

**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-sixth Session
March 22, 2011**

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 Steven A. Horsford at 8:09 a.m. on Tuesday, March 22, 2011, in Room 4100 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 SUBCOMMITTEE MEMBERS PRESENT:

Senator Steven A. Horsford, Chair
Senator Moises (Mo) Denis
Senator Barbara K. Cegavske
Senator Ben Kieckhefer

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Debbie Smith, Chair
Assemblyman Paul Aizley
Assemblyman Marcus L. Conklin
Assemblyman Tom Grady
Assemblyman Pat Hickey
Assemblywoman April Mastroluca
Assemblyman John Ocegüera

STAFF MEMBERS PRESENT:

Rex Goodman, Principal Deputy Fiscal Analyst
Alex Haartz, Program Analyst, Fiscal Analysis Division
Mark Krmpotic, Senate Fiscal Analyst
Wade Beavers, Committee Secretary

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OTHERS PRESENT:

Daniel J. Klaich, J.D., Chancellor, Nevada System of Higher Education
Andrew Clinger, Director, Department of Administration
Neil J. Smatresk, Ph.D., President, University of Nevada, Las Vegas
Milton D. Glick, Ph.D., President, University of Nevada, Reno
Lesley DiMare, Ph.D., Interim President, Nevada State College, Henderson
Michael D. Richards, Ph.D., President, College of Southern Nevada, Las Vegas
Carol A. Lucey, Ph.D., President, Western Nevada College, Carson City
Carl Diekhans, President, Great Basin College, Elko
Maria Sheehan, Ed.D., President, Truckee Meadows Community College, Reno
Stephen G. Wells, Ph.D., President, Desert Research Institute, Reno
Janet Murphy, Budget Analyst, Budget and Planning Division, Department of Administration
Thomas R. Baker, Chair, Advisory Committee, College of Cooperative Extension, University of Nevada, Reno
Sarah Mesereau-Adler, Advisory Committee, College of Cooperative Extension, University of Nevada, Reno
Erik Herzik, Chair, Department of Political Science, University of Nevada, Reno
Mark Nichols, Executive Director, National Association of Social Workers, Nevada Chapter
Kyle E. N. George, Chair, Nevada Student Alliance
Randy Robison, City of Mesquite
James Dean Leavitt, Chair, Board of Regents, Nevada System of Higher Education
James T. Richardson, J.D., Ph.D., Nevada Faculty Alliance

CHAIR HORSFORD:

I will open the hearing for the budgets within the Nevada System of Higher Education (NSHE). I will begin with a discussion of the property tax revenues that are proposed as General Fund replacements. Did the Board of Regents discuss the allocation of property tax at their most recent meeting? If so, what action or position did they take?

DANIEL J. KLAICH, J.D. (Chancellor, Nevada System of Higher Education):
At the most recent meeting of the Board of Regents, a number of items were deferred to the meeting of April 8, 2011, including the property tax revenue

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issue. The Board did not take a position. I met with the school presidents prior to the Board meeting. Had this issue come before the Board, the presidents and I were prepared to unanimously recommend that the property tax revenues flow through the General Fund for distribution to the State agencies. We would prefer this over having the money earmarked. If the money were to be earmarked, it would be our recommendation to the Board that all institutions and counties participate in the allocation of those funds.

CHAIR HORSFORD:

I would like to hear from Mr. Clinger on whether the Governor proposes that this money be funneled directly to NSHE or if he would prefer it go first through the General Fund.

ANDREW CLINGER (Director, Department of Administration):

At this point, our recommendation has not changed. I have not spoken to the Governor about this recently.

CHAIR HORSFORD:

Please follow up with him on this issue. He may be willing to look at a different approach.

What is the Administration's vision for future growth of property tax revenue? How will you handle this?

MR. CLINGER:

If this revenue source continues for NSHE, our recommendation is that the System keep any growth in revenue that might come in. There was a discussion at the last meeting about whether this would supplant State General Fund appropriations. Our recommendation is that, in the future, the State General Fund contribution should remain flat and not supplanted by growth. I am assuming that the NSHE's budgets will see increased need of funds in the future. The property tax revenue growth should cover a portion of that need.

CHAIR HORSFORD:

Beyond the biennium, is it your view that there will be no increase in basic support from the General Fund? Are you proposing that any increase to funding

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for NSHE in the future would have to come from growth in property tax revenue that is diverted from Clark and Washoe Counties?

MR. CLINGER:
That is correct.

CHAIR HORSFORD:
Have you had a chance to review other local government sources from counties besides Washoe and Clark County?

MR. CLINGER:
I have data on what a similar tax in other counties would generate. I do not have that with me this morning.

CHAIR HORSFORD:
Please provide that to the staff.

I would like to hear an update on what was discussed at the last meeting of the Board of Regents. I am interested in knowing what decisions were made and what those decisions mean for how you will approach proposed cuts.

MR. KLAICH:
At the special meeting of the Board of Regents on February 3, 2011, I was instructed to put together information concerning certain budgetary options and possible savings. Among the potential options were consolidations or mergers of campuses. Many other options were considered, including program closures, program duplications, satellite centers, leases and salary savings. We looked at the entire gamut of possibilities that were available to us.

At the Board meeting this past week, the discussion of the budget was dominated by the issue of campus closures or consolidations. We took a great deal of public testimony on this issue. Ultimately, the board determined, by an eight to five vote, that it would not consolidate or merge campuses at this time. The Board recognized the uncertainty in the budget and that this issue might have to be revisited later in the Session as the situation comes more into focus. As it stands now, the Board has decided not to merge three northern colleges into a single campus. They have decided not to merge the Desert Research

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Institute (DRI) into the two universities or to merge Nevada State College at Henderson (NSC) into the College of Southern Nevada (CSN) or the University of Nevada, Las Vegas (UNLV).

CHAIR HORSFORD:

Please explain what impacts these decisions will have on the rest of the programs and how the Governor's proposed cuts will be implemented.

MR. KLAICH:

Many options are still on the table. The presidents and I have much to discuss. We are pursuing a primary path of distributing the budget cuts in the fashion that the Governor recommended. This will largely involve a proportionate cut among the campuses. In addition, we are looking at any potential cost savings from all satellite and rural centers. We are considering savings that could be realized from adjusting leases of properties used by the Board. I have been having continuing discussions with the college presidents regarding potential cost saving collaborations in administrative services.

In general, we are looking at proportionate cuts across the instructional budgets of the eight institutions.

CHAIR HORSFORD:

Please elaborate on how that decision was reached. I would like to have a discussion on each institution regarding the impacts of this proposed approach.

MR. KLAICH:

Each institutional president has completed plans for budget cuts. These have been submitted to the Board and to the Subcommittee. In past cuts, the presidents have done their level best to protect the instructional function of the system. They have taken disproportionate cuts in administrative and student services in order to keep money in the classroom. This is no longer possible with the level of cuts they are facing today. At the two universities, you will see program closures, consolidations of colleges and elimination of degree programs.

At UNLV, the School of Social Work is proposed to be eliminated. There are 12 departments and 33 degree programs to be eliminated, affecting over

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2,000 students. At the University of Nevada, Reno (UNR), programs are being eliminated along with 215 positions, 137 of which are currently filled.

I should clarify the difference between filled and unfilled positions. When we discuss positions being eliminated, I do not want to give the impression that each one represents the termination of an employee. We have tried to make this distinction because hiring freezes have been imposed at virtually every institution. Some of these are vacancies that will simply be lost.

In addition, there are tutoring centers and student success centers that will be impacted at both universities. At UNR, there are approximately 175 majors and approximately 3,000 students involved in the programs that are being eliminated.

CHAIR HORSFORD:

Please restate the number of programs and the number of positions being affected at each university.

MR. KLAICH:

At UNLV, 33 degree programs will be eliminated as well as 305 positions. Of the 305 positions, 205 are filled and 120 are faculty.

CHAIR HORSFORD:

Of the nonfaculty positions proposed for elimination, how many are filled?

MR. KLAICH:

I do not have that information at this time. That information will be provided on a subsequent template.

CHAIR HORSFORD:

I would like to discuss the budget cuts for UNLV, budget account (B/A) 101-2987. What types of positions are included in the 185 nonfaculty positions proposed for elimination?

NSHE – University of Nevada – Las Vegas — Budget Page NSHE-52 (Volume I)
Budget Account 101-2987

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NEIL J. SMATRESK, PH.D. (President, University of Nevada, Las Vegas):
The types of nonfaculty positions being eliminated include a variety of academic support positions and positions in the other vice-presidential areas.

In our Student Affairs office, there will be a sizable loss of staff involved in orientation, registration and admissions. We will lose staffing in the Health and Wellness Center and grants processing division. We will lose staff in the Graduate College who process applications. These positions are core to the operation of the University. They help us accept, support and take care of students. The largest losses are in the office of the vice president for finance. We will lose facility maintenance personnel as well as human resource and campus planning functions.

CHAIR HORSFORD:
Are all of the 185 positions State-supported?

DR. SMATRESK:
What we have listed here are State-supported positions.

CHAIR HORSFORD:
I want to separate the student services positions from the facility maintenance positions. Please explain the academic support functions. How will the loss of these positions impact student performance?

DR. SMATRESK:
In all of these cuts, we have tried to minimize cuts that will affect the number of seats available in classes. Because of faculty losses, there will be 600 class sections eliminated, representing 18,000 seats. We have also tried to minimize cuts to the advising staff in the academic colleges. We know that there is a direct correlation between the availability of advising staff and the progress that students make towards their degrees.

In the area of student services, we have made cuts to counseling, the student health center, orientation services and students affairs programs. Many of these programs allow students to run activities and extramural events. These services build a campus atmosphere and develop a vibrant community. They encourage

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students to move through the degree process in a timely fashion. They build a sense of ownership of the campus by the students.

