

**MINUTES OF THE
JOINT SUBCOMMITTEE ON K-12 EDUCATION/HIGHER EDUCATION
OF THE SENATE COMMITTEE ON FINANCE
AND THE ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-fifth Session
May 12, 2009**

The Joint Subcommittee on K-12 Education/Higher Education of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Morse Arberry Jr. at 4:56 p.m. on Tuesday, May 12, 2009, 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 Bernice Mathews, Chair
Senator Steven A. Horsford
Senator William J. Raggio
Senator Warren B. Hardy II

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Morse Arberry Jr., Chair
Assemblywoman Debbie Smith, Vice Chair
Assemblywoman Barbara Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblyman Tom Grady
Assemblyman John Ocegüera

STAFF MEMBERS PRESENT:

Brian M. Burke, Principal Deputy Fiscal Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Alexander Haartz, Program Analyst
Mark W. Stevens, Assembly Fiscal Analyst
Julie Waller, Program Analyst
Cynthia Clampitt, Committee Secretary

OTHERS PRESENT:

Daniel J. Klaich, Executive Vice Chancellor and Chief Operations Officer,
Nevada System of Higher Education

CHAIR ARBERRY:

We will begin with the Western Interstate Commission for Higher Education (W.I.C.H.E.) budgets.

ALEXANDER HAARTZ (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The first account closing is budget account (B/A) 614-2681, the W.I.C.H.E. Loan and Stipend budget, beginning on page 2 of the Joint Subcommittee on K-12/Higher Education, Closing List No. 3 ([Exhibit C, original is on file in the Research Library](#)).

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W.I.C.H.E. Loan & Stipend – Budget Page WICHE-1 (Volume I) Budget Account 614-2681

There are two major closing issues for this budget. The first is the transfer of the W.I.C.H.E. Loan and Stipend budget to the Nevada System of Higher Education (NSHE). The Subcommittee has heard testimony and discussed this item previously. This was accomplished in the *Executive Budget* by transferring this account fully into the existing system administration account. Staff has made a number of adjustments. The purpose of the adjustments will not eliminate the transfer; but will separate the transfer from the NSHE administration account. It retains this account as a stand alone budget.

Based upon testimony from the NSHE and the W.I.C.H.E. Commission not opposing the transfer, Staff believes the transfer and the modifications to retain the budgets separately are reasonable and appropriate for future accounting and budgeting transparency. The budget adjustments do not add to, or subtract from, the State General Fund or fee revenues recommended in the *Executive Budget*.

Does the Subcommittee wish to approve the administrative transfer of the W.I.C.H.E. Program to the NSHE, but restore the account to a stand-alone account? Staff also requests approval to make technical adjustments.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 614-2681 AS A STAND ALONE ACCOUNT, AS RECOMMENDED BY STAFF; AND TO AUTHORIZE TECHNICAL ADJUSTMENTS BY STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The second item in B/A 614-2681 is the proposal to reduce student slots for the 2009-2011 biennium to 115 in fiscal year (FY) 2009-2010 and 114 in FY 2010-2011. This is consistent with the number of student slots in the current fiscal year. This results in a General Fund reduction of \$168,581 in FY 2009-2010 and \$201,615 in FY 2010-2011, which appears reasonable to staff.

There is a slot matrix on page 4 of [Exhibit C](#) which indicates the number of student slots and their distribution by state. It otherwise appears reasonable to Staff.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE STUDENT SLOT REDUCTION AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

The only other item in B/A 614-2681 is a letter of intent issued for the current biennium by the Legislature with respect to the W.I.C.H.E. Program reallocating student slots among professions. There is a potential fee revenue issue Staff recommends be amended into the existing letter of intent. Staff believes it would be an appropriate way for the Legislature and Staff to remain informed as to changes in student slot adjustments and revenue shortfalls for the upcoming biennium. Staff recommends the letter of intent be reissued.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO REISSUE THE LETTER OF INTENT TO THE W.I.C.H.E. COMMISSION AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

The next account is B/A 101-2995, the W.I.C.H.E. Administration budget.

W.I.C.H.E. Administration – Budget Page WICHE-7 (Volume I)
Budget Account 101-2995

There is one Major Closing Item in this account, the transfer of the W.I.C.H.E. Program into the NSHE administration and the Governor's recommendation to eliminate two positions.

Based on the Subcommittee Work Sessions and recommendations for the NSHE and the W.I.C.H.E. Commission, Staff has presented several recommendations for the Subcommittee to consider.

The first is that this account should remain separate for reporting and accountability purposes as a stand alone account.

The second issue is for equity in which the program officer II position will assume a number of higher-level responsibilities with the elimination of the

director position as a classified position and is entitled to a classified salary adjustment.

The third issue is the NSHE and the Commission recommendations, instead of eliminating the full-time equivalent (FTE) accountant technician as recommended by the Governor, to eliminate the vacant 0.51 FTE program officer position.

Finally, the NSHE recommends reimbursement as a direct charge of the existing 0.20 FTE self-supporting NSHE senior budget analyst position. Staff has reviewed the recommendations and they all appear reasonable to maintain the account at an appropriate level.

Staff has made the recommended adjustments in the closing documents.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO CLOSE B/A 101-2995 AS RECOMMENDED BY STAFF WITH TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

The next considerations are the system-wide issues for the NSHE accounts. The first major issue concerns the enrollment-projection methodology to be used for finalizing the institution's budgets for the 2009-2011 biennium.

The Subcommittee will recall there has been discussion for this biennium in terms of not utilizing the historical three-year-weighted average for the calculation of enrollment methodologies and, therefore, the distribution of formula funding. In lieu of the three-year methodology, the Board of Regents recommended a different methodology to utilize the FY 2008-2009 actual enrollments and apply those for FY 2009-2010 and FY 2010-2011 for purposes of the distribution of formula funding.

