

**MINUTES OF THE JOINT MEETING OF THE
SENATE COMMITTEE ON EDUCATION
AND THE ASSEMBLY COMMITTEE ON EDUCATION**

**Seventy-sixth Session
February 16, 2011**

The joint meeting of the Senate Committee on Education and the Assembly Committee on Education was called to order by Chair Mo Denis at 3:35 p.m. on Wednesday, February 16, 2011, in Room 1214 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, 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 COMMITTEE MEMBERS PRESENT:

Senator Moises (Mo) Denis, Chair
Senator Ruben J. Kihuen, Vice Chair
Senator Valerie Wiener
Senator Sheila Leslie
Senator Barbara K. Cegavske
Senator Don Gustavson
Senator Greg Brower

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblyman David P. Bobzien, Chair
Assemblywoman Marilyn Dondero Loop, Vice Chair
Assemblyman Paul Aizley
Assemblyman Elliot T. Anderson
Assemblywoman Olivia Diaz
Assemblywoman Lucy Flores
Assemblyman Harvey J. Munford
Assemblywoman Dina Neal
Assemblyman Ira Hansen
Assemblyman Randy Kirner
Assemblyman Richard McArthur
Assemblyman Lynn D. Stewart
Assemblywoman Melissa Woodbury

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COMMITTEE MEMBERS ABSENT:

Assemblywoman April Mastroluca (Excused)

STAFF MEMBERS PRESENT:

Mindy Martini, Policy Analyst
Pepper Sturm, Policy Analyst
Sandra Small, Committee Secretary

OTHERS PRESENT:

Daniel J. Klaich, Chancellor, Nevada System of Higher Education
Crystal Abba, Associate Vice Chancellor for Academic and Student Affairs,
Nevada System of Higher Education
Kyle E. N. George, Chair, Nevada Student Alliance; President, Graduate
Professional Student Association, University of Nevada, Las Vegas
Matt Smith, President, Graduate Student Association, University of Nevada,
Reno
Val Sharp, Vice President, Las Vegas City Employees' Association
Geoffrey Lawrence, Deputy Director of Policy, Nevada Policy Research Institute
Sebring Frehner, President, Nevada State Student Alliance, Nevada State
College

CHAIR DENIS:

The impact the Legislature has on higher education is primarily through the budget process. Due to constitutional restrictions and case law, the Legislature has a limited role in determining policy. Higher education is closely tied to Nevada's success in many policy areas, such as the energy, economic development and health-care professions. The Legislature and the Board of Regents are linked as partners in Nevada's future.

CHAIR BOBZIEN:

Higher education is important to Nevada's future success.

DANIEL J. KLAICH (Chancellor, Nevada System of Higher Education):

This morning's media reported University of Nevada, Las Vegas (UNLV) President Neal Smatresk's remarks on February 15, 2011, regarding a

Declaration of Financial Exigency made at a faculty Senate meeting at UNLV. James Dean Leavitt, Chairman, Board of Regents, indicated a Declaration is the last resort for the Board in dealing with the current budget crisis. Collaboration is a significant part of what we do in higher education. Dr. Smatresk was sending a message to his campus, which is entirely appropriate, that the cuts included in the *Executive Budget* could be realized at the end of this Session. If they are, there will be dramatic impacts on the campuses. To plan for those impacts, it is necessary to engage the faculty in the discussion of how those impacts would be felt and realized by the campus. The Board of Regents will be discussing the same on March 10 and 11, 2011. Dr. Smatresk's comments were appropriate and reasonably raised at this time. If we do not start discussions now, there will be little time to implement budget reductions.

ASSEMBLYWOMAN FLORES:

Would you describe a Declaration of Financial Exigency?

CHANCELLOR KLAICH:

A Declaration of Financial Exigency is made by the Board of Regents upon the recommendation of the Chancellor after consultation with campuses and faculty. Briefly, a Declaration means business rules are suspended; units can be terminated; tenured faculty can be terminated; colleges can be closed. More drastic measures than you would see under normal circumstances can be taken due to the lack of funding. A Declaration involves a significant look at where we are and our obligations, but it essentially means suspending the rules.