MR. KLAICH:

Each of the institutional presidents share Dr. Smatresk's evaluation of the student services issue. These are the programs through which the campus reaches individual students and is able to determine what each person needs to succeed. If moving students to graduation is important, these kinds of services are critical. It is important for the Subcommittee to know that these will be diminished. While we protect the instructional core, we will lose our ability to reach students through bridge programs, advising and retention efforts. We will not be able to maintain high graduation rates.

CHAIR HORSFORD:

The Governor has been concerned about the areas of human resources, facility management and maintenance. Has NSHE looked at consolidating these functions within institutions? If there will be major reductions, what efficiencies will result?

MR. KLAICH:

We continue to evaluate the potential for efficiencies. With the budget cuts that have occurred over the past two and one-half years, these administrative service areas have been disproportionately affected. There has been a forced efficiency effort on the campuses through these cuts in the past. The campuses have done an admirable job of doing more with less.

There are common services across the campuses. The Board has set up a standing committee to examine efficiency and effectiveness. It is chaired by Regent Jason Geddes from the north and Regent Kevin Page from the south. Bart Patterson, chief counsel and a key staff person to the standing committee, prepared an extensive memorandum to the Board on these exact efforts. The areas that he wanted to discuss included human resources, payroll and business centers. These areas will be systematically consolidated in every possible way on each campus.

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CHAIR HORSFORD:

I appreciate that there are strategies in place, but the Subcommittee would like to see more action and specific recommendations. We need the Board's approval so that we know where to direct the resources that we have. These decisions should not be delayed at Board meetings. If you have recommendations that would help centralize these functions, the Subcommittee needs to be made aware of them. We need to know where the Board stands and what the budget implications will be. This will help us address the decisions we need to make.

The Governor has expressed concern in this area and we could possibly make some improvements, thereby keeping resources for the students. Some of these costs, such as human resources and maintenance, are important. We need to look at different ways of providing them.

MR. KLAICH:

We will provide the full efficiency report that was compiled by the standing committee. It is likely that the Board will accept these recommendations because they have been pushing for these measures. We have also recommended that any savings that might be derived from these measures be passed to the instructional functions rather than reverted to the State.

CHAIR HORSFORD:

If we can identify these savings now, they will become a part of the budget process. It will factor into the overall decision making. We need this information as soon as possible.

Are the impacts that you are addressing for each of the institutions taking into account the Board's direction against consolidation and campus closures?

MR. KLAICH:

These budget impacts present the worst case scenarios should we take the full budget reductions as recommended by the Governor.

ASSEMBLYMAN CONKLIN:

Regarding the 18,000 seats that would be affected by the elimination of class sections, would these seats represent an amount of full-time equivalency (FTE)

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students being eliminated? Are there any federal funds associated with these costs?

DR. SMATRESK:

If you assume that 18,000 seats would have been filled by students taking a total of 15 hours a semester, and you divide that number by the 30 hours a student would take in a year, you would see an equivalent loss of 600 student FTEs. This impact would be in addition to the potential loss of the 2,000 students in the 33 programs that will be eliminated. These cuts could potentially impact somewhere between 2,500 and 3,000 students.

When we selected the programs for elimination, we had an understanding that a number of the students would be able to pursue other degree plans. We hope to see students involving themselves in other programs, but not all will be recoverable. We already have severe bottleneck problems for upper-division courses. The capacity to serve the 600 eliminated student FTE would primarily impact tenured faculty who primarily teach upper-division sections, because we can use part-time staff to teach lower-division classes. It will be extraordinarily difficult for students to finish in a timely fashion.

ASSEMBLYMAN CONKLIN:

You show that the nuclear medicine program will be affected by position eliminations. Nuclear medicine is used in a variety of high-level scanning techniques for cancer and other diseases. Is there any other location in Nevada where people can get training in this type of science? I am concerned that our hospitals will not have the technical expertise to use certain types of equipment. These eliminations will have an impact on our health care system.

DR. SMATRESK:

We have the top radiation chemistry program in the Country at UNLV. We are currently being consulted on the nuclear catastrophe in Japan. The nuclear medicine program is affiliated with that through student training. We see a relatively low number of students pass through this program, but the students who do pass through the program are of high quality, and pass their exams at a 100 percent rate.

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Eliminations in this department will have a relatively small impact in terms of numbers, but from a strategic perspective, it will be difficult. This is a small and expensive program. I view these cuts as a serious loss. None of the programs being affected are programs that I would willingly eliminate.

ASSEMBLYMAN CONKLIN:

You show that 77 graduate positions are proposed for elimination. Is this because the programs are going away or because you will no longer be able to fund them?

DR. SMATRESK:

Those positions are being eliminated for both of those reasons. When we eliminate a number of these programs, we are eliminating graduate positions as well. These cuts helped the vice president for research reach his target level of savings.

At both research institutions, graduate student education is the most expensive to offer. It also results in the highest monetary returns for the State. The loss of those 77 graduate positions will represent a significant cost.

ASSEMBLYMAN CONKLIN:

Are those positions only associated with department eliminations?

DR. SMATRESK:

The funding could be available for any program. There is a collective pot of funding for graduate students. As the money in that supply is reduced, we will graduate fewer students with advanced degrees.

ASSEMBLYMAN CONKLIN:

I want to emphasize this point. The report responding to question 7 in the information that has been provided to the Subcommittee ([Exhibit C](#)), was authored by a Ph.D. candidate at UNLV. The subject is price and income elasticity, and the report shows that the most important concerns for graduate students in choosing an institution revolve around access to assistantships. This type of access is more important than the price of the education itself. This is useful information in determining the potential long-term impacts to our university system as a result of these types of eliminations.

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SENATOR CEGAVSKE:

Does UNLV continue to operate a campus in Singapore?

DR. SMATRESK:

The Singapore campus is open. It is a self-funded operation. In its start-up years, it was a fairly marginal enterprise. It was funded by a generous grant from the government of Singapore. They now fund 200 full-tuition, nonresidential scholarships a year for Singaporean students to attend school on that campus. This has a sizable fiscal impact, and it is turning into a profitable campus. It also helps significantly in establishing an international reputation for UNLV. We receive calls almost weekly asking if we might share our program with other universities around the world.

SENATOR CEGAVSKE:

How do you budget for this campus? Is the money that is received from its operation included in the list of alternative funding sources for UNLV?

DR. SMATRESK:

It is listed as a self-funded enterprise. It is not included in the State budget.

SENATOR CEGAVSKE:

Do you include numbers from this campus in your total number of FTEs?

DR. SMATRESK:

We do not.

SENATOR CEGAVSKE:

There has been a great deal of discussion about the number of classes that will be eliminated and the difficulty students will have in graduating on time. I had two sons. One went to UNR and one went to UNLV. I recall that, in 2006, it was taking them longer to get their degrees because we could not get them signed up for the right classes. What is different between then and now? It seems that we are dealing with ongoing issues that are not necessarily related to the current revenue crisis. I would also like to ask the Chancellor what reforms you and the Board of Regents have brought forward. It is hard for me to consider funding when I know that we have not taken a substantial look at our colleges and universities. We need to change the way we educate.

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DR. SMATRESK:

At UNLV and UNR, it is difficult to manage high-level availability of upper-division electives for students. A large number of students are taking general-education classes which are often taught by part-time faculty. As we came into this set of budget cuts four years ago, we lost a significant number of part-time faculty. We are beginning to develop a higher level of full-time, tenure-earning faculty. This is how we will address the problem. Tenure-earning faculty teach upper-division electives, and we have used them to try to increase availability.

We identified every class section that was overenrolled and attempted to expand the numbers of sections offered. We were not always able to do so because some of them required very specific skill sets on the part of faculty, and our hiring was constrained. We had made this a top priority, and we were making progress in that area until now. The recent set of cuts have diminished our abilities in what was formerly a promising initiative. I have no higher priority than ensuring that students can move through the University in a timely fashion. If these cuts are sustained, we will maintain that priority for our students.

In some cases, there are so many students that we are not sure we will be able to continue to serve at the same level. In our business programs, it has proven difficult to provide all the necessary seats in upper-division units. Business faculty tend to be expensive and difficult to find.

We will continue working on the program with the resources that we have left. We have no higher calling than to make sure a student can graduate in four years if they stay in school, receive advising and continue to move through their curriculum. We have instituted a number of different advising programs that we hope will help students have fewer false starts to their education. We have a center devoted to academic success which matches career aspirations against curriculum.

We are trying to reform education and increase retention. Our retention rate has increased dramatically over the past four years. Our freshman retention rate should break 80 percent this year.

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CHAIR HORSFORD:

I would like to save the issue of reform until after we have discussed the impacts at each campus. We will then discuss the reform measures system wide.

SENATOR CEGAVSKE:

I would like to see data on the revenue for fiscal year (FY) 2011-2012 that is not controlled by the State. Could this money be used to fund student services?

CHAIR HORSFORD:

I would like to hold that discussion until later in the hearing as well, when we discuss the restriction placed on outside revenue sources throughout the system.

Please discuss the closure of the School of Social Work at UNLV. I have received many concerns about the listing of this program for closure, as it is nationally ranked.

DR. SMATRESK:

I have been in discussions with President Glick of UNR about where a school of social work might best be situated to support the State. We have sought mechanisms to help us achieve something similar to what was done with the community health program. In that case, we merged two small faculties and built a statewide program through a mix of classroom and distance education. It is my personal belief that a school of social work, and in particular any masters-level social work program, should be located in Las Vegas. I am committed to saving this program if possible.

As we were selecting programs, we looked at programs that had the highest costs for the fewest numbers of students in an attempt to preserve programs for larger numbers of students elsewhere. The School of Social Work made this list. President Glick and I will continue to discuss ways to preserve this service to the State.

