

**MINUTES OF THE SUBCOMMITTEE OF THE
SENATE COMMITTEE ON HUMAN RESOURCES AND EDUCATION**

**Seventy-fourth Session
March 14, 2007**

The subcommittee of the Senate Committee on Human Resources and Education was called to order by Chair Barbara K. Cegavske at 2:33 p.m. on Wednesday, March 14, 2007, in Room 2135 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.

SUBCOMMITTEE MEMBERS PRESENT:

Senator Barbara K. Cegavske, Chair
Senator Maurice E. Washington
Senator Valerie Wiener
Senator Joyce Woodhouse

GUEST LEGISLATORS PRESENT:

Senator Bob Beers, Clark County Senatorial District No. 6

STAFF MEMBERS PRESENT:

Marsheilah D. Lyons, Committee Policy Analyst
Joe McCoy, Committee Policy Analyst
Sara Partida, Committee Counsel
Shauna Kirk, Committee Secretary

OTHERS PRESENT:

Ray Bacon, Nevada Manufacturers Association
Daniel J. Klaich, Executive Vice Chancellor and Chief Operating Officer, System Administration Office, Nevada System of Higher Education
Crystal Abba, Assistant Vice Chancellor for Academic and Student Affairs, Director of Public Policy, Nevada System of Higher Education
Craig Hulse, Assistant to Senior Staff, Office of the Governor

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CHAIR CEGAVSKE:

We have recommendations from the Nevada Manufacturers Association ([Exhibit C](#)) for Senate Bill (S.B.) 52.

SENATE BILL 52: Creates the Governor Guinn Millennium Teaching Scholarship Program. (BDR 34-43)

RAY BACON (Nevada Manufacturers Association):

The original bill focused on trying to limit where we had specialized programs in the two universities. The universities want to make that a broader scope and make the program available through any location. The only concern we have is making sure we continue to have a high-quality program. In ongoing e-mails and discussions with Vice Chancellor Jane A. Nichols, we thought that a reasonable approach is to ensure the mathematics or science courses are taken. The student must maintain a B average for the scholarship. I have talked with Mr. Klaich, and he does not have a problem with it. This would be in addition to the amendment Mr. Klaich offered the other day which would make it open to all institutions.

CHAIR CEGAVSKE:

Is that what you recommend for S.B. 52?

MR. BACON:

Yes.

CHAIR CEGAVSKE:

Did you have anything for S.B. 109?

SENATE BILL 109: Revises provisions governing eligibility for receipt of a millennium scholarship. (BDR 34-472)

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

We did not have any amendments other than the prior amendments submitted to the Committee previously, and we have not changed those.

CHAIR CEGAVSKE:

Staff will get the ones that we had originally.

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CRYSTAL ABBA (Assistant Vice Chancellor for Academic and Student Affairs,
Director of Public Policy, Nevada System of Higher Education):

In the summary on S.B. 52 provided to you by the Nevada System of Higher Education (NSHE) ([Exhibit D](#)), you will see the review of the bill which we went over in detail at the original hearing. The first proposed amendment is on page 3 of the exhibit. This would amend section 5 of the bill to define "qualifying program of teacher education" to be any eligible institution in the NSHE or any eligible institution.

CHAIR CEGAVSKE:

Does that include the community colleges?

Ms. ABBA:

Correct. The second portion in section 7, subsection 2, paragraphs (a) and (b) deletes University of Nevada, Las Vegas (UNLV) and University of Nevada, Reno (UNR) so it complies with the prior change in section 5. In order to allow the community college to participate, it would state that a student would have to have completed at least 30 college-level credits.

CHAIR CEGAVSKE:

Will you explain why?

Ms. ABBA:

We are concerned students will come in as freshmen and declare a major as mathematics, science or teacher education in order to qualify for the scholarship. We feel it is more appropriate to wait until their sophomore year and they have completed 30 credits. On page 4 of [Exhibit D](#), there is a technical change amending to state "the eligible institution" in place of "directly to the university the student attends." It falls within the original suggestion for section 5.

CHAIR CEGAVSKE:

Do you not want them to wait to declare that they are going into the professions indicated in S.B. 52 until they are sophomores?