Page 16 of [Exhibit C](#) contains two charts showing the differences in the Governor's recommendations and the flat-enrollment methodology. The Subcommittee will remember that using one particular methodology such as the three-year plan, tended to favor community colleges; whereas, the flat-enrollment plan tended to favor the universities in terms of the formula-funding distribution.

The NSHE has recommended the flat-enrollment formula funding for the methodology. The question before the Subcommittee is whether it is comfortable utilizing the flat-enrollment methodology for the 2009-2011 biennium. If so, Staff suggests the Subcommittee provide direction to the NSHE through a letter of intent that the funding for the 2011-2013 biennial budgets be built upon the traditional three-year methodology.

SENATOR MATHEWS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO SUSPEND THE USE OF THE TRADITIONAL THREE-YEAR AVERAGE FOR THE 2009-2011 BIENNIUM; TO UTILIZE A FLAT-ENROLLMENT METHODOLOGY FOR THE 2009-2011 BIENNIUM; AND TO INCLUDE A LETTER OF INTENT TO RETURN TO THE THREE-YEAR AVERAGE FOR THE 2011-2013 BIENNIUM.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLYWOMAN BUCKLEY:

I would like a little more discussion of how the flat-enrollment methodology would work and the effect on the Nevada State College (NSC).

SENATOR RAGGIO:

I would like to have an understanding of how this plan works with respect to all of the institutions.

MR. HAARTZ:

The NSC enrollments are not based upon the three-year weighted average because it is a newer institution. The NSC has used unweighted, annual enrollments in its calculations to date. Therefore, they would not be impacted in the same manner as other institutions.

ASSEMBLYWOMAN BUCKLEY:

Perhaps some of this discussion needs to be held in the context of the hold-harmless provisions or is this the only opportunity to discuss this measure?

MR. HAARTZ:

You are correct. It does overlap onto the concept of hold harmless and the funding levels.

ASSEMBLYWOMAN BUCKLEY:

Originally in the Governor's proposed reductions, and with traditional enrollment methodology, some campuses were being cut by 36 percent and some were being cut by 2 percent. Please walk through how this proposal seeks to preserve the funding formula, ensuring no institution is disproportionately affected.

MR. HAARTZ:

The Board of Regents recommended a different enrollment calculation methodology to the Governor in light of the economic situation. Their recommendation was based upon the fact it may be too difficult to project actual enrollments and, with the possibility of a budget reduction, a flat-enrollment methodology removed any fluctuations as a result of enrollment growth that may occur. Perhaps Mr. Dan Klaich, Vice Chancellor, NSHE, could later explain how the methodology was derived by the Board of Regents.

The formula methodology does not change. Funding is still distributed based upon the formula. What changes is the underlying calculation; the number of students and where the enrollments are taking place.

ASSEMBLYWOMAN BUCKLEY:

Is the only campus adversely affected the College of Southern Nevada (CSN)? Is that why they are recommending the pre-formula funding?

MR. HAARTZ:

The table on the bottom of page 16 of [Exhibit C](#) indicates the CSN has the largest impact when the two methodologies are compared. However, the Great Basin College (GBC), the Truckee Meadows Community College (TMCC) and the Western Nevada College also receive slightly less funding under the flat-enrollment methodology than they would if the three-year methodology was utilized as the basis for enrollments and formula funding.

MARK W. STEVENS (Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The two different methodologies do not produce additional funding, it just redistributes it. Regardless of which is chosen, there will be a winner and a loser. If there is no additional funding, the same funding will be distributed differently. We have shown in the chart the amounts the campuses would receive under the traditional three-year methodology versus the flat-enrollment methodology. The Board of Regents is suggesting utilization of the flat-enrollment methodology.

ASSEMBLYWOMAN BUCKLEY:

Earlier discussions centered on the intent to ensure the budget reductions were proportional so that one institution was not receiving a 40-percent cut while another was receiving a 3-percent cut. It appears the plan provided by the Board has equalized distribution with the exception of the community colleges. The CSN, most likely because of its size, would receive a larger reduction than the other campuses. The proposal is a conceptual recommendation to equalize the reduction through pre-formula funding to the CSN. Has that been developed in an actual proposal and provided to Staff?

MR. STEVENS:

This report is based upon the Governor's recommendations. If the Subcommittee chose to increase funding, there is a chart ([Exhibit D](#)) which will be discussed later today to provide additional funding to the NSHE, if the Subcommittee makes that choice. The funding as reflected on page 16 of [Exhibit C](#) and the funding addressed in [Exhibit D](#) would represent the total amount of funding available. It represents funding in addition to the Governor's recommendations. The chart on page 16 of [Exhibit C](#) is simply a redistribution of the funding as recommended by the Governor.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Part of the Board's proposal on page 17 of [Exhibit C](#) and in [Exhibit D](#) recommends that equipment funding, traditionally placed in the non-formula budgets, be reallocated to the NSC to offset a portion of its funding reductions.

This is an equity, stop-loss adjustment of approximately \$1 million in FY 2009-2010 and slightly less in FY 2010-2011, to assist the NSC in offsetting the budget reductions they would otherwise incur. Staff considers the proposal as one reasonable way to provide stop-loss funding at no additional cost to the NSC. If this proposal is selected, Staff recommends a letter of intent be issued indicating the funding is allocated only in the 2009-2011 biennium. The letter should also include that the equipment funds should be rebudgeted by the NSHE in the non-formula accounts for the 2011-2013 biennium.

SENATOR HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO REALLOCATE THE EQUIPMENT FUNDING AS RECOMMENDED BY STAFF; AND TO INCLUDE THE LETTER OF INTENT.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The next item for consideration begins on page 18 of [Exhibit C](#). It is the issue of additional fee increases for surcharges during the 2009-2011 biennium. The Subcommittee will recall there has been considerable discussion in terms of whether the Board will approve either a surcharge or a fee increase; and the magnitude of such an increase. Staff has provided information concerning the amount that could reasonably be expected to be generated at a 5-percent increase over what the Board already approved for the 2009-2011 biennium and what is already included in the Governor's recommended budget.