CHAIR HORSFORD:

That cut is of great concern to me. We have significant demands in the social services field in this State. I would like to understand how you plan to preserve

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this service before I could support a proposal like this. There is significant enough demand that both universities should have social work programs. We are already suffering in this area. At UNLV you have a strong infrastructure for these programs, and it would be a shame to lose that.

DR. SMATRESK:

We will be happy to address any further questions you have about this proposal.

ASSEMBLYMAN AIZLEY:

Many of the students who testified yesterday were proud of being the first from their families to attend college. In looking at the campuses that are cutting counseling for first-generation students, it seems likely that you will lose a significant number of these. These cuts will affect the graduation rates.

Will students who are enrolled in the programs slated for elimination be allowed to complete their degrees?

DR. SMATRESK:

The accreditation agency requires that we give a reasonable period of time for students in a degree program to graduate from it before the program can be eliminated. The length of time is not defined. For many of our part-time students, a reasonable period of time for degree completion would be about three years. We estimate that we could spend between \$20 million and \$40 million in one-time appropriations to keep these programs operational for that period of time. This is money that we do not have.

Under the extraordinary circumstances we are facing, we would have to allow at least one year for completion before working with students individually to move them into other degree programs. We must present this to the accreditation agency to make sure that they would be amenable to that.

CHAIR HORSFORD:

I would like President Glick to discuss the budget cut scenario for UNR, B/A 101-2980.

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

Our first priority in making these cuts was to protect students and promote student success. Our second priority is to protect our research capability.

In the last biennium, we cut 23 degree programs. Those program reductions will begin July 1, 2011, as we had had obligations to the students and faculty to fulfill. In this cycle, we are cutting a smaller number of programs because of the cuts that were made last time. We have tried to coordinate with UNLV to assure that programs are not completely eliminated. We will lose approximately 215 jobs, 150 of which are currently filled. Of the 150, approximately one-half are faculty. Of the faculty, approximately 42 are academic faculty as opposed to administrative faculty.

Some of the largest reductions will come in the elimination of the bachelor's and master's degree programs in French. This major will be continued at UNLV. We will close our Department of Theater and Dance along with most of the administration offices for the School of the Arts. A theater and dance program will be maintained at UNLV. We also will close our Special Collections Department.

The Governor recommends that there be a reduction of about \$10 million for the School of Medicine, but we are planning to reduce that budget by only about \$3 million because of the importance of this program to the health of the State. We are asking that we be allowed to make the remainder of the approximately \$7 million of those cuts in other areas.

As with UNLV, we took the heaviest cuts on the administrative side of our operations. In many ways, the support structure cuts are more serious than the academic cuts. They preclude the academic units from doing their job.

The most visible cut to our budget is to the University of Nevada Cooperative Extension (UNCE) program. This is a disproportionately high cut. We will overmatch what the federal government requires by about \$1 million. We will keep all of our county extension educators and we will protect the 4-H program.

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We will downsize the Nevada Bureau of Mines and Geology and reorganize it into the Department of Geological Science and Engineering. We will maintain the statutory responsibilities of the Bureau.

I am concerned about the major cuts that will be made to student services. These are the offices that help people succeed. We are affecting approximately 175 majors and about 2,500 students.

SENATOR KIECKHEFER:

It appears that UNR was the only institution that did not include an offsetting fee or tuition increase as a component of its overall plan. Why was this not included? Do you have an estimate of how much a 10 percent to 13 percent increase in fees might generate for your University?

DR. GLICK:

We have planned on making a proposal to the Board of Regents for a 13 percent fee increase for each year of the biennium. This would generate approximately \$10 million in the second year. This would include a set-aside of 15 percent for financial aid. This should have been included in the report.

SENATOR KIECKHEFER:

Would the revenue generated by the fee increase offset some of these cuts or are they incorporated into these numbers?

DR. GLICK:

In the second year, we calculate our reduction to be approximately \$59 million. We calculate that, from the salary reduction recommended and from the fee increase, we will save about \$17 million. This leaves us with a hole of approximately \$42 million. We have presently recommended about \$25 million in reductions. This means that, if the Governor's budget holds in the second year, we will still have to find reductions of approximately \$15 million to \$17 million. We have already factored in a fee increase and a salary reduction and we still cannot meet the target.

CHAIR HORSFORD:

This is true for all campuses across the State. To the Chancellor, could you explain how, even with the proposed cuts, there is still a gap? How much

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money does this gap represent? The cuts that you are referencing today do not represent everything that will need to be done to fill the hole in the budget. We must consider what else is going to be cut that is not represented on these sheets.

ASSEMBLYWOMAN SMITH:

You mentioned that 2,500 students would be affected by the cuts to various degree programs. Do you have a total number of students who will be impacted by cuts to campus programs?

DR. GLICK:

The programs that are going away presently teach 2,500 students across 175 majors. Our full-time faculty, on average, are teaching 16 percent more students than they have taught in the past. Our goal is to protect class access even as we eliminate programs. We made the decision, in accordance with a strategic preservation plan, that we would rather eliminate entire departments than make cuts across the board, even though we will ultimately have to see a combination of both.

ASSEMBLYWOMAN SMITH:

I have many concerns about the cuts that have been made to maintenance across the Governor's budget. Please discuss the impact of maintenance cuts on your campus, particularly in regards to the upkeep of your older buildings.

DR. GLICK:

This is an issue of paying now versus paying later. Analyses show that our deferred maintenance needs on our campus total over \$350 million. This number is increasing.

In addition, UNLV has now reached an age where some of its buildings are falling into that deferred maintenance category. This is true of State buildings in general. This is a very serious issue.

Currently, we are only performing maintenance on urgent needs, rather than the kind of maintenance that we would like to be doing. We have always prided ourselves on the beauty of our campus. As we reduce our custodial, grounds and skilled labor staff, the campus will deteriorate. Our former library, the

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Noble H. Getchell Library, is sitting vacant on our campus because it would cost about \$10 million to bring it up to code. We have, however, chosen to make student achievement our priority, and this mandates reductions in all other areas.

ASSEMBLYWOMAN SMITH:

Do the UNCE cuts impact the counties' funding contributions?

DR. GLICK:

Because we are leaving an extension educator in every county and because we will leave a skeleton leadership staff, we can manage all of the county money. A great deal of the UNCE program is funded by the counties. It is the counties' decision whether they will maintain that funding. We hope that they will.

CHAIR HORSFORD:

Regarding the 93 faculty professional positions you mentioned, are they full-time or part-time?

DR. GLICK:

Those are full-time positions.

ASSEMBLYMAN GRADY:

We once had one of the world-renowned schools of mining. We now have the Nevada Bureau of Mines and Geology. At one time, our mining companies were putting a great deal of money into the funding for the school. In closing this, are we going to eliminate their funding requirements? They have done a significant amount over the many years to help the University and keep mining education alive in the State. This is necessary in helping industry in eastern Nevada.

DR. GLICK:

We are actually enhancing our training of miners, mining engineers and geologists, partly with our own money and partly with money contributed by the mining community. Two years ago, the Commission on Mineral Resources agreed to a \$2 dollar surcharge to each mining claim, generating approximately \$400,000 a year which goes directly into our mining engineering program. Our new director of the mining school is the former head of the Nevada Mining Association. He has been working with all of the major mining corporations to

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ensure that the reduction to the Nevada Bureau of Mines and Geology will not have a devastating impact. They have told us that they are more interested in helping us enhance our mining program and produce more mining engineers. This is one of the few positive developments that I can present today.

SENATOR CEGAVSKE:

Is UNR eliminating only full-time faculty and no part-time faculty?

DR. GLICK:

Of the list that we have provided, the eliminations come entirely from full-time positions. We fund our part-time faculty out of bulk budgets so there may be fewer of them. They are not listed when we talk about eliminating positions. Over the last few years, we have reduced our dependence on part-time faculty by increasing our teaching load for full-time faculty. We build the core of our institution around full-time faculty.

SENATOR CEGAVSKE:

Regarding numbers you have shown for reduced class offerings, I would like to see some additional data. The universities have had problems with class availability for years, and I would like to see a separation between what the system has historically been unable to achieve and what the additional impacts will be from the budget cuts.

CHAIR HORSFORD:

I will ask the school administrators to provide a response to that concern outside of the meeting. We are to discuss the budget as it stands now, and we do not have time to address problems from several years ago.

DR. GLICK:

I would be happy to provide a response to that question at a later time.

CHAIR HORSFORD:

We will move on to a discussion of the budget cuts for NSC, B/A 101-3005.

NSHE – Nevada State College at Henderson — Budget Page NSHE-103
(Volume I)
Budget Account 101-3005

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LESLEY DiMARE, PH.D. (Interim President, Nevada State College, Henderson):
We are cutting no programs in this biennium. In the last biennium, we cut 9 degree programs and 39 positions.

In this biennium, our budget reductions include cutting 32 total positions, 17 of which are currently filled. That number represents 25 percent of our total budgeted positions. They are broken down as follows: 13 are faculty, 15 are administrative faculty and 4 are classified. We cut a number of administrative positions during the last budget period.

We will restructure the current organization to drive efficiencies in cost savings. The academic senate and the executive budget committee which look at these matters will recommend restructuring within the institution. We think we can collapse some units and see some dollars saved there. We are still involved in that process.

We will implement a 25 percent reduction in operating budgets through a "zero-based" budgeting approach. Each unit is asked to start from zero and tell us what they need in terms of budgeting and operating expenses.

We will reduce all salaries by 5 percent per year. We will also propose a 10 percent student fee increase in each year over the next biennium. A survey of students indicated that many believe this is manageable. For the first year, that will give us approximately \$615,000 with about \$92,000 set aside. In the next year, we will receive about \$1.3 million, with approximately \$195,000 set aside.