Ms. ABBA:

We are concerned that freshmen who are coming in would, for the sake of qualifying for the scholarship, go into special education, mathematics or science.

CHAIR CEGAVSKE:

If they are not declaring anything, we have no guarantee in the beginning.

MS. ABBA:

The way the bill is currently written, you do not have that guarantee. If a student changes his mind, he has to return the money.

CHAIR CEGAVSKE:

Why have them wait until they are a sophomore, not fulfill the requirements and have to return all of the money?

MS. ABBA:

It is saving an administrative cost of having to go back through the payback mechanism. By the time they are a sophomore and have completed those 30 credits, they are serious about the program.

CHAIR CEGAVSKE:

Could it then be worded, "if the student declares a major and upon the completion of 30 credits ... "?

MS. ABBA:

That would work fine.

CHAIR CEGAVSKE:

It would still maintain if that student did not follow through, the student would have to pay it back.

MS. ABBA:

That is the current language.

SENATOR WOODHOUSE:

My only concern was differentiating which institutions students could attend and these amendments make it very acceptable.

CHAIR CEGAVSKE:

I like adding the Community College of Southern Nevada. Is special education available at all campuses?

MS. ABBA:

No. I will e-mail those to you. There are campuses as well as UNR and UNLV that have programs with that specialization.

CHAIR CEGAVSKE:

We do not want this program to be acceptable at any place. The institution has to show it has had the credibility of putting through teachers we need and are up to our standards. We do not want just any program.

A staff member brought a paper to us showing all of the different millennium scholarship bills proposed in both Houses. We do not know what is in the context of all of them. We are trying to look at the possibilities of encompassing everything. Our goal was to be specific, and our major goal was for students to go to school here and stay here.

It was a concern when we looked at S.B. 109 to have the ACT be a part of the grade point average (GPA). I am going to pass out a proposal to restructure the Governor Guinn Millennium Scholarship Program ([Exhibit E](#)).

The primary purpose to be achieved by the program is the student eligibility requirements, and the long-term financial stability of the program. We are looking at the purpose which is to increase the scholarship as being required to achieve multiple policy objectives including promoting academic achievement, providing financial assistance and obtaining long-term social and economic goals. The program creates an entitlement of part of Nevada high school graduates for funds to be applied for college costs. When this first came into concept, it was supposed to be used with the tobacco settlement funds. The other suggestion was about giving it to the Board of Regents and they would have to get funds for it and to continue its growth.

SENATOR WASHINGTON:

Will you walk us through [Exhibit E](#) to give us a concept as to what you are thinking in this proposal?

CHAIR CEGAVSKE:

I will have Mr. McCoy go through the rest of it.

JOE MCCOY (Committee Policy Analyst):

As nonpartisan staff, I do not advocate or oppose any legislation or proposal before the Committee. The proposal, [Exhibit E](#), identifies the purposes and allots them to different aspects of the scholarship program. The first tier would be explicitly an academic scholarship. The eligibility criteria would be totally academic and financial need would not enter into it. The second tier is the millennium opportunity scholarship where eligibility would be assessed according to financial need with an academic baseline. Tier three is a millennium career scholarship which would provide additional funds to students that enter into specific professions.

SENATOR WASHINGTON

Tier one is for those students who are high achievers, have a high GPA or a combination of GPA and class standing or achievement test. It could be one or a combination of all three.

MR. MCCOY:

It would be a formula that involves all three.

SENATOR WASHINGTON:

Are those for high achievers?

MR. MCCOY:

Correct.

SENATOR WASHINGTON:

Will tier two be for students who have a financial need?

MR. MCCOY:

There would be a baseline academic requirement. I assume the Committee would want to ensure that the eligible students are prepared for college study without significant amounts of remediation.

SENATOR WASHINGTON:

Would that baseline be determined by us?

SENATOR CEGAVSKE:

Correct. These are just guidelines.

MR. MCCOY:

Tier three would piggyback on the first two. Students eligible at tier three would be chosen from among those already receiving one of the two types of millennium scholarships. They would become eligible for it in their sophomore year.

SENATOR WASHINGTON:

That would go back to the university's amendment so after students declare their major in a specific area, they would get additional funds.