If the Subcommittee chooses to consider the likelihood of a fee increase or surcharge, Staff has provided items for consideration concerning a new letter of intent and the existing letter of intent. Those choices include:

- To consider suspending, in light of the economic situation, the existing letter of intent, but consider reinstating it before the 2011-2013 biennium,
- In that context, 100 percent of any additional surcharge or fee revenues generated by the Board's actions should be recorded in the appropriate State-supported operating budgets subject to the Interim Finance Committee (IFC) approval process.

However, unlike the current letter of intent, where 65 percent of funding is placed in the State-supported operating budgets and 35 percent remains in the NSHE self-supporting budgets, Staff recommends the NSHE be provided flexibility in how the funds are spent; whether they be spent for financial aid, instructional costs or operating costs. That action leads to a recommendation for transparency purposes to allow the Legislature to see the fee increases and surcharge revenues, in the likely event a surcharge or fee increase is made at some point during the next biennium.

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CHAIR ARBERRY:

Would the motion be for the purpose of closing this budget as recommended by Staff, suspending the current letter of intent for the 2009-2011 biennium and issuance of a new letter of intent providing the NSHE to expend any fee increases or surcharge revenue approved by the Board of Regents for the 2009-2011 biennium? Should it also include the accounting data in the operating budgets?

MR. HAARTZ:

That is Staff's recommendation.

ASSEMBLYMAN DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO CLOSE THE NSHE BUDGETS AS RECOMMENDED BY STAFF, SUSPENDING THE CURRENT LETTER OF INTENT FOR THE 2009-2011 BIENNIUM AND ISSUING A NEW LETTER OF INTENT; TO DIRECT THE NSHE TO EXPEND ANY FEE INCREASES OR SURCHARGE REVENUES APPROVED BY THE BOARD OF REGENTS FOR THE 2009-2011 BIENNIUM; AND TO INCLUDE THE ACCOUNTING DATA IN THE OPERATING BUDGETS.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

SENATOR HORSFORD:

I have two recommendations. I suggest a cap of some amount be placed on tuition so the burden does not fall disproportionately within this motion. Also, to grandfather the tuition increase at the University of Nevada, Las Vegas (UNLV), William S. Boyd School of Law, under this same formula, so they are treated in the same manner as any new increase would be addressed in the upcoming biennium. Their tuition increase was passed recently and they are not likely to approve another increase in the near future.

CHAIR ARBERRY:

How do we address that in the motion?

SENATOR RAGGIO:

There is merit to those suggestions. The motion would be that the letter of intent include the allocation of additional tuition be suspended. The issue is that there have already been certain tuition increases. This letter of intent would authorize any additional tuition increases to be allocated in a manner other than what has been done historically.

I do not want to give a blank check of authorization to NSHE to raise tuition beyond a reasonable amount. Legally, we can send a strong statement as to what the Legislature deems a reasonable cap. The enforcement would be through budget considerations for the 2011-2013 biennium.

I would like a suggestion from representatives of the NSHE as to what might be a reasonable amount of increase for this purpose, allowing the Legislature to give a strong indication for the NSHE to remain reasonable in the amount and distribution of the increase.

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

The NSHE has received the message that the Legislature does not intend for the NSHE to “sock it to the students” after you have provided help to the institutions. Throughout this Session, we have been trying to work with the Legislature to bring overall reductions to the budget in the neighborhood of 10 percent. A combination of actions of the Legislature, and the assistance the NSHE might provide through tuition increases, would reach the 10-percent budget reduction and would be reasonable.

This depends, in part, on how the budget is ultimately closed. The discussion I have had with the institution presidents, in addition to the fee increases they have presented that have been approved by the Board of Regents, are 5 percent annually. We have not discussed an amount in excess of an additional 5 percent each year of the upcoming biennium.

SENATOR RAGGIO:

What does an additional 5 percent calculate to be?

MR. KLAICH:

It is approximately \$9 million annually across the NSHE System.

SENATOR RAGGIO:

The Legislature should send a signal that anything in excess of a 5-percent annual increase would be inappropriate.

MR. KLAICH:

I appreciate the intent and your sensitivity to the legal and constitutional issues. We never want those to be an issue between the Board of Regents and the Legislature.

CHAIR ARBERRY:

Will you pass our intent on to the Board of Regents?

MR. KLAICH:

I will.

CHAIR ARBERRY:

Please address the Boyd School of Law issue.

MR. KLAICH:

I understood Senator Horsford’s comments that the students of that institution will be treated in the upcoming biennium in the same fashion of equality. This proposal allows the NSHE flexibility to address budget increases. The suggestion that the Boyd School of Law have that same flexibility is appropriate.

CHAIR ARBERRY:

Do the sponsors of the motion on the floor agree to amend their motion to include the concerns addressed by the two Senators?

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ASSEMBLYMAN DENIS:
I agree.

ASSEMBLYWOMAN BUCKLEY:
For clarity, the amendment is a recommendation that the level of tuition increases not exceed 5 percent annually without further consultation or justification.

We do not wish to increase the NSHE budgets and have additional costs passed onto the students in increases. I support the amendment as the maker of the second to the motion.

CHAIR ARBERRY:
We do not want to see a runaway train on the backs of students.

SENATOR RAGGIO:
Does the motion include the recommendation that the letter of intent would be reinstated for the next biennium?

CHAIR ARBERRY:
That is correct. Is there further discussion on the motion?

ASSEMBLYWOMAN BUCKLEY:
I have one final comment. I do not know the number of interim studies that have been proposed for the 2009-2011 biennium, but Senator Horsford has previously mentioned an interim study with regard to higher education. This is an appropriate time to initiate an interim study on the funding of higher education. There is continuous discussion about the letter of intent. The NSHE states they do not wish to raise fees if they do not know they can retain the revenue. At the same time, the Legislature is concerned that the NSHE be allowed to keep the revenue, but only funding 86 percent or 45 percent of the formula depending on whether we use the traditional funding mechanism or the Governor's proposal.