At the moment, we have 128 budgeted positions. After 32 of these are cut, we will have a total of 96 faculty and staff to take care of 3,200 students and run 25 degree programs.

CHAIR HORSFORD:

You said nursing, biology and math will be the programs most adversely affected by the reductions. Please elaborate.

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MS. DIMARE:

We will not fill four of the temporary nursing faculty positions. We will not fill one of the biology positions and we will not fill one of the math positions. Those are all frozen. That is why they will see the most impact.

CHAIR HORSFORD:

What impact will this have on your already small staff?

MS. DIMARE:

Each faculty member teaches 12 credits a semester. That typically represents four 3-credit classes. You would have 24 course sections that would not be taught. That is a significant impact for us at a smaller institution.

ASSEMBLYMAN HICKEY:

You indicated that the 10 percent increase in fees was acceptable to the students you surveyed. What does that, on the average, amount to per year? What is the average cost of fees for a full-time student at NSC?

MS. DIMARE:

It depends on the number of credits a student is taking. Many students are taking 15 credits a semester. Typically, a student can take 15 credits for \$2,500, not including fees. We do not have many fees at this point as a young institution, so you can add 10 percent to that.

SENATOR KIECKHEFER:

What types of students are involved in the nursing, biology and math programs? What are their goals and what do they go on to do with the education they receive in those subject matters?

MS. DIMARE:

Most of those students are in biotechnology. They are going to work at labs, or they will be technicians. In math, typically, they will become math teachers. In nursing, typically, they will become nurses or go into some other health-related occupation.

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CHAIR HORSFORD:

I will now move on to a discussion of the proposed budget cuts for CSN, B/A 101-3011.

NSHE – College of Southern Nevada — Budget Page NSHE-93 (Volume I)
Budget Account 101-3011

MICHAEL D. RICHARDS, PH.D. (President, College of Southern Nevada, Las Vegas):
I would like to begin with two contextual statements. The first is that CSN has an equity problem of approximately \$20 million, representing a historic shortfall that has yet to be fully addressed. Secondly, in the past three years, we have experienced 18 percent in budget cuts with 12 percent enrollment growth. We are starting off at a different place from the universities. We are different from universities in that, instead of cutting programs, we are cutting access. This is the primary tool we have for responding to the budget reductions.

The *Executive Budget* recommendation, without additional revenues, would force us to close eight of nine learning centers. We would reduce our number of class sections by 28 percent. Typically, we offer 5,000 class sections a semester, meaning that 1,400 class sections would be cut. We are also projecting a loss of 6,400 FTE students, or 13,088 total students.

We have recommended to the Board of Regents, as part of our plan, a 13 percent fee and tuition increase in each year of the next biennium. That amounts to about \$18 per credit hour by the end of the biennium. As part of that, we would have a ten percent carve-out for financial aid.

If we were to receive approval for that fee increase, we would still have a gap of about \$15.7 million at the end of the biennium.

CHAIR HORSFORD:

Are you saying that, with all of those cuts, you would still have a \$15 million gap?

DR. RICHARDS:

It would be about \$15 million after the tuition and fee increase of 13 percent each year.

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CHAIR HORSFORD:

Would you still have this gap after eliminating 1,400 class sections and 6,400 FTE students?

DR. RICHARDS:

Our total gap is approximately \$26 million in the second year of the biennium, and if we receive authorization for that fee and tuition increase, that will cover about 47 percent of the cut. Our gap will be about \$15.7 million, and then we would make other reductions that would further affect access.

CHAIR HORSFORD:

I would also like to pose this question to the Chancellor. I do not understand why there is no plan that shows what all of the cuts would have to be under the Governor's recommendation. Why is there a gap at all?

DR. RICHARDS:

I would like to summarize the impacts and then address that question.

Overall, the impacts of these budget cuts mean that entire communities in southern Nevada will not have access to higher education. Neighborhoods within Las Vegas will not have access.

I have reported previously that, last fall, we turned away 5,294 students. Nearly 60 percent of those were first-generation students. We are already witnessing some downturn in our enrollment at CSN. We still have no solution to the equity problem.

CHAIR HORSFORD:

Have many total positions will be cut back?

DR. RICHARDS:

Currently, we are proposing cutting 15 administrative positions at our sites and centers. We would have 20 FTEs, mostly adjunct faculty, being cut. An additional 27 administrative faculty being would be cut, based on current information. We still have two investigatory processes under way at CSN. One is an academic program review process and the other is a noninstructional review process. This is an attempt to plan for the remaining cuts of about

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\$10.4 million necessary in the second year of the biennium. This will include additional position cuts.

CHAIR HORSFORD:
What about classified positions?

DR. RICHARDS:
Classified positions may be discussed in those noninstructional and academic review processes.

CHAIR HORSFORD:
Do you have numbers for that now?

DR. RICHARDS:
We do not.

CHAIR HORSFORD:
Please provide that information to the Subcommittee as it becomes available.

It seems that the classified employees are getting hit disproportionately hard by all of these budget cuts. More classified positions are being eliminated than nonclassified. They already took the furlough in the last biennium, while professional staff did not. This is not fair, and it should be addressed in this process.

You mentioned that you will close several learning centers, such as the William and Dorothy Raggio High Tech Center. What other program areas will be closed or reduced?

DR. RICHARDS:
We have, through normal processes, cut five programs at CSN. We have been concentrating on access, rather than programs, as that is our main function.

CHAIR HORSFORD:
Are you saying that, unlike the universities that are program-specific, you are simply going to deny enrollment based on available funding, and that is equivalent to 6,400 FTEs or 13,088 total students?

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DR. RICHARDS:

Out of the academic program review process and out of the noninstructional review process, there may be additional program cuts that are recommended, but our primary response is with access restrictions.

CHAIR HORSFORD:

Do you have program areas at CSN?

DR. RICHARDS:

Yes we do.

CHAIR HORSFORD:

Are you identifying any of those for elimination or reduction?

DR. RICHARDS:

We are in a process of reviewing our academic programs. We are also reviewing our noninstructional programs, and out of that process, in cooperation with our faculty, we may identify additional programs to reduce. Our approach has been to maintain our relatively basic curriculum, but to offer it to fewer people.

ASSEMBLYMAN CONKLIN:

I would like to add something that may provide clarification. The mission of our community colleges is not the same as the mission at our universities. For the most part, community colleges do not offer terminal degree programs. They serve as a stepping stone. With the exception of some certificate degree recipients, most people are going on to do something else. They are taking their core curriculum classes before going on to the university system or to a professional or technical university.

The largest expense for the community colleges is teacher salaries, and they are budgeted based on that. Students choose to go there because of the ease of access. When you start cutting the budget, access is the only option. They cannot get rid of buildings and so they must cut teaching hours.

CHAIR HORSFORD:

Dr. Richards, are you assuming the closure of the Lincoln County, Moapa, Green Valley, Mesquite, Boulder City, Summerlin, Western and Nellis sites?

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DR. RICHARDS:
Yes, we are.

CHAIR HORSFORD:
Do you have the cost for what it would take to mothball those facilities?

DR. RICHARDS:
I can provide that information to your staff.

CHAIR HORSFORD:
What is the SunGard Contract?

DR. RICHARDS:
The SunGard contract is a third-party contract vendor who provides our information technology support. We have a seven-year contract, with two years remaining. We have asked SunGard for a plan to reduce services by about 10 percent. We have outsourced those services.

ASSEMBLYWOMAN MASTROLUCA:
Regarding the satellite campus in Green Valley, have you had conversations with the Clark County School District (CCSD) concerning the closure? They hold classes during the day in that building. Are you able to help them make accommodations, if necessary?

DR. RICHARDS:
We have had conversations with CCSD on all three of the high-tech centers that are adjacent to high schools. During the day, they offer classes. During the afternoon and evening, we offer classes. That relationship has been reciprocal. We work with them on an annual basis to make that relationship operate as smoothly as possible. Under this plan, control of those three centers would revert back to the school district. The extent of that transfer has yet to be determined.

CHAIR HORSFORD:
We will now move on to a discussion of the budget cut proposal for Western Nevada College (WNC).

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NSHE – Western Nevada College — Budget Page NSHE-88 (Volume I)
Budget Account 101-3012

CAROL A. LUCEY, PH.D. (President, Western Nevada College, Carson City):

In the first year, we need to find about \$3.5 million. We will utilize a “zero-based” budgeting approach. In the past, we have cut our operating budgets by 10 percent to 20 percent to accommodate cuts. The current budget cut proposal will be much more difficult to handle.

We are telling our personnel in charge of budgets to assume that they have nothing, and then to figure out what they absolutely must have in order to continue to serve students. We are hoping to save about \$400,000 through that process.

In 2007, we froze all vacancies. We have held to that position for the past four years. We have, however, certain positions which we simply could not avoid filling because of institutional needs. Those positions were filled with temporary appointments. We have nearly \$1 million worth of temporary appointments on campus now. We have met with all the temporary employees and told them that they cannot expect contracts after July 1, 2011. This will affect 11 people.

Those positions were critical to our mission when we hired for them, and they are critical to our mission today. We will, if we are able, revisit some of those positions to see if we can continue to provide those services.

Among these positions is our assessment coordinator. In order to maintain our accreditation status in good standing, we need to have an assessment coordinator.

As has been discussed, the community college mission is access. As part of our cut, we will close all satellite centers. We have planned for that to be done in two groups. The first group includes our small rural sites in the communities of Fernley, Hawthorne, Lovelock, Smith Valley and Yerington.

We typically hold a number of advisory meetings in April. I will be speaking with all of the school superintendents, and we will begin to talk with community

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leaders to see whether there are possible ways to keep these operations open. My primary concern is for the high school students who have college aspirations. I want to find some way to provide them with an education in collaboration with our high school partners. As things stand now, however, these satellite centers will be closed.