MR. MCCOY:

That is correct. It is what S.B. 52 begins to do now. Another concern of Legislators is the long-term financial sustainability of the program. It is the hope that by dividing the program into different tiers, you would be able to control the number of students eligible and students activating the scholarship without eliminating any of the purposes the program is meant to achieve. You could, for example, raise academic requirements. In the case of the academic scholarship, you could focus on the neediest students at the level of the opportunity scholarship or rank students rather than guarantee funds for anybody who falls within the general set of guidelines. That is how the three-tiered system would relate to the long-term sustainability of the program.

SENATOR WASHINGTON:

If it is tuition based and tuition is set at a \$1,000, a high achiever would receive a larger portion of the scholarship towards their tuition versus a person who is going for an opportunity scholarship who would receive a lesser portion of the tuition. But, once they declare a major in the needed areas, the opportunity scholar would get an additional percentage.

MR. MCCOY:

Yes. The document that you have states it is envisioned that a greater award amount would be offered at the highest academic-achievement level. There are greater opportunities for those students to study out of state and receive financial assistance out of state.

SENATOR WASHINGTON:

The intent is to keep the best and the brightest here by giving them a greater reward for their academic achievement.

MR. MCCOY:

As the millennium scholarship is now, if you increasingly raise the GPA to above 3.5, you would eliminate a lot of students that would be prepared for college study. You would eliminate one of the purposes that the scholarship is asked to serve.

SENATOR WASHINGTON:

This would answer your question in S.B. 52, and would take care of the original intent of the scholarship to provide for those who are high achievers.

MR. MCCOY:

I would also like to call the Committee's attention to the booklet that has the table of contents as the first page (Exhibit F, original is on file in the Research Library). There are various sections in it. In section 2, staff has compiled data on a number of millennium-like scholarships in approximately seven or eight states across the country. As you read through it, you will see many of the states do something similar to this scholarship. They divide the program into two or more tiers in order to efficiently and effectively achieve the policy objective they have in mind. There are a lot of other data in that booklet including statistics relating to the millennium scholarship, statistics relating to ACT, SAT and the high school proficiency exam, and I have not included anything related to citizenship. You can see on page 62, Exhibit F, that over a 13-year period, the ACT (formerly the American College Testing) showed huge gaps.

CHAIR CEGAVSKE:

Do all of the other states have citizenship requirements?

MR. MCCOY:

Many of the other states do have citizenship requirements. The last point on page 2, where a student would have to demonstrate financial need, says the Free Application for Federal Student Aid (FAFSA) would have to be filled out to verify that. You need a social security number to complete that form.

CHAIR CEGAVSKE:

Almost all of them have the FAFSA, and that is the requirement.

SENATOR WASHINGTON:

The millennium scholarship has been infused with State General Fund money for at least the next five years. We looked at setting up a trust fund and infusing money into it to allow the trust fund to generate enough money to sustain the scholarship program.

CHAIR CEGAVSKE:

That was the goal in the beginning. Do we keep it in the Office of the State Treasurer where it is asking for General Fund money on a continuing basis? We could keep it in the Treasurer's Office and do the same thing they are doing with the prepaid tuition. It was suggested that we turn it over to the Board of Regents and have them manage it without General Fund money.

SENATOR WASHINGTON:

That means they now have to incorporate it into the budget and find the resources. It is generated from tobacco money. How much money would actually have to be infused in this scholarship program to keep it going until the trust fund is able to generate enough interest to keep it sustainable?

CHAIR CEGAVSKE:

I do not think we can answer that, Senator Washington. Whenever you open up something that people are going to draw from, there has to be something going into it. If it is not the General Fund, then you have to find that avenue of what is going to continue to go in there. With prepaid tuition, parents are paying for their own children.

SENATOR WASHINGTON:

If you do prepaid, then it is not a scholarship at that point.

CHAIR CEGAVSKE:

That is part of the issue. We have so many people in Nevada that are prepaying, but that money is used last. It is not being used first.

MR. KLAICH:

Senator Washington is floating the concept of endowing the millennium and that is an incredibly expensive proposition. I cannot imagine that you are talking about a number that is less than nine figures.