It is time to create a stable system. We may need to allow the NSHE flexibility in its budget to manage itself. If that is not done adequately, the State cannot bail the System out. Innovation of those kinds of decisions requires more time than is available during a Legislative Session to explore new methods of financing higher education.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:
Page 21 of [Exhibit C](#) includes a table to provide the Subcommittee with an understanding of the actions to date and the funding available from the American Recovery and Reinvestment Act of 2009 (AARA). As you look at FY 2009-2010 or FY 2010-2011, the Governor's recommended General Fund allocation is at the top with \$423,385,960. Staff believes there is

approximately \$92,389,000 available in ARRA funds for the NSHE each year. The addbacks for the health insurance are listed; as are the salary reductions bringing the System funding to approximately \$539 million in the first year and approximately \$538 in the second year across the budgets.

Page 22 of [Exhibit C](#) discusses the pre-formula calculation and pre-formula funding proposal by the NSHE at several campuses for the purposes of stop-losses and equity.

The NSHE has provided calculations on [Exhibit D](#) which shows the various funding levels. In FY 2009-2010, the 10-percent reduction column reflects approximately \$480,462,000 distributed to the formula campuses. The right-hand column reflects the per-campus impact. The middle of the page reflects the remaining non-formula budgets would be funded at approximately \$129 million. The total funding level for the System would be approximately \$609 million in FY 2009-2010 and \$609,382,716 in FY 2010-2011.

As part of the funding level, the NSHE proposes stop-loss funding for both the UNLV in the amount of approximately \$8 million and the University of Nevada, Reno (UNR) at approximately \$4 million. The CSN would also receive an equity adjustment. The Subcommittee has heard discussion about the structural inequity and the funding level of \$1 million. The NSC would benefit from the reallocation of the formula equipment funding.

There are other percentages of 12-, 13- and 14-percent reductions in [Exhibit D](#). Those reductions are based upon the \$677.1 million the Legislature approved for FY 2008-2009. In each case, the amount of stop-loss funding and equity adjustment funding changes depending on the percentage of budget reductions.

Page 2 of [Exhibit D](#) reflects the same information for FY 2010-2011. This is a summary of information provided by the NSHE. It is based upon the flat enrollment methodology versus the traditional three-year weighted methodology. Also, the NSHE has not included a reallocation for the iNtegrate Project. No funding contained within these amounts is considered for the iNtegrate Project.

Depending on the funding level selected, Staff will need to work with the NSHE to return with accurate reallocations prior to final closure of the budgets. Staff requests direction in terms of the funding level as shown on page 21 of [Exhibit C](#) either in the amounts of approximately \$539 million in the first year and approximately \$538 million in the second year, or some other level.

SENATOR RAGGIO:

In [Exhibit D](#), depending upon what percentage of reduction is restored, I do not understand the stop-loss and equity adjustments. How is that calculated? For FY 2009-2010, if we assume a 12-percent reduction scenario, the UNR would be adjusted by approximately \$2.7 million, the UNLV by approximately \$6.8 million, the CSN by \$1.75 million and the NSC by approximately \$961,000. In FY 2010-2011, that changes dramatically. The UNR would be reimbursed approximately \$724,000, the UNLV by approximately \$6.5 million and the CSN \$2,250,000. How is that calculated? Why is there such a disparity?

MR. KLAICH:

I would prefer to discuss a methodology. Both your Staff and ours have run so many scenarios, it is easier to explain the intent of the reductions. Your Staff's recommendation to meet and finalize the closing number with our Staff is an excellent suggestion.

We began by simply reviewing the formula. In a declining appropriation model such as we are in, with a fixed level of appropriation, questions were raised as to the equity of application of the formula. It appeared some campuses obtained much higher percentage reductions than others. If there is only a fixed number of funding and campuses are growing at different rates, the formula will act to redistribute that funding among campuses as opposed to what it would do in normal years by allocating marginal funding.

First, we determined not to fund using the three-year weighted average, to which the Legislature has agreed. The three-year weighted average had a tendency to accentuate all the bad things that happen.

Secondly, we listened to the comments of the Subcommittee that running the formula seemed to pull a greater amount of funding away from the universities. If the formula was disregarded, and applied straight-line cuts were made, there was a serious disadvantage to the growth institutions. In the current biennium, those are the community colleges.

We reviewed the model and, at the direction of the Legislative Counsel Bureau (LCB) Staff, we prepared scenarios at 10-, 12-, 14- and 16-percent cuts. We applied the formula based upon current enrollments and allocation of the \$1 million to the NSC and observed the results. On a 10-percent reduction, we created a window that, on the outside, would not have reductions 2 percent greater than that of the System. Thus, if the System reduction was 10 percent, the outside, or stop-loss amount, was 12 percent. As the reductions increased, we adjusted the differentials slightly upward. Also, we considered the Subcommittee's remarks concerning the historical funding inequity at the CSN that the Board had approved and submitted in the amount of approximately \$5 million. That amount needed to be included in the funding formula as well.

We reviewed the appropriations under all the percentages, ran the amounts and tried to adjust the percentages to the 2-percent, or growing lines, and redistribute that funding. It creates a significant circular calculation, but at the 12-percent scenario with a 14-percent adjustment, when the circle of the calculation stops, we recommend the State fund a portion of the equity to the CSN, hold the universities on the outside to that band of not more than X-percent from the overall System cut, and try to even things out on the basis of enrollment.

SENATOR RAGGIO:

Using that example, what is the net result of impact with each of these institutions? Are you trying to get each institution within 2 percent of the other institutions?

MR. KLAICH:

That is correct.

SENATOR RAGGIO:

It seems to me these numbers do not change proportionately. Why is that?