The other two closures are proposed in Douglas County and Fallon. We have pushed those into the second year. They are far more complex issues, and involve far more students. We need to have some time to work on that problem with donors and community members who may be able to assist us in keeping those campuses operational.

We have two sets of vacancies. Some are the result of retirement and some are the result of resignations. Others have been maintained as vacancies. All of these positions will be lost and will now be counted as savings toward our budgetary goal.

ASSEMBLYMAN GRADY:

Are most of our rural campuses located at high schools?

DR. LUCEY:

Yes, they are all on high school property.

ASSEMBLYMAN GRADY:

These rural campuses have recently been utilizing distance education with great success. Do you feel that, by closing these campuses, you will lose the ability to connect with these students even though distance education is still available?

DR. LUCEY:

We hope that, through our conversations with local high schools, we will be able to provide interactive video for our high school students. Interactive video has been shown to produce acceptable retention rates among high school students. We want to avoid putting those students in online classroom situations, however. The strictly online experience is not, we have found, generally successful for very young college learners.

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We want to find some solution for our rural centers. The closures in our current plan all involve staffing. We will continue to deliver instruction via long-distance technology.

CHAIR HORSFORD:
What is your budget gap? Your target was about \$3.9 million.

DR. LUCEY:
Our target was approximately \$3.5 million. We stated that it would be close to \$3.9 million because we did not believe that we would maintain enrollment. We must be prepared for that.

There is no question that our mission will be severely impacted. Our mission is about access. This plan means we can no longer do business as usual.

We have a budget overload reduction of 15 percent in the first year and 10 percent in the second year. This will cause us to lose about 6,000 class seats over those 2 years.

There has been a lot of volunteerism at WNC, so we do not recoup a great deal of money from the 5 percent salary reduction. We do save some money on tenured faculty who did not have a 4.6 percent buyout, even though they taught extra sections. There will be the 0.4 percent difference between the 4.6 percent furlough impact and the 5 percent salary reduction.

The community colleges are also anticipating a 13 percent student fee increase.

In the second year, our curriculum and administrative review process will occur. That is when we will perform our program cuts.

CHAIR HORSFORD:
Have you identified what those program cuts would be?

DR. LUCEY:
We are currently engaged in a study. We know that we have a target of \$750,000. We want to do as little damage as possible to our instructional mission. We have lost many teachers and we do not want to lose any more

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than is absolutely necessary. We are examining the possibility of support reviews as well. Those will be provided to the Chancellor by next Monday.

CHAIR HORSFORD:

Are each of the community colleges undergoing a curriculum review assessment that will be part of a second fiscal year adoption of a plan? You have targets in your budget for goals that you have to achieve but you do not yet have the specifics of any curricular realignment or restructuring.

DR. LUCEY:

I cannot speak for my colleagues. I can only speak for WNC. We are undergoing a curriculum review, and we are examining some programs which do not generate acceptable graduation rates. We will target these in order to be in compliance with the overall direction coming from the State. We still need to study the data.

CHAIR HORSFORD:

Is this part of an overall system-wide review? What you do at WNC could impact Truckee Meadows Community College (TMCC) or Great Basin College (GBC). What CSN does could impact other institutions. Will this all, ultimately, get rolled up into a system-wide plan?

MR. KLAICH:

It will. The community college presidents meet with me monthly as a group and we discuss these issues. As they serve their individual communities, I would expect that these curricular reviews would be much more specifically tailored to their college and to their service areas than the reviews of the universities.

CHAIR HORSFORD:

They should be aligned with workforce and economic development goals.

MR. KLAICH:

That is the primary goal at the community colleges.

CHAIR HORSFORD:

Who is helping them determine how that is done?

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MR. KLAICH:

They each have advisory committees.

DR. LUCEY:

I have an advisory board in each of my seven community areas, and we work with them to determine what programs we can safely cut. There are conversations occurring between President Sheehan, President Diekhans, myself and our finance people on how to perform organized support reviews. These would, hopefully, save money by enabling us to operate more efficiently as a group.

CHAIR HORSFORD:

I respectfully disagree. I understand that the individual institutions are doing this on their own. Members of the private sector, however, tell me that it is not happening in any coordinated fashion. This is why there is an agreement between the Governor and Legislative leadership that we need to realign our economic development strategy with higher education. In particular, we need to reexamine the functions at each of the institutions. The work you are doing is important, but it may not be effective in relation to the private sector.

As you align your curriculum, make sure that it is based on workforce and economic development strategies.

There has not yet been agreement on what those strategies should be. This direction will come from discussions between the Commission on Economic Development and the Governor's Office. We may see a disconnect in the way these needs are communicated by the Governor or the Lieutenant Governor once they are determined.

I do not want to discount the efforts you have made. I would like to emphasize, however, the problem of the disconnect in communication. Institutions are making decisions, thinking that they are addressing a problem, when in reality they are disconnected from the source of direction. In this case, they should be taking direction from the private sector and the local employers.

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MR. KLAICH:

I agree. There are three entities involved in this process, the State, the private sector and NSHE. Part of our greater goal, as identified through discussions like those at the Nevada 2.0: New Economies for a Sustainable Future Conference, is to try to figure out how to align these. We believe that this is necessary. Until we can achieve a kind of three-way cooperation and determine what to focus on, there will be a disconnect.

CHAIR HORSFORD:

This relates to the reform issue Senator Cegavske was discussing earlier. We want to know more about the operational and administrative reform actions the System is taking. We also want to see more program alignment based on the economic development strategies of each region. Community colleges play an important role in advancing these goals, especially now, in their ability to train and retrain a workforce. We are seeing greater skill gaps, meaning we must do things differently from the way we have done them before.

We will discuss this further. I want to make sure that the institutions have some clear direction when realigning their curricula.

MR. KLAICH:

I would like to add to Assemblyman Conklin's comments about the mission of community colleges. A portion of the mission of community colleges is to provide pathways to credit transfer or associates degrees. Their mission also includes a workforce development component which I do not believe has been emphasized by the presidents today. They are cutting back in those areas.

Most Nevadans agree that getting our friends and neighbors back to work is an important step. We want to be partners in that.

ASSEMBLYMAN HICKEY:

I should disclose that I am a part-time faculty member at WNC. I will either voluntarily or otherwise participate in those salary reductions and I will be happy to do so.

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DR. LUCEY:

I am proud of the College's support of rural communities with the Specialty Crop Institute and the manufacturer's certification program that we conduct with our manufacturing community in Carson City.

I understand the concern that we need to look for ways to partner with our fellow community colleges to more broadly define the ways that we can assist economic development. We are all looking for a way to do that, but we are community based. If the Carson Valley needs manufacturing support, we provide it. If the Fallon area needs agricultural support, we provide it. This is not to say that your point is not well taken.

CHAIR HORSFORD:

We will move on to a discussion of the budget cuts for GBC, B/A 101-2994.

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

CARL DIEKHANS (President, Great Basin College, Elko):

In the three years previous, GBC has seen an enrollment increase of approximately 9 percent in FTE students. This spring, due to the cuts we made for this biennium, we have on record a little more than 1,500 failed registrations. This is equivalent to about 70 sections, or about 1,200 seats.

In the spring, we saw a decline in enrollment. We attribute that to the cuts that we have already made and the limitations that have been placed on some of the programs.

For FY 2011-2012, our target for cuts is about \$2.6 million. There will be horizontal cuts for FY 2011-2012, but there will be no vertical cuts. There are 17 positions that would be eliminated. Many of these would come in the form of buyouts, retirements and vacancies. They range from a director of human resources position to custodial positions. Seven instructional positions will be lost. This represents another 70 sections, or approximately 1,200 seats. This would probably result in a loss of an additional 60 to 75 FTE students.

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Approximately \$1 million of the \$2.6 million in cuts will come from operating and equipment purchases and leases. We will reduce the part-time salaries by about \$100,000.

When we developed our plan, we had anticipated a 10 percent increase in student fees. That would generate about \$250,000. There may be a drop in this number, so, accounting for elasticity, we might net about \$200,000.

For FY 2012-2013, we are currently anticipating some retirements, vacancies, buyouts and resignations. This will account for ten positions.

We will need to either eliminate or reduce services by about 16 positions. This will affect the student services centers, administrative functions, academic support and operations and maintenance. Through a curricular review that is currently underway, we will identify three to five additional programs to be eliminated or reduced.

I should reiterate that the 10 percent increase in fees for the second year would generate, over two years, about \$500,000 in growth. We would reserve 15 percent of those student fees for financial aid.

CHAIR HORSFORD:

Please elaborate on the specific program offerings that would be impacted.

MR. DIEKHANS:

In FY 2011-2012, the seven faculty positions that will be lost are in mathematics, art, English, life science, business, nursing and industrial millwright. In FY 2012-2013, we will lose six temporary positions in business, history, psychology, biology, computing and diesel. We have several retirements in our criminal justice department and another one in nursing. Two classified positions are proposed for elimination.

Of the ten administrative support positions that will be eliminated in FY 2011-2012, six are professional and four are classified.

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ASSEMBLYWOMAN SMITH:

At the beginning of your remarks, you discussed the number of FTEs and seats that will be affected. In total, how many students do you think will not have access to programs because of these cuts?

MR. DIEKHANS:

We have seen 1,500 failed registrations. We compute that to represent about 500 students who tried to get into a class and could not.

ASSEMBLYWOMAN SMITH:

Please describe failed registrations.

MR. DIEKHANS:

This is just the number that we know about. There are many cases where people log on to the Internet or the Website and they see that the class they want is full and they do not sign up. The 1,500 failed registrations in the spring represent students who put their name on a waiting list and did not get into the class or classes that they wanted. We estimate that this represents about 500 students. There are more that we do not know about who did not put their names on a waiting list.