CHAIR BOBZIEN:

What does suspending the rules mean with respect to the higher education labor market? Our university instructors are currently looking for jobs in other states. Has a Declaration ever been declared? Is there any comparative history you can give us?

CHANCELLOR KLAICH:

Nevada has never made a Declaration of Financial Exigency. During the 1980s the Nevada System of Higher Education (NSHE) Code was amended by the Board of Regents to add provisions for a Declaration. All of us in Nevada, in this great depression, are being forced to make decisions we hoped we would never have to make. A Declaration would be a terrible black eye for our two universities and the Desert Research Institute which compete for the best

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talent in the Nation. A Declaration would decrease our ability to recruit the best faculty which in turn reduces our ability to recruit the best students. There is a cascading effect on the students. Recruiting and retention would become a serious problem.

CHAIR BOBZIEN:

Have other states made this sort of Declaration? What would be the national labor market dynamic?

CHANCELLOR KLAICH:

I will get information to Mindy Martini for the Committee. The Declaration was discussed in the 1980s on a limited basis with respect to the Desert Research Institute.

CRYSTAL ABBA (Associate Vice Chancellor for Academic and Student Affairs, Nevada System of Higher Education):

The Committee has received a copy of "The Millennium Scholarship and Investing in the Nevada System of Higher Education" ([Exhibit C](#)). This document describes the inception of the Millennium Scholarship by Governor Guinn who stated during his State of the State speech:

It is an idea whose effects transcend party lines, regional differences and social class. An idea that places at our door, this evening, the chance for all of us to do something truly heroic. To write a great and indelible change in the history of our state and in the lives of our children.

As of today, more than 65,000 Nevadans have received the Millennium Scholarship. Everyone in this room has probably known someone who has received the Scholarship. The Scholarship has impacted the college attendance rate as shown on page 5, [Exhibit C](#). After 2004, college enrollment declined due partially to the reduction in the real value of the Scholarship. Eligibility requirements for initial and continuing receipt of the Scholarship have changed over the years, pages 7 through 12, [Exhibit C](#). Concerns about the viability of the Scholarship have resulted in higher eligibility requirements. In fact, it is possible for a family to have children receiving the Scholarship under differing eligibility criteria.

Student eligibility information is transmitted from the high schools to the Office of the State Treasurer. There is no application process; a student simply activates the Scholarship, typically through a Website. There is a certification process in August by NSHE. The funds begin to be disbursed at the end of the summer into the fall.

The Scholarship has always been based on a per-credit value, page 13, [Exhibit C](#), with a 12-credit limit each semester. To collect the maximum \$10,000 Scholarship, at 12 credits per semester, it would take a student more than 4 years to graduate. When the Scholarship was first created, it covered the cost of tuition and fees. As tuition and registration fees have increased, the portion of total cost covered by the Scholarship has declined, page 15, [Exhibit C](#). The Scholarship does not cover room, board, food, books or other education costs.

Millennium scholars are better prepared than others when they enter Nevada institutions and do well while they are there. The recipients are less likely to require remediation and are more likely to continue their education, pages 16 and 17, [Exhibit C](#).

The Scholarship is funded by the Tobacco Master Settlement Agreement. The Scholarship has also received a transfer from the Fund for Unclaimed Property. To sustain the Scholarship through fiscal year 2016, Governor Sandoval has proposed a one-time \$10 million infusion and a continuation of \$7.6 million annually from the Fund for Unclaimed Property.

ASSEMBLYWOMAN NEAL:

Does the chart on page 6, [Exhibit C](#), address a change in initial or continuing eligibility requirements? Does the reduction in eligibility have anything to do with the proficiency pass rates or remedial requirements shown on page 15, [Exhibit C](#)?