MR. KLAICH:

Part of the problem is the different growth rates at each institution. The funding will vary. On one set of the scenarios, I made a calculation error and the correction has been provided to the LCB Staff. We were calculating from different base cut numbers. We were calculating from a 681-base cut and the LCB Staff was calculating from a 677-base cut. That made a difference of about 0.6 percent. There were a series of scenarios presented to the LCB Staff which may include the error. We have tried to stay within that 2-percent band.

SENATOR RAGGIO:

In FY 2009-2010, using the 12-percent scenario, the UNR would receive approximately \$2.7 million under the stop-loss funding; the UNLV would receive approximately \$6.8 million. In FY 2010-2011, the UNLV would receive approximately \$6.5 million and the UNR drops to approximately \$724,000. Why is there such a disparity? The enrollment growth at both institutions is approximately the same.

MR. KLAICH:

When we first came to the Subcommittee on May 8, 2009, the LCB Staff had prepared a number of recommendations for adjustments to the Base Budget and technical corrections for a number of the campuses. It is my understanding the differences you see in the funding for the UNR are accounted for primarily by the fact there are a number of Base Budget adjustments that have been built back into the budget, thereby improving its funding percentage and reducing the amount of stop-loss funding it would need. Those include the operations and maintenance for the Davidson Mathematics and Science Center and an error by the Governor's Office recommended by the System for reinstatement. Those adjustments raised the Base Budget in the second year of the biennium; therefore mitigating the need for greater stop-loss funding.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO CLOSE THE NSHE BUDGETS WITH A 12.5-PERCENT BUDGET REDUCTION.

SENATOR HORSFORD SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN SMITH WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

The next issue for consideration is found on page 22 of [Exhibit C](#). This is an adjusted Base Budget item. The Governor recommends eliminating the operating capital investment revenues for the 2009-2011 biennium. The Subcommittee had indicated, during the Work Session, that the recommendation was reasonable but that the revenue should be reinstated for the

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2011-2013 biennium. Based upon the Work Session discussion, Staff recommends if the Subcommittee wishes to formally concur with the Governor's recommended budget, a letter of intent be issued providing direction to the NSHE that the operating capital be rebudgeted as revenue for the 2011-2013 biennium.

SENATOR HORSFORD MOVED TO RECOMMEND TO THE FULL COMMITTEES TO REMOVE THE OPERATING CAPITAL FOR THE 2009-2011 BIENNIUM AND ISSUE A LETTER OF INTENT TO THE NSHE THAT THE OPERATING CAPITAL BE REINSTATED AS REVENUE IN THE 2011-2013 BUDGET CYCLE.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN SMITH WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

Page 23 of [Exhibit C](#) includes a number of new space operating and maintenance (O&M) costs included by the Governor and modifications the NSHE has previously presented to the Subcommittee. These include the Noble H. Getchell Library, the Jot Travis Student Union Building, and the Tropicana parking garage. There are also nominal adjustments in the University of Nevada, School of Medicine (UNSOM), GBC, Desert Research Institute (DRI) and the TMCC budgets. There were also several not included in [Exhibit C](#), like the NSC and the CSN. All of those adjustments appear reasonable to Staff. Staff requests they be included and requests authority to make technical adjustments based upon either the Governor's recommended budget or the proposed adjustments suggested by the NSHE. The NSC would include the reduction of 2,733 square feet of leased space, the CSN a reduction of 12,022 square feet of space and an increase for the CSN for its Student Management Information System contract.

Additionally, at the last Work Session there was discussion with regard to the UNR's request to add square footage of 49,873 in each year of the biennium for the Lawlor Events Center.

The first issue is whether the Subcommittee wishes to approve the new space O&M built into the *Executive Budget* with the modifications as highlighted by Staff. All of these adjustments are included in the funding level of 12.5 percent. Approval of these O&M issues does not represent additional funding. They are adjustments that would occur as part of the reallocation.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE ADJUSTMENTS A, B, C, AND D ON PAGE 23 OF [EXHIBIT C](#) AS OUTLINED BY STAFF.

SENATOR HARDY SECONDED THE MOTION.

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SENATOR RAGGIO:

There was an earlier discussion about the Lawlor Events Center. That should be included in the motion. If not, I will amend the motion to include that provision.

ASSEMBLYWOMAN BUCKLEY:

Our Staff provided additional information since that discussion. It appeared to be the desire of the Subcommittee to ensure both the Lawlor Events Center and the UNLV, Thomas and Mack Center should be treated equitably. Staff indicated the Thomas and Mack Center currently has 267,000 square feet and the Lawlor Events Center has 207,000 square feet. In FY 2009-2010 the UNR receives \$176,656 and the UNLV receives \$241,178. Traditionally, the O&M is based upon square footage. The Thomas and Mack Center has 18,000 seats; the Lawlor Events Center has 11,000 seats. To add \$476,096 to the UNR budget would skew the O&M balance. For equality under the O&M formula, based upon square footage, an increase is not warranted at this time. If we want to increase the funding for both Centers in the 2011-2013 biennium, that would be more reasonable.

SENATOR RAGGIO:

It is not just the Thomas and Mack Center at the UNLV. The Cox Pavilion also receives O&M funding.

ASSEMBLYWOMAN BUCKLEY:

It is all based on the square footage of the facilities.

SENATOR RAGGIO:

The Cox Pavilion should also be included in the calculations.

ASSEMBLYWOMAN BUCKLEY:

The Cox Pavilion would receive its own O&M calculations. If it is based on square footage, it seems we should move equitably for all of the institutions. Staff has indicated this is not a priority. If we change the calculation, it needs to be changed System-wide. A smaller institution should not receive more funds from O&M unless the square-footage allocation system is changed.

SENATOR RAGGIO MOVED TO AMEND THE MOTION TO INCLUDE THE
O&M FOR THE LAWLOR EVENTS CENTER.

SENATOR HORSFORD SECONDED THE MOTION.

SENATOR HORSFORD:

Can Staff work with the NSHE to determine an equitable increase for both the UNR and the UNLV that meets the needs of the Lawlor Events Center based upon the utilization issue that was discussed at the Work Session?