ASSEMBLYWOMAN SMITH:

How many students do you think would be affected in total?

MR. DIEKHANS:

For the first year, it would probably be equivalent to about 500 students. In the second year, depending on whether we would have to initiate vertical cuts and close centers, we would be talking about a larger number. If GBC closed all of its centers outside of Elko, as has been proposed, it would affect almost one-third of our full-time equivalent, or 1,200 to 1,300 students.

ASSEMBLYWOMAN SMITH:

Where are those centers located?

MR. DIEKHANS:

We maintain centers in Winnemucca, Ely, Battle Mountain and Pahrump. We use an extensive interactive video system. We own and operate 38 interactive

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sites throughout our six-county, 62,000 mile service area. We also have another 20 interactive sites that are in the high schools within that area.

The other major loss in closing centers would be for our dual credit programs. Great Basin College offers an extensive amount of dual credit with each of the six school districts we deal with, and many of those students would lose access.

ASSEMBLYWOMAN SMITH:

You are in a different situation in Elko, as the economy is stronger there than in the rest of the State. In terms of economic development and the needs of your particular community, how do you continue to serve Elko in the face of these cuts?

MR. DIEKHANS:

We have not made significant cuts to our career and technical education programs. In the curricular review, they would not be identified for reduction because there are a lot of students in those programs. We work closely with some of the mines and vendors, and they have been generous in providing funding for faculty now and then.

If the second year cuts, which total about \$4.7 million for GBC, are sustained, it would seriously impact our ability to help train students.

ASSEMBLYWOMAN SMITH:

Please provide some information about the type of private funding you are receiving to keep those programs going.

MR. DIEKHANS:

I would be happy to do that.

CHAIR HORSFORD:

We will now move on to a discussion of the cuts proposed for TMCC.

NSHE — Truckee Meadows Community College — Budget Page NSHE-98
(Volume I)

Budget Account 101-3018

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MARIA SHEEHAN, ED.D. (President, Truckee Meadows Community College, Reno):
In the last biennium, TMCC sustained an 8.4 percent reduction totaling about \$7.5 million while simultaneously enjoying an 8 percent enrollment increase. We achieved that by reducing the number of school divisions we have from five to two and one-half, and by collapsing critical positions. We merged the vice president of student services and vice president of instruction into a single position. We have frozen positions. We have not hired a single tenure-track faculty member.

For the current biennium, our objective is to achieve a 28.9 percent reduction of our approximately \$35 million budget. We hope to see a total reduction of about \$10.3 million. For FY 2011-2012, that would be about \$5.8 million and for FY 2012-2013 it would be approximately \$4.4 million.

In achieving this kind of reduction, we have very few options as a community college that would not reduce access. We know the target we have to achieve in terms of instruction which is about \$1 million each year. We know exactly how many sections will be impacted and exactly how many part-time faculty will be impacted. We are very close to having an estimate for the number of students who will be impacted. At this time, we estimate this number to be about 6,000 per year. Currently, TMCC serves about 20,000 students in a single year.

We show that 435 courses will be eliminated, impacting 217 part-time faculty members. This is on the credit side. We will eliminate 30 positions. Between six and eight full-time faculty positions are included in that total, and the rest are nonfaculty.

We anticipate reducing our nursing program by one cohort, or one-third. We take three cohorts per year and we will now be taking two cohorts per year. This will save about \$200,000.

We are discussing reducing the number of students that enter our dental hygiene program, our dental assistant program, our radiology technology program and our vet tech program. We are considering a collaboration with CSN. Our program would fold and become a CSN program. That would be a

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substantial savings as well. There are many logistics considerations to be taken when planning that kind of consolidation, so this is still a work in progress.

Our budget is built on an expectation of a fee increase of 13 percent per year in FY 2011-2012 and FY 2012-2013. We have a 15 percent financial aid carve-out.

ASSEMBLYWOMAN SMITH:

I notice that, in your workforce development impacts, you are reducing or eliminating construction-related programs. How does that relate to the apprenticeship programs that use your campus for their trainings?

DR. SHEEHAN:

Are you referring to our community education programs?

ASSEMBLYWOMAN SMITH:

On the list that you submitted for the workforce development impacts, you listed nursing, allied health and first responders, and then you had applied industrial as one of the program cuts. I would like to know if this will affect the apprenticeship programs.

DR. SHEEHAN:

We are not looking to make reductions to the apprenticeship programs at this time.

ASSEMBLYWOMAN SMITH:

Are they a part of this applied industrial program?

DR. SHEEHAN:

They are not.

We are discussing the possibility of putting some developmental programs on self-support and moving some courses into a fee-based structure. We will eliminate all of our personal interest or personal enrichment courses as well as our community education. We will divert any resources we have to workforce development.

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ASSEMBLYWOMAN SMITH:

How does this affect your relationship with the Washoe County School District? Will this impact the high school that is on your campus or any of your satellite programs?

DR. SHEEHAN:

We are continuing a very close relationship with Washoe County School District. There are no reductions planned for TMCC High School which resides at our Dandini Campus.

CHAIR HORSFORD:

We will now move on to a discussion of the budget cut proposals for DRI.

NSHE – Desert Research Institute — Budget Page NSHE-78 (Volume I)
Budget Account 101-3010

STEPHEN G. WELLS, PH.D. (President, Desert Research Institute, Reno):

The gap that we have in our budget, for the biennium, is a little over \$2 million. By the end of FY 2012-2013, DRI will have made a total reduction to its budget of 40 percent.

For the next biennium, our plans to address that gap include the return of two State-funded initiatives. One is our applied research initiative that we use to leverage renewable energy projects and other forms of private and federal money. It is something that was started years ago, and it has been effective. We have a leveraging factor of about 7 to 1 on that program.

The other State funding that would be returned is the Truckee River Fund. This is a monitoring program that DRI has had for the Truckee River for most of the history of DRI. It totals about \$105,000 a year, and it allows us to leverage other funds on a scale of 2 to 1.

Those two sources of money would be returned, impacting our ability to leverage our research initiatives.

In other areas, there will be reductions in services required to lead to innovation and to provide for our faculty. We will see reductions to the research support

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library and to administrative support. Very much like student services, DRI's administration and research support provide the services for our faculty to facilitate successful grants and contracts. In that area, we will reduce the research support which would include nine full-time and one half-time State-funded positions. The library will see a reduction of about \$329,000, and administration will see a reduction totaling just over \$400,000. This will eliminate five State-funded positions.

Of the 580 full- and part-time employees at DRI, about 58 are funded by the State. We will be giving back close to 30 percent of the funds that support our State-funded positions at DRI.

ASSEMBLYWOMAN SMITH:

I continue to be worried about the impact on your staff. You have testified that you are losing staff and that staff are looking to leave. You have had more of a problem with this than other institutions have. It is critical to retain researchers. Please give us an update on those conditions.

DR. WELLS:

By the end of June 2011, we will have lost 23 research faculty to out-of-state positions. This is because of the concerns they have for the State's interest in investing in higher education and research and development. They are easy targets, not only at DRI but at the two universities. Employers can come in from the outside and offer them a nice package in a state that might have a clearer direction.

We want to have the ability to service those faculty. We must provide them with new laboratories, new equipment and opportunities for bringing in new projects. These projects have served the State well. We have doubled our research budget over the past fifteen years. For every State dollar we receive, we bring in about \$4 to \$5 of direct funds. That is a remarkable effort. Those funds all go to faculty, who then hire other staff.

One faculty member at DRI, over her career, has brought in about \$46 million. She hires about 24 people with the money that we can direct back through our overhead. We use the State money to help offset that so that we can reinvest in our faculty. It has been a very successful program for the State.

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It is important to believe that there is a future for research and development and higher education in this State.

ASSEMBLYWOMAN SMITH:
How are your recruiting efforts going?

DR. WELLS:
I will know soon. We are in the process of recruiting. It is not an easy process. We have to be honest with people about where the State is financially, but we also try to present the positive aspects of what we have at our institution. We are now searching for a major administrator to replace the lead of our atmospheric science division. That will be an interesting test of what people think from outside the State.

ASSEMBLYWOMAN SMITH:
There has been discussion about consolidating DRI with the university. What is your response on that subject?

DR. WELLS:
As I had testified before the Board of Regents, I believe that the missions are significantly different. Our business model is profoundly different.

I mean no disrespect to the universities, but we simply operate differently and offer our faculty different things. Because they do not have tenure, they need different types of security for their own investment in their future. We are as successful in our way as the universities are successful in their way.

I am opposed to consolidation because I believe it would destroy the essence of what DRI is. It is an experiment in which the Legislators invested in 1959. It was part of UNR for about ten years before it separated, and it has been successful since then.

ASSEMBLYMAN HICKEY:
What percentage of the State's contribution makes up your overall budget once you have brought in all of the research dollars and federal money?

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DR. WELLS:

The total budget is about \$54 million. Right now, approximately \$8.2 million of this comes from the State. The rest we bring in off of contracts and grant services, investment income and gifts.

Since 1991, the total amount of operating funds that we have received has varied from about 0.9 percent to 1 percent of the total NSHE budget. For our budget, it represents between 15 percent and 17 percent of the total.

ASSEMBLYMAN CONKLIN:

Please elaborate on that point. Like most nonprofits, you have a pot of money that represents your unrestricted cash. That is in contrast to the federal grants or private funding which are usually restricted to certain research programs. What impact does that State-funded money have on the operation of your business? I would assume that the other \$48 million is restricted.

DR. WELLS:

That is correct. On all of our contracts and grants there is an overhead. That overhead is negotiated with the federal government to define what types of operation costs it can cover. Part of that then comes back as research and development investment.