MS. ABBA:

The chart on page 6 addresses initial eligibility. It is difficult to isolate factors impacting eligibility. High school proficiency has had an impact as has the value of the Scholarship.

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ASSEMBLYWOMAN FLORES:

What impact has the Scholarship had on students of color who tend to be underrepresented in higher education?

MS. ABBA:

That information is available; I will provide it to you. If you look at the NSHE institutions in terms of enrollment and the distribution by race and ethnicity, we track favorably for underrepresented students.

SENATOR BROWER:

Can the Scholarship be used by an eligible student to attend a school outside of Nevada?

MS. ABBA:

No. The graph on page 5, [Exhibit C](#), represents continuing students; it is separate from the Millennium Scholarship. The Scholarship may be used at private institutions in Nevada. The predominate use of the Scholarship is at public institutions.

SENATOR BROWER:

Unlike a typical prepaid tuition plan, including Nevada's plan which allows a student to take the funds and go to any school in the country, the Millennium Scholarship can only be used at Nevada schools.

MS. ABBA:

That is correct.

CHANCELLOR KLAICH:

The question has been, "What should we do with the Millennium Scholarship?" The answer is, "Please don't do anything." The Governor's recommendations, including use of the General Fund and the Fund for Unclaimed Property, fully fund the Scholarship for the current biennium. The relatively constant changing of eligibility requirements has been confusing to high school students and their families. Stability in this program is something we value and desire. The Committee may want to consider how we encourage students to graduate. There are a couple of things in the Scholarship which are disincentives: the limit on the number of credits and the decreasing reimbursed cost per credit. Both of

those could be policy decisions made by the Legislature and would increase attendance and increase graduation rates.

If you choose to make changes, pages 21 through 23, [Exhibit C](#), you could move to a need-based scholarship and base initial eligibility on financial aid criteria. These changes would be contrary to the initial intent expressed in the bills establishing the Scholarship. The Scholarship could be based upon academic record, class standing or a hybrid model. There are significant structural and administrative problems in administering a loan program. The NSHE and the Office of the State Treasurer are not set up to accommodate a loan program. There has been a high rate of default on student loans in Nevada. Determinations could be made based on the Free Application for Federal Student Aid (FAFSA). The Millennium Scholarship benefits, in a tremendous way, the public institutions of higher education in Nevada. The Scholarship is a creature of the Legislature, which determines criteria by which it is administered and offered to Nevada's students. The FAFSA is a challenging form. Many families will not fill it out even though we offer seminars on how to complete the form. The Legislature could use class standing; but that does not take into account differences among schools and, to some extent, academically advanced classes or schools in lower income areas. The Legislature could limit the Scholarship to specific disciplines. I would argue against that idea. I am a proponent of a broad-based liberal arts education and the ability to think critically. Narrowing a Scholarship to a class of degrees is probably not good for the long-term interests of Nevada. The use of standardized test scores, not currently used by the NSHE, would require changes in the way we admit students.

ASSEMBLYMAN MUNFORD:

Minority groups have benefitted from the Millennium Scholarship even though many minority students and their parents are unaware of the Scholarship. There should be some education regarding the Scholarship. School counselors should make certain the students are aware of the program. Many students even lobby for a higher grade to qualify for the Scholarship.

CHANCELLOR KLAICH:

You raise appropriate questions about cultural differences affecting application and continuation rates. Particularly within large populations of first-generation college students, we find cultural biases against filling out forms and misinformation leading some students and their families to not complete forms.

We also find cultural biases against borrowing. These things force NSHE to get deeper into middle and elementary schools to let families know why it is important to attend college and the options available. These biases are real; we work hard to overcome them.

MS. ABBA:

What Assemblyman Munford mentions goes far beyond the Millennium Scholarship. We know that low-income and first-generation students often do not have a parent to guide them through an intimidating, difficult and complex process. There are a number of campaigns throughout the NSHE intended to educate the students. We are doing our best.