CHAIR ARBERRY:

The motion is to amend the original motion to add the funding for the Lawlor Events Center, seconded by Senator Horsford.

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SENATOR RAGGIO:

The reason for this request is the Lawlor Events Center does not have the shows and events they used to have because other facilities have become available for those venues. The revenue is declining.

SENATOR HORSFORD:

I had a question regarding whether it is possible, based on the amount of funding currently allocated and the request being made, to arrive at an equitable adjustment for both Centers?

CHAIR ARBERRY:

We have nine days to complete this work.

MR. STEVENS:

Staff can make whatever adjustments the Subcommittee requests. The calculations previously discussed for the 10-, 12- and 14-percent reductions included certain assumptions. We included the adjustments in the closing documents except the request for the Lawlor Events Center. The current calculations involve all the adjustments except the Lawlor Events Center request. If requested to, Staff will work to arrive at a solution with the NSHE as directed by the Subcommittee; however, that will take some time.

ASSEMBLYMAN DENIS:

Are we talking in the current motion to include \$476,096 in the first year and \$460,356 increase in the second year?

MR. STEVENS:

That is the amount to include the Lawlor Events Center request in the budget closings. Whatever is approved as adjustments to the budgets for an individual campus reduces the pool of funding that can be allocated through the formula funding.

ASSEMBLYWOMAN SMITH:

This is not an additional allocation request; it is funding that would be removed from the funding formula.

MR. STEVENS:

A total funding level will be provided to the NSHE based upon the actions of the Subcommittee. This adjustment and others we have, or will, discuss, and the stop-loss funding, are removed from the overall funding. The remaining funds will be allocated through the formula funding.

Any funds allocated in an adjustment or through stop-loss funding is funding that cannot be allocated through the formula funding.

ASSEMBLYWOMAN SMITH:

This concerns me. We are discussing more than twice what we already spend for both facilities. I worry about the equity. The proposal is nearly \$1 million, when we currently spend approximately \$600,000.

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SENATOR HORSFORD:

Is it true that both the amounts currently allocated of approximately \$176,000 in FY2009-2010 and approximately \$174,000 in FY 2010-2011 for the UNR and the approximately \$241,000 and approximately \$246,000 for the UNLV is part of the State contribution just voted on as the total funding for the NSHE?

MR. STEVENS:

Where are those amounts listed?

SENATOR HORSFORD:

They are on page 24 of [Exhibit C](#).

MR. STEVENS:

The figures in the first chart on page 24 of [Exhibit C](#) are the amount currently allocated to those facilities at the UNR and the UNLV. The question is; does the Subcommittee want to increase those amounts by \$476,096 and \$460,356 to fund the O&M at the Lawlor Events Center?

SENATOR HORSFORD:

Does that funding come from the formula funding revenue?

MR. STEVENS:

That funding would be allocated first before any further funding was allocated through the formula funding. There will be a pool of funding after the budget adjustments and stop-loss funding is allocated. That pool of funds will be distributed through the formula to all campuses. Any adjustment or stop-loss approved by the Subcommittee decreases the pool of funding available for formula funding to all campuses.

SENATOR HORSFORD:

I seconded the motion to allow this discussion. To the extent the Lawlor Events Center is unable to meet its O&M costs, what is its remedy? Would they approach the IFC or is there something they can do at the institutional level?

SENATOR RAGGIO:

Is there some reasonable amount less than that reflected in [Exhibit C](#) that would be of assistance to the Lawlor Events Center in its O&M situation?

MR. KLAICH:

First, we will do whatever the Subcommittee directs us to do. But, I am mindful of Mr. Stevens' comments that any adjustments to the approved funding level comes off the top of the budgets and essentially reduces the instructional base available to all campuses in the System. We are loathe to make that recommendation to the Subcommittee.

I may suggest you consider issuing a letter of intent to the NSHE with respect to a study of the issue with a recommendation for equitable funding in the future. The question has been whether these institutions and the event centers are being equitably funded. That appears to be the intent of the Subcommittee.

SENATOR RAGGIO WITHDREW HIS MOTION FOR ADDITIONAL FUNDING AT THE LAWLOR EVENTS CENTER.

SENATOR HORSFORD WITHDREW HIS SECOND TO THAT MOTION.

SENATOR RAGGIO:

However, this is an issue that must be considered. There are two facilities at the UNLV and one at the UNR. There is a need for O&M funding in addition to what is now being allocated. I request a letter of intent that the issue be reviewed and reported to the IFC.

MR. KLAICH:

We would be happy to cooperate with that process.

CHAIR ARBERRY:

We are back to the original motion.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The next items on page 24 of [Exhibit C](#) concerns budget amendments. Based upon past conversation, approval of the amendments will require the funding changes to be treated as pre-formula adjustments and would adjust formula distributions. However, these are not necessarily unreasonable requests.

First, is Budget Amendment No. 36 for the UNLV where the *Executive Budget* overstated the fee revenues. The amendment proposes to add General Fund appropriation to make that correction.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. 36 AS SUBMITTED BY THE BUDGET OFFICE.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ

Next is Budget Amendment No. 41, addressing the UNR, Fire Science Academy and the delay of transfer of the Fire Science Academy to the Office of the Military. In FY 2010-2011 a transfer was proposed of \$456,242 in O&M from the UNR, Fire Science Academy to the Office of the Military. The budget amendment reverses that transaction and the O&M funding would be restored to the UNR budget which appears reasonable to Staff.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. 41.

ASSEMBLYMAN GRADY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Third, in Budget Amendment No. 69, the non-formula equipment calculation funding was miscalculated and inadvertently reduced in the DRI budget. The budget amendment corrects the error and adds General Fund appropriations in the amounts of \$56,166 in FY 2009-2010 and \$97,611 in FY 2010-2011 to correctly fund the non-formula equipment level at \$68,724 in each fiscal year. The amendment appears reasonable to Staff. If this amendment is approved, it restores the funding to the DRI, but based upon the Subcommittee approval of the Board's recommendation to reallocate all non-formula equipment funding, this funding, once it is restored, would be moved to the NSC as part of its stop-loss funding.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. 69.

