help students who are economically disadvantaged. It includes Head Start-type programs at the college.

CHAIR RAGGIO:

The upper levels of the JTSU will be occupied by the Davidson Academy. You are negotiating a lease for that space at a nominal amount. Will that leased space require operation and maintenance (O&M) funding from the State?

DR. GLICK:

We are requesting O&M from the State for that space just as we receive O&M on the National Judicial College. They are similar in that they are in



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university space and contributing university programs even though they are not owned by the university. They serve an important public purpose.

ASSEMBLYWOMAN SMITH:

A bill is moving through this House which would give the Davidson Academy Distributive School Account funding for the first time. If that bill passes, I assume we would not endorse the O&M funding because we cannot give one public K-12 institution funding we have not given to others of a similar structure. I have spoken with the representatives about this and they understand.

CHAIR RAGGIO:

When is the Knowledge Center at the UNR anticipated to be open?

DR. GLICK:

We believe it will open early in the fall of 2008.

CHAIR RAGGIO:

Is it correct the Getchell Library will continue to be used until that time?

DR. GLICK:

That is correct.

CHAIR RAGGIO:

Would there be full utilization of the Getchell Library building following the transition?

DR. GLICK:

I would like to modify our written response following the tab labeled "Question #11, New Space Funding" in [Exhibit C](#). The Getchell Library building will be entirely used for academic and academic support purposes. For one-half of the building there will be a brief period for renovations. During that period, half of the building would not be in use. However, because the building has large, open spaces, we cannot stop heating, cooling and maintaining that space while it is being renovated. There will be a brief period during which all the building will not be used. The long-term anticipation is it will all be used for academic support purposes.

CHAIR RAGGIO:

Assembly Bill (A.B.) 309 would appropriate \$200,000 annually to the Women's Research Institute of Nevada (WRIN). Is that appropriation to replace or supplement the existing appropriation? If it is a supplemental appropriation, why is it necessary?

**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)

JOANNE GOODWIN, PH.D. (Associate Professor, University of Nevada, Las Vegas):  
I am the Founding Director of the WRIN and Associate Professor of History at the UNLV. Assembly Bill 309 is a supplemental bill proposed by a number of members of the Assembly. The appropriation in the *Executive Budget* is at



33 percent. This means we had to take a substantial cut in our public outreach program which is the National Education for Women's (NEW) Leadership Program. That is the statewide program on undergraduate civic engagement. Assemblywoman McClain submitted an appropriation to continue funding for that program.

ASSEMBLYWOMAN SMITH:

The other issue was that funding was not originally included in the *Executive Budget* and an amendment was submitted. In the meantime, Assemblywoman McClain submitted a bill to make sure there was a funding mechanism.

CHAIR RAGGIO:

Are there any other items the Subcommittee would like to discuss or the NSHE would like to present?

MR. KLAICH:

We appreciate the courtesy you have extended to us already and we would respond to questions.

CHAIR RAGGIO:

I would request your staff work with the Budget Office as well as the staff of the Legislative Counsel Bureau on developing a plan to address all these concerns. We do not want to make arbitrary decisions dealing with enrollment and revenue shortfalls. We are hopeful the revenue picture may change so we do not have to make serious cuts.

SENATOR MATHEWS:

When we are considering education, we need to keep in mind it is kindergarten through Grade 16, not just higher education. It is a continuum. In the higher education system, we must be careful we do not make cuts in areas which cannot be rectified later or which affect the accreditation of classes needed by students to graduate.

CHAIR RAGGIO:

We all share those concerns. We want to continue an eminent higher education system in this state as we do with K-12. Neither one is paramount. Your input is valuable and we appreciate all of you being present today.

MR. KLAICH:

I would like to take advantage of your offer to make a closing comment. Mr. Burke emphasized the enrollments and their impact on the hold-harmless situation. As the hold-harmless number increases, there is a corresponding Base Budget decrease. To some extent, these would offset each other and General Fund dollars would not be needed to fund the entire hold harmless. That logic does not apply to the student fees, but if we could keep that in mind, it may assist us in coming to a final resolution.

CHAIR RAGGIO:

That is why we have asked you to work with our staff on the issue of student enrollment to attempt to ameliorate any final decision.

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MR. KLAICH:

We appreciate that offer and we will work with your staff, as we have in the past.

SENATOR COFFIN:

We have agreed the WUE program is costing us \$20 million a year. If you consider 2,700 students coming into the State to our institutions and about 700 Nevada residents going elsewhere, what is the outflow?

DR. NICHOLS:

I did not address the imbalance in the number of students coming into the State under the WICHE WUE program and the number of students going out of State under the WICHE WUE program because I was asked when we were going to reduce the imbalance to zero. We have been out of balance and are particularly out of balance at this time. We have to address that so the \$20 million is zero. With the actions the institutions are taking, within three to four years we can do that. That does not necessitate our not participating in the WICHE WUE program, but rather limiting the students coming in and increasing our students going out of State.

SENATOR COFFIN:

Which institutions are the students attending under the WUE program? Are they attending the high-cost universities? Are they going into the sciences or the lower-cost courses?

DR. NICHOLS:

We have provided that data and will provide it to you again to show you exactly what programs those students are enrolled in. They are in a variety of programs but they do not go into programs that would replace Nevada students. They also attend our community colleges and will be attending the NSC.

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CHAIR RAGGIO:  
There being no further business to come before the Subcommittee, this meeting is adjourned at 10:26 a.m.

RESPECTFULLY SUBMITTED:

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

APPROVED BY:

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

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

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

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