ASSEMBLYWOMAN FLORES:

Has there been an effort to strengthen partnerships between higher education and kindergarten through twelfth grade (K-12)?

CHANCELLOR KLAICH:

We have started. We have talked about it for years. Now we need to do it. We have strengthened partnerships across the board with respect to our partners in K-12 education. There have been real efforts in the last two years to reach out in a meaningful way to underrepresented and low-income communities to determine a reason for the low continuation rates. This type of partnership, whether dual enrollment, advanced attainment classes or joint use of facilities, needs to be strengthened. We have done an inventory of what the individual campuses are doing. The inventory is impressive. One of the things we do not do as well as we should is information sharing to ensure the best practices are in place throughout the State. I will provide you with the details of the active current partnerships in place.

MS. ABBA:

For example, NSHE has established college readiness standards. This is particularly important to low-income, first-generation and minority students because it is a communication tool used to let students know exactly what course work they need to prepare for college.

CHANCELLOR KLAICH:

I do not think higher education is broken. We did not wake up on the first of January this year and decide we need to change in order to keep up with

national standards in higher education. We have a plan, which has been presented to the Board of Regents, that I would match up against any reform plan extant in the United States. It indicates exactly what we intend to do to move the NSHE forward. It is focused primarily on more graduates. The State needs more educated students in more diverse professions, not only baccalaureate degrees, master's degrees or doctorates; we need more associate degrees and certificates. We need people who are college and career ready. Every president in the NSHE has received a copy of the goals to increase the number of graduates. We are in a consortium of states looking at the best practices throughout the United States to determine why students are not progressing and what we can do immediately to increase the graduation rate. We are redesigning the remedial curriculum. We are looking at the elimination of low-yield programs. We are limiting the number of credits it takes to graduate to a flat number to avoid creep in the number it takes for a student to graduate. Every NSHE business practice is being looked at to find and reduce duplication. These actions are necessary to establish the trust of the Legislature. We are reforming higher education on a daily basis.

As we look at why this great depression in which we are mired has gripped Nevada so strongly and why it is going to take us longer to get out of it than many places in this country, we need to focus on why we do not have the educated populace or diverse economy that states moving out of the depression more quickly do have.

SENATOR KIHUEN:

How severe are the cuts on higher education as proposed in the Governor's budget, particularly with the larger institutions: UNLV, College of Southern Nevada (CSN) and University of Nevada, Reno (UNR)?

CHANCELLOR KLAICH:

As a result of the previous \$34.5 million budget cuts, programs and tenured faculty were eliminated. A list of the programs eliminated at the two universities and the number of students turned away at the community colleges could be provided to the Committee. The budget must be cut \$162 million between July 1, 2011 and June 30, 2013. Access to education will be limited. Institutions will shrink; some may disappear.

SENATOR KIHUEN:

How would the budget cuts impact economic diversification? There needs to be serious reforms. States, such as Colorado, have invested in education with proven results. Nevada will not have the well-trained and well-educated workforce needed to accomplish diversification.

CHANCELLOR KLAICH:

Limiting education and increasing diversification seem contradictory. There are things we can do better in the NSHE. We can work harder to graduate more students. We can align our goals better with the goals of business and the goals of the State. I do not understand how we can be a full partner in the diversification and revitalization of this State while cutting the budget by this amount. The Committee needs to be assured the NSHE is a wise and good steward of your money. We understand where trends of higher education are going in this country, and we are doing everything we can to reform the NSHE. You need to trust us to look at tough problems such as formula funding, tuition and fee policies, admission differentiation and guiding students to the proper institutions where they will thrive and serve this State. If you can come to the conclusion that we are doing that and doing it well, then the evidence is overwhelming that cutting higher education is the wrong medicine.

SENATOR CEGAVSKE:

Every session I have been here, we have asked for a reform plan. I have yet to see much from higher education. I would like to see a reform package, which you have indicated is available. Nevada has a less than 20 percent graduation rate from the NSHE.