SENATOR HORSFORD SECONDED THE MOTION.

ASSEMBLY: THE MOTION PASSED UNANIMOUSLY.

SENATE: THE MOTION PASSED UNANIMOUSLY.

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MR. HAARTZ:

Fourth, Budget Amendment No. 171 removes \$1,724,600 in General Fund money that was included in the *Executive Budget* for the UNLV, Paradise Campus lease costs in FY 2010-2011. There was discussion with regard to allowing the UNLV to retain the General Fund appropriation if they provided information on the proposed uses. The UNLV provided the information indicating that if they were able to retain the funding in each year of the biennium, it would be utilized for part-time instructor salary and fringe costs. They estimated this amount would support the equivalent of 14,000 student seats in 3-credit courses in each year of the biennium. However, the budget amendment submitted by the Budget Office proposes to remove the funding from the *Executive Budget*; therefore, the UNLV would not retain the funds if the amendment is approved.

Staff has no position regarding this funding. It appears the UNLV has identified a use for the funding as requested by the Subcommittee.

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ASSEMBLYWOMAN BUCKLEY:

When we first discussed stop-loss funding in approximately April, this was a suggestion provided to the Subcommittee by the NSHE. In light of the new stop-loss formula that has been prepared, is the NSHE still making this request and has it been factored into the UNLV funding?

MR. KLAICH:

The funding has been factored in and is still being recommended by the NSHE.

ASSEMBLYWOMAN BUCKLEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. 69 AND THAT THE NSHE CONSIDER PROVISION OF INTERIM ASSISTANCE TO THE NEW LEADERSHIP INSTITUTE AT THE UNLV.

SENATOR HARDY SECONDED THE MOTION.

ASSEMBLYWOMAN BUCKLEY:

The Leadership Institute is something the Legislature has funded through a separate bill each Session, originally sponsored by Assemblywoman Kathy McClain. Many of our Session interns are from this Program. It is an institute that trains young women of both parties in leadership skills. A separate bill cannot be sponsored in this Legislative Session due to budget constraints.

MR. KLAICH:

I will speak directly to Dr. David B. Ashley, President, UNLV, about those concerns.

ASSEMBLYWOMAN BUCKLEY:

Is that a yes?

MR. KLAICH:

That is correct.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

MR. HAARTZ:

The final amendment is Budget Amendment No. 176 which pertains to the UNR. At the prior Work Sessions there were discussions concerning the *Executive Budget* being understated by \$1,262,766 in General Fund support in each year of the biennium for the instructional support operating category. The budget amendment was submitted by the Budget Office adding approximately \$2.5 million over the biennium. This is similar to the UNLV issue of a pre-formula adjustment providing funding directly to the UNR. Based upon correcting an error in the *Executive Budget*, the amendment appears reasonable to Staff.

ASSEMBLYWOMAN SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE BUDGET AMENDMENT NO. 176.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

Another budget adjustment was the NSHE's proposal to transfer the Dental Residency Program from the UNSOM to the School of Dental Medicine at the UNLV. It adds no new cost to the General Fund. It would transfer existing positions and funding between the Schools. The modification appears reasonable to Staff.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE TRANSFER OF THE DENTAL RESIDENCY PROGRAM FROM THE UNSOM TO THE UNLV, SCHOOL OF DENTAL MEDICINE.

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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MR. HAARTZ:

There are a number of Other Closing Items for consideration listed on pages 26 and 27 of [Exhibit C](#). Staff believes they are reasonable and would recommend approval.

SENATOR HARDY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE OTHER ITEMS LISTED ON PAGES 26 AND 27 OF [EXHIBIT C](#) IN ALL BUDGETS AS DESCRIBED.

SENATOR MATHEWS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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SENATOR HORSFORD:

The agreement reached by Legislative Leadership today preserves funding for education in Nevada kindergarten through grade 20 (K-20) over the upcoming biennium.

I will provide a few observations from my perspective. First, we have achieved a very good result from what was proposed by the Governor. We know the Governor proposed a 36-percent reduction to higher education on top of the reductions to K-12. Today's vote and approval by this Subcommittee restores two-thirds of the funding for higher education. This would not have been possible without the leadership and dedication of this entire Subcommittee.

I want to acknowledge our Staff and their overwhelming efforts. No one recognizes that after we go home. Staff remains and works throughout the weekend to provide us with the analysis, spreadsheets and the budget numbers we need to make these decisions.

I want to thank Senator Raggio, whose service to our State for more than 36 years has built up our education system and established the strong community colleges, the State college and the universities we now have. I am thankful we are successful in not "dismantling education" as Senator Hardy has previously stated.

I appreciate Chair Arberry for his guidance through months of hearings on these budgets along with the Cochairs Mathews and Smith. Upon reflection of this process over the last few months, while the choices have been very difficult, listening to those who are most impacted reminded me just how strong of an education system we have in Nevada. Thus, despite our shortcomings, despite the lack of resources, the voices of the students we heard from convinced me every time we heard from them. It choked us up at times throughout these hearings, but it helped to convince me we had to do all we could to restore the funding.

Speaker Buckley has made fighting for students and education a priority, and while there are those who would try to find the differences between us, I would like to say, without equivocation, this process has helped to unite us. The result is the common goal toward preservation of funding for all of education.

We have taken a big step today. It is the only way we can ensure a bright future for our State and the children of this State that we depend upon to make it stronger. The net result, with the addition of the Board of Regent's approval of the tuitions which student knew would be a part of some solution, increases higher education funding to approximately a 10-percent reduction. This represents the extreme hard work delivered as we were all elected to do. I am proud we worked together to get this done, although there is yet more work to be done.