CHAIR CEGAVSKE:

Maybe there is going to come to a time when we are going to have to put a date on when it is done. That is what we are trying not to do.

SENATOR WASHINGTON:

I am just seeing it as being, for a lack of a better term, cost shifting. Eventually the State is still going to pay for it. If you give it to the universities, they are just going to incorporate it in their budget which ultimately comes from the State.

CHAIR CEGAVSKE:

We have to pay for the students we have.

SENATOR WASHINGTON:

We have made a commitment to future students. Future students that are going to access the millennium scholarship need to know it is there. We have the responsibility of trying to find some way of keeping the scholarship and making it sustainable.

CHAIR CEGAVSKE:

The promise that we gave the people was that it would not use General Fund money. It would be the tobacco money. We had talked about living off the interest and did not do so.

SENATOR WASHINGTON:

I am aware of that. If we adopt a policy and we set the tiers in place, the other piece to this is bullet point two of [Exhibit F](#), which is the sustainability of the program. If we continue what we are doing at the rate we are doing it, we are going to run out of money in less than five years. Basically, the way we are doing it is probably not the best way to administer a scholarship program.

CHAIR CEGAVSKE:

Our first objective is to determine when the funds will be gone. Then the continuation is a decision we have to make.

SENATOR WASHINGTON:

We are dealing with the policy side of it as far as determining eligibility for students to access the scholarship. Then there is the fiduciary responsibility to maintain the financial requirements of that scholarship for tuition. There have

been provisions made by the tobacco settlement for the millennium scholarship and the unclaimed property which we passed last Session to help infuse some money into the scholarship program. Are you looking at the General Fund this Session to add more?

CHAIR CEGAVSKE:

That is being asked. It has not been approved.

SENATOR WASHINGTON:

Does that carry the scholarship out to the year 2014?

CHAIR CEGAVSKE:

No. I believe 2014 is when the tobacco money is out. I do not know if I am right. That was the target date. I do not know if it includes the unclaimed property.

SENATOR WASHINGTON:

The university system has made a commitment until 2009 based on raising the GPA for students to access the scholarship program.

MS. ABBA:

In 2003, the Legislature passed a measure that changed the initial eligibility requirements and put in the tiered system extending it out until 2007. This fall will be the first time we see a 3.25 GPA requirement. It was a 3.1 GPA. The provision put into the original bill that requested the Board of Regents develop a core curriculum, will go into effect in the fall of 2009.

CHAIR CEGAVSKE:

Is that the requirement for algebra?

MS. ABBA:

In fall of 2009, for initial eligibility you have to have an overall GPA of 3.25 and have completed those core courses to qualify for initial eligibility for the scholarship.

MR. KLAICH:

The GPA is not measured in the core. It is an overall GPA. You have to complete the core, and you have to have the GPA. You do not have to have the GPA in the core. As Senator Washington has indicated, the policy and the

budget are so inextricably intertwined that it is difficult to talk about either. We are seeing the proposal of the tiered system for the first time today. We think it is appropriate for the Legislature to make those types of policy decisions that outline the proper recipients. We think it is a useful tool for us to testify on what the implications may be. We are happy to work with staff in any way we can to assist in background information and appreciate the interest.

SENATOR WASHINGTON:

I want to ask staff a question on this notebook. I am looking at the update summaries that were provided in the front of [Exhibit F](#). As you were looking at this, you probably took the best practices out of these states and compiled this proposal. I take it that these other states are not implementing their scholarships as Nevada is doing currently.

MR. MCCOY:

I looked at a number of states that were listed on the Education Commission of the States Report. I updated the data as best I could and added a couple of others. There are several other states that have statewide programs. The ones that I looked at had about a GPA standard of B. In that way, it is comparable. I do not believe any of these revolve around financial-need requirements, although occasionally those do happen. A number of other states have different programs. There are probably six or seven states that have pure academic scholarships where the eligibility requirements are much higher such as a 3.6 or 3.7 GPA in high school and higher GPA requirements at the university level.

SENATOR WASHINGTON:

The problem that we face is the millennium scholarship is to provide an opportunity based on need for those students that wanted to go to college.

CHAIR CEGAVSKE:

That was not the original intent. The original intent was to keep students in the State.