CHANCELLOR KLAICH:

The 6-year graduation rate is about 40 percent in universities; the graduation rate is lower in the community colleges.

SENATOR CEGAVSKE:

This is a time when the State is at its lowest for funding. It is an opportunity to make improvements, review policy and look at reform as it has not been looked at before. The NSHE was asked to make cuts to its budget; instead it brought an increased budget. The NSHE has done that in several sessions. When NSHE speaks of cuts, it is speaking of cuts as a whole. People need to understand you have increased your budget. The State is unique in that the NSHE is

constitutionally its own entity. The State needs the NSHE to be a partner in making improvements and making drastic reform. The economy is where it is; we are not going to get out of this tomorrow. We need to be investing in our students. A graduation rate of 40 percent is not acceptable. The national graduation numbers are terrible. I hope your plan is to help the State reform. The Legislature has made suggestions over the years of ways to improve higher education. One of my biggest disappointments is that facility sharing has not happened at the level it should. Everyone wanted their own building. Capital improvement money provided to the NSHE has been astronomical. The money provided through taxpayer dollars has not resulted in a good percentage of success.

ASSEMBLYMAN ANDERSON:

At what level of tuition will students stop attending the universities?

CHANCELLOR KLAICH:

Even though tuition has been increased significantly over the last four years, Nevada is about 15 percent below the Western Interstate Commission for Higher Education (WICHE) median tuition. I do not think it is reasonable to balance this budget on the backs of students and their families; it is reasonable to ask them to participate.

CHAIR DENIS:

There have been some plans and innovations in the NSHE. It is frustrating when we want change, but do not provide the tools to make changes. This is a tough time. We all need to work together.

KYLE E. N. GEORGE (Chair, Nevada Student Alliance; President, Graduate and Professional Student Association, University of Nevada, Las Vegas):

I am working on a doctorate, majoring in chemistry, at UNLV. The Nevada Student Alliance (NSA) has provided the Committee with a copy of "Nevada Student Alliance" ([Exhibit D](#)). The NSA is a formal coalition of the ten student governments of the NSHE. The NSA is unique and diverse because it represents students across Nevada in schools specializing in a variety of postsecondary education, pages 2 through 6, [Exhibit D](#).

Students seek education for a variety of reasons including upward mobility, job training and retraining or a way to escape a life of crime, pages 7 through 15,

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[Exhibit D](#). Karen Levy, a UNLV alumna, has provided a statement ([Exhibit E](#)), describing the challenges she faced in achieving her educational goals. Those challenges included poverty, addiction and illness. Ms. Levy attended UNLV and is currently a medical student at the University of California San Diego.

ASSEMBLYWOMAN FLORES:

Do you know if Ms. Levy will return to Nevada with her medical degree?

MR. GEORGE:

She considers herself a native Las Vegas. I do not know her long-term plans.

SENATOR MUNFORD:

What is the percentage of inmates incarcerated who do not have a high school diploma? There is a connection between crime rates and dropout rates.

MR. GEORGE:

I can get that information to you. The number is high.

The question then is why we want to invest in education, pages 15 through 23, [Exhibit D](#). Education is an investment, not an expense. In 2002, according to the United States Census Bureau, 64 percent of the owners of respondent firms had at least some college education. College provides the basic skills necessary for managing a successful business. Communities with concentrations of knowledge-based jobs have done remarkably well in the past. In today's economy, nothing is recession proof. We cannot wait for the economy to turn around before making investments in high-technology research or industry. There is often a correlation made between tax climate and industries coming to a state. However, a Tax Foundation study shows little correlation between high-tech hubs and business-tax friendly states. Most high-tech hubs are centered near higher education facilities and top-tier research programs. My advisor came to UNLV from Germany with a \$30,000 start-up package. Our laboratory now holds over \$5 million worth of machinery and equipment. He was able to leverage that \$30,000 to receive several grants from the federal government. Research has great value to Nevada. The current national average for research and development expenditures is 2.7 percent of gross domestic product. Nevada currently is third from the bottom, funded at 0.6 percent.