Out of the \$8.2 million, there is about \$2 million for direct operation and management, and roughly \$6 million for administrative and research support staff. That allows us to use that indirect cost, the overhead we get on the contracts and grants, to reinvest in faculty. This is why we have been successful. This gives us the opportunity to hire a new person and give them a start-up package and a lab.

This provides large amounts of return. We have four examples that we have been promoting. In each, we invested something less than \$200,000 and brought in between \$5 million and \$46 million dollars.

The State funding is critical. It allows us to reinvest in innovation and in the success of our faculty.

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ASSEMBLYMAN CONKLIN:

Do you expect that an approximate \$2 million cut from those funds would impact your ability to garner grants and research dollars going forward?

DR. WELLS:

It will undoubtedly impact those abilities.

CHAIR HORSFORD:

I would now like to direct some questions to Chancellor Klaich.

Why are we only focused on part of the problem and not all of the problem? I would like to have a discussion on whether the vertical impact of these programs might be understated. What happens when, and if, the Governor's budget is adopted? What will be the full effect of that?

MR. KLAICH:

It will be difficult to provide you with a satisfactory answer to these questions.

With the two universities in particular, we have not gotten far enough into the process to identify the additional programs that will be required to be cut. You have heard both Dr. Glick and Dr. Smatresk provide the numbers of programs, faculty, positions and students that will be impacted. We do not have any more options at the universities except to cut more programs or to go through with college consolidations and closures.

CHAIR HORSFORD:

That is not a very good answer. We are in week seven, and we are still talking about hypothetical situations.

SENATOR KIECKHEFER:

Why was the decision made by the Board of Regents not to explore consolidations or closures when you are unable to come up with a plan to deal with the overall cut?

CHAIR HORSFORD:

This Subcommittee needs a three-point plan from NSHE by April 5, 2011.

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I would like you to prepare a concise template that includes a narrative of what the impacts are by program area, with specific information that is in the same format for every institution so that we can see the consistencies among all of them. If there is some nuance at a particular campus, or at DRI, that should be provided.

I would like to ask that you prepare two plans. One will be based on an approach whereby you would take all of the Governor's recommended cuts and you would identify academic program areas by institution that would be reduced or impacted. The lists for UNR and UNLV will be longer than they are today. We need to understand that full impact. The impact at the community colleges will be greater. You will have more students added to that list than you currently have projected. We would like to understand the full impact based on the Governor's recommendation, taking into account, as you have, salary and tuition, based on the Board's direction.

A second scenario would be an approach whereby you look at consolidation or closures of specific facilities in order to minimize overall academic program areas based on fully implementing the Governor's recommendation.

That plan should identify those areas where consolidation or closure could occur in order to minimize that overall impact to academic areas.

MR. KLAICH:

I will work with the presidents to present that information. I would also like to have the opportunity, when that information is returned, to present with it information from the institutions and presidents impacted. I would like to give them the opportunity to say why the scenario might not be a good idea. This would give you the full impact and the ability to weigh that information as the Board has.

CHAIR HORSFORD:

I see these as side by side. We can evaluate the pros and cons of each scenario, but we need an accurate comparison. There may be a third scenario that you can identify, but I know that these are two that the Board has discussed.

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In addition to those two areas, I would also like to request a reform plan on administrative or operational functions, including those identified within human resources, facilities and grounds management. I would like to see a plan in which you identify, through system review, where there can be cooperation among the institutions to create those cost-savings, thereby preserving impact to the academic areas.

If something drives a budget reduction now, we need to know that in time to evaluate against the scenarios for the first part of the plan.

This will concern operational and administrative areas. This is where the Governor has said he has an issue. He believes that there is duplication and that there are areas that could be better streamlined. If you can identify cost savings through this approach, and tell us what it would take to implement, then we could examine it.

The third component would be the academic curricular review. I understand what you are doing at the community college level. I assume there is a similar process happening at the research institutions. I would like to ask that they be reviewed specifically based on how they are aligned to the regional economic development efforts.

You may not know which sectors, or what specific industries, to relate the curriculum to because that has not yet been determined. At a minimum, however, the review should be conducted with reference to which sectors or industries are currently serviced and how they will be impacted.

I would like this information to be compiled and reviewed by the Board of Regents before submittal to my staff by April 5, 2011. We need to digest this information by the time of our subcommittee hearings in mid-April so that we can make decisions. We need to decide which parts of the budget should stand and which should not. Having the level of detail I have described would be a great help.

MR. KLAICH:
I will do that.

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You mentioned the curricular review process. When we describe our areas of reform, I would like to include curricular reform and changes to the way we offer classes and to the basic funding mechanisms, in addition to the financial reform.

I think we can present the total package in order to show that we understand the issues of reform raised by Senator Cegavske.

CHAIR HORSFORD:

This is my way of trying to come up with a distilled plan that would focus our discussion in a way that allows us to get the information that we need to make these decisions. If there are other ideas or suggestions, I would be open to hearing those.

ASSEMBLYMAN HICKEY:

An opinion piece by Glen Cook was recently published in the *Las Vegas Review-Journal* that made some points salient to this discussion. I would ask that Mr. Klaich review that in consideration of this upcoming report.

MR. KLAICH:

I have read Mr. Cook's column.

ASSEMBLYMAN AIZLEY:

I am not sure that the comparison will fully explain the relationship between the research universities and the workforce. The very nature of research is that you do not know what the results will be until the work is done. I do not see how that will fit into your comparison.

MR. KLAICH:

I am not going to disagree with you, but this is an issue where the system has been out in front.

Much discussion has been had on this issue. We had the Nevada 2.0 Conference at UNLV. We have talked about what has been done in Utah with their research capabilities. Going back to last summer, the institutional presidents have been talking about an alliance with business and an alliance with the State. That is something that we would very much like to

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pursue because it potentially impacts economic diversification and, ultimately, business creation.

ASSEMBLYMAN AIZLEY:

It is in the area of business creation that it becomes difficult to make comparisons because that business development does not exist yet.

MR. KLAICH:

I completely agree.

I would be remiss if I did not indicate that the Subcommittee has directed me to undertake an analysis that is contrary to the direction of the Board of Regents. I understand the directions of the Subcommittee. I will work with the Board, and I will work with the presidents to bring back the information that you have requested. This would ultimately require some discussion between the Subcommittee and the Board. I want to be sure that I understand your directions.

CHAIR HORSFORD:

With the Chairman of the Board here, I would like to make a point. You presented the Board with the same information that we have been presented to us. It does not show the full impact of the Governor's recommended budget. The Board needs to evaluate, prior to us receiving that information, those two scenarios, and decide, as a Board, how they want to proceed, by the deadline of April 5, 2011.

We need to understand the full impact. No new revenues are identified, and so, as it stands, the Governor's recommended budget is what you must work with. We need to understand the full plan for how you would implement it.

Please discuss the details of this report with my staff and answer any questions that they might have. We need the plan back by April 5, 2011.

MR. KLAICH:

We will have those talks with your staff before we leave Carson City.

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CHAIR HORSFORD:

Has the Board taken a position on the weighted average issue?

MR. KLAICH:

The Board of Regents has taken the position that the utilization of the weighted average does not comport with the reality of what we think can be achieved and would result in a disproportionate and an unfair allocation of resources within the System.

CHAIR HORSFORD:

I understand that. Have the Board of Regents, or the Chancellor, discussed providing the stop-loss or equity funding to any of the institutions for the upcoming biennium? If so, which ones, and how would it be funded? If not, why has stop-loss not been considered?

MR. KLAICH:

We have not discussed it. We presented a budget on the basis of static enrollments that did not shift funds around. With no shifting of funds, there is no stop-loss. The way we prepared the budget and the way the Governor submitted the budget, the issue just simply never came up.

CHAIR HORSFORD:

I see an ongoing inequity issue. One of the presidents discussed it at the community college level. We are maintaining a methodology that does not address those inequities. There should be an approach to address stop-loss or equity funding, and then to allocate to the rest of the institutions from there. We cannot continue the inequity that we thought was being addressed by one institution based on the letter of intent or by the other institution based on enrollment growth. How can we address this?

MR. KLAICH:

Quite simply, there is no more money available. If we want to do that, we will end up taking tens of millions of dollars out of the budget of UNLV and shifting it around the System, including a great amount to northern institutions. I have not heard anything coming out of this Legislature that would indicate that there is an appetite to do that kind of further damage to UNLV or to shift more State dollars north.

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CHAIR HORSFORD:

In 2010 and 2011, the stop-loss funding to UNLV was approximately \$5.87 million and \$5.6 million. This was before their allocation of funding.

MR. KLAICH:

That is correct.

CHAIR HORSFORD:

How would they lose money if they were provided stop-loss funding in the upcoming biennium? You would provide stop-loss first and then provide the allocation of funding second.

MR. KLAICH:

We have prepared and submitted to the Subcommittee a description of allocation of dollars that would run the formula. That information is before you. We did not create a stop-loss because it would mean a disproportionate redirection of funds from UNLV.

We are in a fixed or declining revenue environment and we all saw it was coming. We hoped we were coming out of this, but we knew where this was going. I could have asked Dr. Smatresk to cover his bets so that I would not be sitting in front of the Legislature on March 22, 2011, explaining why about \$25 million should be shifted out of his budget. I did not tell him this, however, because I do not think that is in the interests of Nevada and I do not think it is in the interests of students. It is dysfunctional and it is one of the major problems with the formula that we have all identified. It has nothing to do with mission differentiation and performance and the success of students. I cannot go back now and undo what has been done. I believe it is fundamentally unfair to punish UNLV for undertaking actions that were in the best interest of the students whom they recruited and enrolled.

CHAIR HORSFORD:

What would happen to the universities if flat enrollment were maintained and the stop-loss funding was implemented?