SENATOR WASHINGTON:

I did not mean income. It provided an opportunity for anyone who wanted to go to college and all they needed was a C average.

MR. MCCOY:

When Governor Guinn testified before the Legislature, his primary motivation was a social goal of keeping college graduates in the State. Many studies have shown that where you go to school and where you graduate from college is the place you will likely settle after college. Most of his testimony and his comments in the State of the State Address really centered around those motives. The standard was never purely financial need, and it was never purely academic qualifications. There was the academic level B, which I take to be basic qualification for college-level work without significant remediation. The scholarships would increase the ability of the student to pay.

SENATOR WASHINGTON:

Because of the lack of finance, we have moved to a GPA or achievement-based scholarship.

CHAIR CEGAVSKE:

In today's Education Commission of the States, e-clips, there is an article regarding Illinois losing an alarming number of its students to colleges and universities in neighboring states. The result is a decline in talent and potential tax revenue. The state lost a net of 66,000 college students from 1992 to 2002, with those leaving the state far exceeding the influx of out-of-state students. Last year, Illinois ranked number two in the nation in terms of students leaving, and forty-seventh when it came to gaining students from other states. We need so many qualified and educated people. We would like to have just one bill that incorporates what we needed from S.B. 109 into this one. There are other bills coming forward. I would like to come up with one bill instead of several. I was hoping the Chair would allow us to have one more subcommittee meeting.

MR. MCCOY:

I will count them for you.

CHAIR CEGAVSKE:

We have bills coming from the Assembly. Senator Townsend has one that makes various changes to the scholarship, but I do not know what it is. We heard Senator Beers and there are two Assemblymen who have changes concerning the scholarship program. One of them has to do with the FAFSA which is Assemblyman Christensen's Bill Draft Request (BDR) 34-1039. That is something that we can incorporate into it.

BILL DRAFT REQUEST 34-1039: Revises provisions governing the Governor Guinn Millennium Scholarship Program. (Later introduced as [Assembly Bill 465](#).)

SENATOR WASHINGTON:

The tier system has merit and it accomplishes a couple of things. It raises the bar for the high achievers; it gives them more of an incentive because they receive more tuition. It meets what Governor Guinn, at the time, was intending the scholarship to do. It meets your concern in trying to provide incentives to students to meet some of the workforce issues within the State. Tobacco cessation programs are doing exactly what they were intended to do and fewer and fewer people are smoking. We are getting fewer and fewer dollars.

CHAIR CEGAVSKE:

That is one of the problems. We did not get all the litigation money that we were supposed to receive and probably will never get it.

SENATOR WASHINGTON:

The question is if we pay what has already been implemented. If it is the will of the Legislature to continue the scholarship program, based on the tiered method, how do we make it sustainable? I do not have a problem allowing the university system to administer the scholarship program. They already do it. My concern would be to ask them to finance it, because they are going to incorporate it into their budget.

CHAIR CEGAVSKE:

These are just ideas that had been presented to me, and I am sharing them with the Committee.

SENATOR WASHINGTON:

I agree. You are right, Mr. Klaich. Policy and finance are so entwined that we almost have to create a bill that is going to address both issues and send it out. It would probably be referred to one of the money committees anyway. Maybe an endowment is not the best way. I do not know. I know that Mr. Krolicki tried twice and was unsuccessful. The promise is out there. I know we do not want to create an entitlement, but it is out there. We have future students that will graduate from high school looking for this scholarship.

CHAIR CEGAVSKE:

As I have said, it was not a guarantee that it would go on for any length of time. We need to work on the policy with the money that we have.

SENATOR WOODHOUSE:

This proposal, particularly the three tier, is exceptional. Tier two is one more opportunity for them, and I really appreciate that. I received an e-mail from last year's president of the UNLV student body. He was concerned with the original bill.

CHAIR CEGAVSKE:

Are you referring to S.B. 109?

SENATOR WOODHOUSE:

Yes. What you have in tier one will address his concerns. I will make sure that you all have a copy of this e-mail that I received from him. He did a very nice job of explaining where many of his students are coming from and their concerns about the scholarship as well.