Every time I come to Carson City to talk about budget cuts and NSHE funding, we have talked about shared sacrifice, pages 24 through 26, [Exhibit D](#). I have endorsed tuition and fee increases because it was necessary to keep the NSHE alive. A lot of fat, if there was any, has been trimmed away over the last few years. We are now at the point of discussing program elimination, college elimination and perhaps closing campuses. The impact of past budget cuts includes tuition increases—my tuition has gone up 63 percent from Spring 2007 to Spring 2011—enrollment caps, elimination of nonessential services, reduction in quality faculty, larger class sizes and reduced availability of classes needed for graduation. In a climate of high unemployment rates, where people are looking for job retraining, education is critical to the State's economic recovery.

Many low-income high school students do not prepare for college because they believe a postsecondary education is expensive and unaffordable, pages 27 through 32, [Exhibit D](#). In the past few years we have gone from largely grant-based to loan-based financial aid. There is not enough funding for the students eligible for financial aid. At times, students must decide between paying tuition or buying groceries.

As long as the discussion takes place in an environment where the revenue is constant, it is a false discussion. The NSA recommends, during this Legislative Session, you preserve the Millennium Scholarship, follow the Governor's recommendation allowing tuition to remain on campuses and explore creative, unusual or unpopular solutions to grow revenue and maintain funding to the NSHE.

ASSEMBLYWOMAN NEAL:

The Tax Foundation believes a tax system must promote economic growth and competition and that it is important to have a simple tax system. The State needs a significant education base to provide the appropriate skill sets for the industries we seek to attract. The debate exists about the manner in which we continue to fund during a recession and what a higher-education institution looks like within that context. If you have solutions, could you mention just one?

MR. GEORGE:

No, I do not have a solution. The nature of research says you cannot begin research on day 1 and go to industry on day 100. Our economic climate is a

short-term problem. The question is what will we look like when it does pass. At some point, we start cutting into the structure itself. At some point, there is nothing left to cut. If the NSHE collapses tomorrow, then we have gone too far. We need to grow our way out of this problem.

ASSEMBLYWOMAN NEAL:

This Committee has heard two diametrically opposed ideas; one is to cut funds, the other is to reform. Because of the low graduation rate, we have been looking for a change in behavior.

MR. GEORGE:

Sometimes we exchange cause and effect. The NSHE, even before the series of budget cuts, has been underfunded compared to peer institutions. Comparing UNLV with the University of California Berkeley, both WICHE institutions, is unfair. Berkeley is a well-established campus compared to the relatively young UNLV. Cutting funding will not improve graduation rates. Reform does not mean cutting; it could mean restructuring. There probably is a need for reform; there is always an opportunity to become better. How do we do so with increasing lack of support?

MATT SMITH (President, Graduate Student Association, University of Nevada, Reno):

I am a doctorate student in educational leadership with an emphasis in higher education administration. We talk about graduation rates being below the national average. We do not often talk about how much they have improved. The graduation rate at UNR is now at 50 percent; 10 years ago it was 30 percent. Budget cuts have reduced the support services put in place to help students persist and graduate. There is room for reform and room to align ourselves better with best practices.

VAL SHARP (Vice President, Las Vegas City Employees' Association):

Governor Pat Brown, California, believed it was cheaper to educate people than incarcerate them. You need to decide what programs you are going to have and fully fund them.

GEOFFREY LAWRENCE (Deputy Director of Policy, Nevada Policy Research Institute):

As a life-long student of Austrian economics, I have a unique perspective on some of these issues. The pursuit of academic achievement is a worthwhile effort that can lay a foundation for a vibrant economy. There are specific adverse impacts resulting from aggressive subsidization of higher education.