ASSEMBLYWOMAN BUCKLEY:

I would echo Senator Horsford's remarks. I would like to thank all of our university staff who also worked many weekends to provide information for these budget numbers allowing us to make these determinations. I would also recognize the leadership at the universities. It is a tough time. The faculty have been wondering what would happen to them; students have wondered; and the administration has provided a steady, calm hand of leadership in these tough times. I am pleased we were able to reduce the Governor's proposal by nearly two-thirds. In K-12 education, when you add the direct ARRA funding, those cuts are also approximately two-thirds restored. We proposed the reductions

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because we know that Preschool through Grade 21, if we do not educate the children, we will not achieve anything as a State. If we do not focus on K-12 we do not produce the graduates for higher education. If we do not have higher educational opportunities for the youth when they graduate, we are failing them as a State and we are failing our economy because we will not have students trained to move our State forward.

I add my thanks to everyone on this Subcommittee because we have shown that as Republicans, Democrats, Senators or Assembly members, we believe you cannot improve in our State by decimating the educational system. I look forward to the next step in this process.

CHAIR ARBERRY:

I will relinquish the Chair to Assemblywoman Smith for the closing of the K-12 budgets.

CHAIR MATHEWS:

I want to thank Chair Arberry for his Chairmanship of today's meeting and his guidance and leadership on these important budgets.

CHAIR SMITH:

We will now consider closure for B/A 101-2615, the School Remediation Trust Fund.

NDE - School Remediation Trust Fund – Budget Page K-12 ED-22 (Volume I)
Budget Account 101-2615

There have been many discussions about this budget in prior Work Sessions.

JULIE WALLER (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I have provided the Subcommittee with the document titled, the Joint Subcommittee on K-12/Higher Education Closing List No. 4 ([Exhibit E](#)).

Budget Account 101-2615 is the Nevada Department of Education (NDE), School Remediation Trust Fund.

There is one major closing issue in this budget account. It is the Governor's recommendation for suspension of the programs for innovation and prevention of remediation. This would be a suspension for the 2009-2011 biennium resulting in a General Fund savings of approximately \$29.4 million each year. This innovation and remediation grant funding was listed as the NDE's second priority for restoration behind the restoration for basic support. At the Work Session meeting of March 25, 2009, the Subcommittee directed the NDE to work with the districts and prioritize the most important programs and develop a budget recommendation.

Page 3 of [Exhibit E](#) provides three options for the Subcommittee's consideration. Option No. 1(a) and Option 1(b) would provide a non-competitive grant to Title I eligible-but-not-served recipients at a poverty level of 40 percent or more for proposed grant funding of \$6.67 million annually. Option No. 1(b) would provide \$10 million annually in the

non-competitive grants. Option No. 2 would be a competitive grant to all schools, including State-sponsored charter schools, with a poverty level of 35 percent or more at a General Fund addback of \$11 million annually.

The decision today is whether or not the Subcommittee wishes to choose one of the recommended options on page 3 of [Exhibit E](#) which would provide \$6.67 million in each fiscal year in non-competitive grants; or \$10 million annually in non-competitive grant funding, or \$11 million in competitive grant funding. Option No. 3 would have the Subcommittee identify an alternative funding level to maintain the Innovation and Remediation Grant Program. The General Fund addback in that case would depend on the funding level. The Subcommittee could also approve the Governor's recommendation to suspend the Innovation and Remediation Program for the 2009-2011 biennium.

CHAIR SMITH:

I must admit we do not have the money to add money back into the Innovation and Remediation Trust Fund other than for the full-day kindergarten which is in the Governor's recommended budget. We have all heard the testimony that these grants are the single best things that have been done in educational funding in a long time and I believe that. The reality is we do not have funding available for this purpose. I would entertain a motion to temporarily suspend the funding, other than full-day kindergarten, in this account, including accepting Budget Amendment No. 6, with the salary adjustments of a 2-percent addback for the full-day kindergarten positions and technical adjustments.

SENATOR HORSFORD MOVED TO RECOMMEND TO THE FULL COMMITTEES TO TEMPORARILY SUSPEND THE INNOVATION AND REMEDIATION PROGRAM; TO APPROVE BUDGET AMENDMENT NO. 6, WITH THE SALARY ADJUSTMENTS; TO APPROVE FUNDING FOR FULL-DAY KINDERGARTEN; AND TO AUTHORIZE TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLYWOMAN GANSERT:

It is my understanding that although we are eliminating this Program, there is Title I funding available through the ARRA that may be used to replace some of what was used for the S.B. 404 of the 73rd Session funding to help some of the programs that have been established.

CHAIR SMITH:

There may be creative ways for schools to continue certain programs. We have already suggested the districts consider after-school programs in their Title I funding. I would suggest Dr. Keith Rheault, Superintendent of Public Instruction, attempt to locate competitive grants available through ARRA funding. I believe, because we have this Grant Program available, we are perfectly positioned to make the applications.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SMITH:

There is one other item for us to consider. When we discussed the Regional Professional Development Program (RPDP), I neglected to clarify in the funding that the \$100,000 each fiscal year, that has been available for administrator training, remains in the approved funding to allow administrator training to continue. We have heard rave reviews about the outcomes of the program. I assume the funds could be proportionately allocated by region. Is that sufficient information for Staff?

Ms. WALLER:

That will be sufficient.

ASSEMBLYMAN GRADY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO RETAIN THE \$100,000 EACH FISCAL YEAR FOR ADMINISTRATOR TRAINING IN THE RPDP BUDGET AND TO ALLOCATE IT PROPORTIONATELY BY REGION.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BUCKLEY WAS ABSENT FOR THE VOTE.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SMITH:

I would like to thank our wonderful Staff for their work on this complicated and arduous task to complete the K-12 budget recommendations.

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Seeing no further business to come before this Subcommittee, we are adjourned at 6:30 p.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Bernice Mathews, Chair

DATE: _____

Assemblyman Morse Arberry Jr., Chair

DATE: _____

Assemblywoman Debbie Smith, Chair

DATE: _____