MR. KLAICH:

With respect to S.B. 109 only and in the context of Senator Beers' testimony last week, we have reviewed information that makes us believe the main predictor of college success is the measurement of the GPA in the core. For the millennium scholarship there is a GPA requirement, and there is a core requirement, but there is a disconnect since the GPA is not measured in the core. It is Senator Beers' and my opinion that the best measurement of success is the GPA in the core. A portion of all our student fee increases go directly to need-based financial aid. The board's policy indicates that up to 50 percent of the increases go there. We allocate for every student-fee increase such as the financial need and financial aid every time we raise fees.

CHAIR CEGAVSKE:

If you look at page 66, **Exhibit F**, there is another graph that shows GPA inflation over the 13 years. That is pretty sad.

MR. KLAICH:

I am not here to talk about what the level of the GPA should be.

CHAIR CEGAUSKE:

I am just trying to tell you what we have is a sheet showing the grade inflation over the last 13 years. This is not anything that I would want to count on.

SENATOR BOB BEERS (Clark County Senatorial District No. 6):

Many of the objections to using an ACT or a SAT score evaporate because they will be taking an ACT or a SAT score. Unlike our Nevada schools, they have entrance admission standards in all of the other schools that such a person would be looking at in a scholarship offer. One of the reservations I had about the ACT and SAT was if the student was not a great test taker, then he is not going to be entertained by Harvard, Yale or Stanford anyway. It costs money to take the ACT and the SAT. Yale and Stanford are going to be requiring it of them anyway. At least for the tier-one group, you can use an ACT and SAT successfully and alleviate this grade-inflation pressure.

SENATOR WASHINGTON:

I have no problem with the ACT or the SAT test, nor do I have a problem with the GPA including the core. A combination of either one would work. My concern was with it being a need-based scholarship. We are not trying to create a need. It is actually an opportunity scholarship at the second tier. I want to make sure we differentiate that we are not setting up a second tier based on financial need, but for an opportunity for those students that are not high achievers.

MR. KLAICH:

The Regents are already dedicating a substantial portion of fee increases to these need-based scholarships programs. I probably confused the opportunity tier and the need with that testimony. If I did, I apologize.

SENATOR BEERS:

Did I hear in this Committee that we ranked fairly low among the states in need-based financial assistance?

SENATOR WASHINGTON:

We could do more, but do you not want to set the millennium scholarship based on a need?

SENATOR BEERS:

I do not have a philosophical problem with that. Particularly, if you are going to set it up in a tier approach, there is certainly justification.

SENATOR WASHINGTON:

When I think of need based, I think of it as basing the scholarship on a financial need. If it is an opportunity with a baseline, then there has to be some performance outside of just filling out an application form for a scholarship and getting financial aid to go to school. If there is a baseline, then it becomes an opportunity, and it could be based on the fact that you need a scholarship to assist you.

SENATOR BEERS:

I would think the second tier is for young adults who could become lawyers if given a chance to actually go to college.

CHAIR CEGAVSKE:

Originally, we had a debate regarding whether everybody got this. For my family, a middle-class family, it would be a struggle, but we could pay for our kids to go to school. There are people who cannot; there are people who need assistance, and there are people bringing home a lot of money with their children on a scholarship. When you have a tier like the second tier, there will be competition to get the scholarship. We need to almost list how many scholarships are available. You cannot just open up the gates for everyone to qualify. We need to do that now.

SENATOR WASHINGTON:

I think that a number of available slots are fine. If you do that, you are actually moving away from the need base. Then you are moving to performance-based eligibility based on slots available.

CHAIR CEGAVSKE:

Are there any concerns in the amendment from the Nevada Manufacturers Association in section 7, subsection 2?

SENATOR BEERS:

I am beginning to understand the concept of opportunity versus financial need. I was unclear on that before. If you set up slots, you will have to engage some administrative costs in reviewing applications which is traditionally done with a

scholarship program. Someone will have to score and award the scholarship. There is going to be some administrative burden.

CHAIR CEGAVSKE:

Do you remember if the year 2014 is the end of the money from the tobacco settlement?