Higher education costs include the direct financial cost as well as the opportunity cost to the student had that person pursued other goals. There are a number of benefits accruing to individuals who chose to pursue higher education; the most obvious is the increased earning potential. There is an implicit satisfaction a student may gain from intellectual endeavors. When students are not sensitive to the full cost of obtaining a degree, they do not have to justify fully the costs to the benefits received. In strictly economic terms, this introduces inefficiency because the student's cost-benefit analysis has been manipulated. To the degree the cost of obtaining a degree is publicly subsidized, individuals becoming less sensitive to these costs are more likely to undertake efforts in which they would not otherwise engage. Some students with a marginal interest in attending college may decide to attend, but, as they do not face the costs directly, they take the effort less seriously using taxpayer resources ineffectively. Others, who do not have to justify the financial costs based upon an increased earning potential, may be more likely to pursue degrees for which there is not great demand in the labor market. Thousands of students graduate with four-year degrees in history, for instance, which does not add much value to a student's earning potential. Had the student been more sensitive to the cost of attaining a degree, he would have been more likely to pursue a degree with a higher demand, such as engineering or medical science.

A high degree of subsidization leads to a misdirected investment. Nevada's four-year universities have one of the lowest tuition rates in the Nation. Heavily subsidized public universities also affect a statistically regressive wealth transfer. Numerous studies show children from higher-income families are more likely to attend college than children from lower-income families despite the fact the poor are forced to pay the taxes funding subsidization. Taxes on consumption, such as the sales tax, have a statistically regressive impact. I sympathize with the idealism displayed by lawmakers who want to increase access to higher education for children from lower-income families. The current method of subsidizing entire institutions is ill-suited to achieve this end. A more

effective means of achieving this end would be to charge general tuition rates more closely reflecting market forces and provide need-based scholarships to qualified students whose family income falls below a certain threshold.

State allocations to NSHE operating funds account for less than half of its total operating budget. When we talk about funding cuts, we are talking about the State appropriation, not the impact on the total operating budget which skews the percentage and misrepresents what is really occurring. According to a report prepared by the NSHE staff, the total operating fund in fiscal year (FY) 2010 was \$1.724 billion; the State appropriation accounted for \$800 million. The NSHE's total operating budget increased by \$30 million between FY 2009 and FY 2010.

There are significant structural reforms to NSHE finance which would correct for the adverse impacts of aggressive subsidization. A recent policy analysis, "Better Budgeting for Better Results," highlights some of these ideas. Some of the proposals outlined by the Governor are a good first step in this direction.

SEBRING FREHNER (President, Nevada State Student Alliance, Nevada State College):

Recently I have become aware of a plan for effectiveness and efficiency brought forward by Chancellor Klaich. Under this plan, staff and administration will have their pay scale and retention based upon results.

There are certain things in higher education which can be addressed with cuts, such as not retaining teachers lacking ability. Programs not fully utilized or duplicate programs can be reduced. It costs money to provide resources required to increase graduation rates. This year Nevada State College will increase tuition to continue a program of free tutoring. This program has improved the retention rate over the last few years by approximately 20 percent. Complex problems require complex solutions in a bipartisan manner.

CHAIR DENIS:

Tanya Hayes, a statistics instructor at UNR, has provided written remarks for the Committee regarding budget cuts and the loss of her entire department ([Exhibit F](#)).

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There being no further business to come before this Committee, the meeting is adjourned at 5:42 p.m.

RESPECTFULLY SUBMITTED:

Sandra Small,
Committee Secretary

APPROVED BY:

Senator Mo Denis, Chair

DATE: _____

Assemblyman David P. Bobzien, Chair

DATE: _____

EXHIBITS

**Committee Name: Senate Committee on Education/Assembly
Committee on Education**

Date: February 16, 2011

Time of Meeting: 3:35 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Daniel Klaich Crystal Abba	The Millennium Scholarship and Investing in the Nevada System of Higher Education
	D	Kyle George	Nevada Student Alliance
	E	Karen Levy	Biography
	F	Tanja Hayes	Letter