SENATOR BEERS:

Based on the tobacco settlement, we are done in 2009 or 2010. We put an 8-figure amount into it in 2005 and a \$7.5-million-a-year General Fund appropriation. There is a proposal now to increase that General Fund appropriation from \$7.5 million to \$10 million which is one of the bill draft requests. Finding out what that date will be is additionally problematic. You have to make some assumptions about the rate of decrease of tobacco funds. The Treasurer's Office offered a set of scenarios where the tobacco funds stay the same or the funds drop 10 percent to 17 percent. It is at 17 percent so far this year. With a worst-case scenario being a 17-percent drop and increasing our General Fund supplement to \$10 million a year that will only keep this going until the year 2012.

CHAIR CEGAVSKE:

When the tobacco money is gone, do we stop the scholarship? Do we rewrite it for a different type of a program? Initially it was only supposed to be tobacco money. When the money was gone, it was gone. Where do we go from here?

SENATOR BEERS:

We made significant changes in the eligibility and maintenance requirements on the part of the scholars themselves in the last Session. We did not institute that until this school year. They have to have enough time to see what the impact of this is going to be. It will be not just in terms of the eligibility and maintenance for the scholars themselves, but also between the increases in tuition and the limitations of us only paying for 12 credits with a normal workload being 15 credits. This would only really pay for one-half to two-thirds of the tuition at the UNLV or UNR. It would not be as attractive as it was in the beginning.

SENATOR WIENER:

Do we still have the variable that as we become healthier, we receive less money? I thought that was one of the caveats. This was based on our smoking

rate at the time of settlement, and as we improved our smoking rate, the monies would be reduced.

CHAIR CEGAVSKE:

Each state received so many dollars. All of the money that was designated for Nevada was not given.

SENATOR BEERS:

Essentially, the volume of tobacco is going down.

SENATOR WIENER:

I meant by a reduction in the use of tobacco. I equated it to being healthy.

SENATOR BEERS:

The reduced use of tobacco means there is reduced money going into the distribution source.

CHAIR CEGAVSKE:

All the states are suffering, because the funds were put into different programs which are not recouping what each state was promised.

SENATOR WASHINGTON:

We have to do the policy and the funding at the same time; put it in one bill, and send it out. We have to work with the financial end along with the policy end. We cannot do one without the other. We have to consider what the university system has already implemented and what we have passed in previous Sessions, taking into account the attrition that is going to take place in the number of students that will access the millennium scholarship. Tier one is in place based on the GPA as opposed to the SAT with a very low bar. I understand the promise was only while the tobacco money was available. As policy makers and Legislators, we need to do everything in our power to make it sustainable on the eligibility side and the financial side.

CHAIR CEGAVSKE:

We have to look at where we are with our tobacco money and when it ends in order to make a decision of whether or not we go on.

SENATOR BEERS:

If we did not put any General Fund money in the millennium scholarship program, it would have closed down by now. We put in two years of operating funds in one shot. We have another year of tobacco revenue. In 2005, we sustained it through 2008. We may have it sustained to 2010 by decreasing the utilization. We do not yet know.

CHAIR CEGAVSKE:

I think we need to look at it from both of those perspectives. Does the Committee agree that those are the issues? We will encompass S.B. 52 and S.B. 109. We can look at the other bills that will be out to see if we want to add them as an amendment.

SENATOR WASHINGTON:

Can we make sure that Mr. Klaich and Ms. Abba are here as well?

CHAIR CEGAVSKE:

Yes.

CRAIG HULSE (Assistant to Senior Staff, Office of the Governor):

The Office of the Governor would like to thank the Committee for addressing the concerns of the millennium scholarship. Your piece of legislation addresses keeping our students in the State. Senator Beers addresses the GPA inflation. The Governor's Office recognizes the concern of the long-term sustainability of the millennium fund, and we look forward to working with the Committee in any way possible to help with a solution.

CHAIR CEGAVSKE:

Do you feel we are on the right track?

MR. HULSE:

Yes. Absolutely.

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CHAIR CEGAVSKE:

We will adjourn this meeting of the subcommittee of the Senate Committee on Human Resources on Education at 4:03 p.m.

RESPECTFULLY SUBMITTED:

Shauna Kirk
Committee Secretary

APPROVED BY:

Senator Barbara K. Cegavske, Chair

DATE: _____