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MR. KLAICH:

I could propose a stop-loss, but it would only apply to UNLV, and I would have to tell Dr. Smatresk that, in addition to approximately \$59 million of cuts that the Governor has recommended, he must come up with approximately \$10 million to \$25 million more in order to fund growth in other institutions. I cannot imagine a set of circumstances under which I would be comfortable with that recommendation.

CHAIR HORSFORD:

What is the basic support, per-student, for the two institutions?

MR. KLAICH:

I do not know. We can respond to that by April 5.

CHAIR HORSFORD:

Please comment further regarding which approach the System believes is the most realistic in projecting enrollments and registration fees for the upcoming biennium.

MR. KLAICH:

Given the uncertain combination of the budget situation and the potential for significant fee increases, the enrollment scenario that we have proposed is the most reasonable. We propose to base enrollment projections on current enrollment which we will be lucky to maintain.

Elasticity is an issue. The two universities are at particular risk because, as long as there is a gap between the community colleges and the universities, an argument can be made that the community colleges are completely inelastic. Students there will vote with their feet, particularly in lower-division courses, and the universities will be penalized by any significant increases in tuition and fees.

I am trying to propose concepts that are fundamentally fair. I want to recognize the basic missions of the different tiers within the system. A flat enrollment projection meets that test of fundamental fairness, or at least puts everyone on an equally unfair footing.

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CHAIR HORSFORD:

When you provide me with the per-student FTE, undergraduate and graduate, by institution, we will try to work some of this out.

I would like to discuss the formula study.

How would NSHE propose retaining a consultant? How much would it cost, and how would it be funded? We need more information on what would be entailed in the scope of that study if it is going to be part of what we direct a commission to include.

MR. KLAICH:

This is something that has been considered about every ten years. We believe that now would be an appropriate time. Funding paradigms in higher education have changed. It is time to look at those and flesh out some of the equity in other issues that are involved. We have prepared some language for the Legislature's consideration.

The Legislature needs to control this study and pay for it. If the study is to have any credibility, it needs to be owned by the Legislature. The cost in the past has been approximately \$250,000. I have retained a consultant who will submit a report. The cost to the System for that consultant is about \$100,000. We will turn all that information over to the Legislature and the commission that you would establish.

CHAIR HORSFORD:

Please provide us the details on the cost and the scope of what needs to be done based on what you have already conducted. We do not want to complete the same work twice.

MR. KLAICH:

Our work will be completed and delivered to you before you adjourn. You will be able to see the scope of the work that has done before you have to make those decisions.

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CHAIR HORSFORD:

Please provide us with that language, as we will need a separate bill on this matter.

MR. KLAICH:

We would be happy to do.

CHAIR HORSFORD:

Please also provide a brief overview of your request for authority to transfer appropriations between budget accounts. How do you see that working?

MR. KLAICH:

It is often said in Carson City that one Legislature should not bind the next. The authority that we are asking for is extraordinary, and we understand that it cannot be granted for longer than the two-year period of this biennium. We have discussed, however, all of the reasons why this could be necessary. We are trying to set our budgets, as are other State agencies, for an effective date of July 1, 2011, and yet we are running on numbers that will not be known until May. The differences could be significant for the programs and the curricular review process on campus. The Session may be over before we are able to recommend specific programs. You have asked about efficiencies. We hope you will allow money to be moved from one line to support instructional areas in the other. Dr. Glick has spoken specifically about disproportionate cuts in various budget lines. We believe that we will have time to make the changes we need, although we will continue to communicate with the Board and with Interim Finance Committee.

SENATOR KIECKHEFER:

Do you propose transferring funds between institutions as well?

MR. KLAICH:

I do not envision transfers between institutions.

CHAIR HORSFORD:

Please comment on some of the line items that are located outside of the instructional accounts, such as intercollegiate athletics for UNR and UNLV, statewide programs for UNR and UNLV, and the northern and southern business

centers. Why is it necessary to fund those outside of the basic support that goes to the instructional account of the institutions?

MR. KLAICH:

Those have historically been separated out. Those lines were created by the Legislature and it is within your discretion to collapse those lines and force those decisions and prioritizations back down to the institutions and to the Board of Regents.

CHAIR HORSFORD:

Please prepare a scenario whereby those accounts outside of the formula are eliminated, that the funding is redirected through the basic support. I would like the Board and the System to reprioritize those within the rest of their units.

MR. KLAICH:

Would you want to include the professional schools at UNR and UNLV as well, or should those be maintained separately?

CHAIR HORSFORD:

I would like the law school, the medical school, and the dental school to be maintained separately. Those are System-wide programs. They are not based in any one area.

MR. KLAICH:

Dr. Glick indicated that he ascribes great importance to the medical school. It is his intent, notwithstanding the recommendation of the Governor, to fund a lower reduction in that area, to be approved by the Legislature.

CHAIR HORSFORD:

We should continue to discuss that issue. I understand and support the president's need to emphasize the role of the medical school. We want to understand the implications of directing resources from other program areas, but we understand his need to prioritize.

MR. KLAICH:

The School of Medicine and its expansion in Las Vegas is a high priority of the University. The mission of the School should be statewide.

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CHAIR HORSFORD:

There is another area that stands out that is not under State support. This is the Health Sciences funding which is located within the NSHE System budget.

Please explain how this is funded. Are there any indirect costs that are allocated from basic support?

MR. KLAICH:

The Health Sciences System budget is entirely funded from private donations. There is no State money in that account.

CHAIR HORSFORD:

Is that money restricted or could it be going to fund other priorities?

MR. KLAICH:

That money is gone. The Board of Regents established a foundation whose purpose was to fund these interinstitutional programs in the health sciences, and donations were made specifically to that foundation. The foundation has provisions for the distribution of any funds left over on its dissolution. That money essentially retreats to the institutions.

CHAIR HORSFORD:

Is there any State support that will be impacted by the direct or indirect costs of these functions?

MR. KLAICH:

I am not aware of any impact.

CHAIR HORSFORD:

Please verify that.

MR. KLAICH:

I will verify that, and I will provide an accounting of those funds as well.

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CHAIR HORSFORD:

Has there been further review within your administration of other areas that might be reduced or eliminated in order to maintain services in other academic areas?

MR. KLAICH:

When we first started this process two years ago, I started scaling back funding of the University Press and the program now known as Nevada Industry Excellence, pushing both of those to become more self-sufficient. I will now increase the pressure on both of those, pushing forward the deadline by which they must become more self-sufficient in order to save funds in that area.

Other areas will be detailed in our pending responses to questions from your staff.

CHAIR HORSFORD:

I would like the Budget Office to discuss whether it is recalculating and resubmitting a budget amendment pertaining to decision unit E-673.

JANET MURPHY (Budget Analyst, Budget and Planning Division, Department of Administration):

We recalculated the impact of E-673 which appears in numerous NSHE accounts and would reduce the Public Employee Benefits Program subsidy for part-time employees. We calculated a shortfall of about \$750,000. At the time we recalculated this, we also determined that there were some part-time positions that do not qualify for the subsidy that were budgeted for the subsidy. We calculated that impact to be approximately \$2.6 million, so the net difference shows that the system was overbudgeted for a group insurance subsidy by about \$1.9 million. I would like to work with your staff and with the System to get this worked out.

CHAIR HORSFORD:

Are you submitting a budget amendment?

MS. MURPHY:

Yes, we are.

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MR. KLAICH:

This is the first we have heard about this issue. We will look forward to seeing the information.

CHAIR HORSFORD:

I would like to discuss the UNR Fire Science Academy. We heard in another subcommittee meeting that the office of the military expressed uncertainty as to whether UNR intended to continue operating the Academy, even if the sale and transfer were approved. I would like to have some clarification and an update on the University's plan to continue operating the Fire Science Academy. Are the plans any different if the federal National Guard Bureau approves sale and transfer?

DR. GLICK:

We are in the same position as when you initially approved the sale. We are awaiting the federal money to complete the sale. There is some language that has to be changed that will have no financial impact federally, but it is a technical issue that will be in the continuing resolution.

With regard to continuing the Fire Science Academy, we have asked for a delay in that decision because we are making every effort to get some continuing federal stream to allow us to continue to operate. When we asked permission for the sale, it was our hope that we could continue to operate it. It requires some federal funding which every other fire academy in the Country has. We have met with U.S. Senate Majority Leader Harry Reid. We have met with the Federal Emergency Management Agency. We have met with representatives from the Institute of Fire Science. They have told us that funding for fire centers is established based on U.S. Congressional direction. They were impressed with the facility and saw it as a great opportunity.

CHAIR HORSFORD:

Please keep us updated on those discussions.

DR. GLICK:

Yes sir.

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ASSEMBLYWOMAN SMITH:

I would like to add a request as you prepare the responses.

There has been much discussion about the resources that students, especially first-time students, need to be successful. We are constantly talking about drop-out rates and the efforts to increase the graduation rates, especially for students who are the first in their families to go to college.

In these budgets, however, these resources are being either eliminated or severely cut. How do we move forward and improve our retention and graduation rates when we are cutting the very resources and services that the students need to make it through?

MR. KLAICH:

I do not want to diminish the question by trying to give you an offhand answer. I agree that we should discuss this issue in further detail.

ASSEMBLYWOMAN SMITH:

Cutting programs because of insufficient funding is one thing. Eliminating other services that help our students succeed is an entirely different discussion.

We are trying to elevate our status and connect with economic development. We are trying to assure the business community that we can graduate students who are ready for the business world. If we are going to do better, how do we do better when we are eliminating services? I would like to hear more about this from the presidents.

MR. KLAICH:

We did not do a complete job in presenting that to you today, but Dr. Glick alluded to this discussion when he was talking about the allocation of his cuts to those services.

ASSEMBLYWOMAN SMITH:

There have been pieces of each presentation that help us formulate the overall impacts. Please take the most relevant information and put it together in the revised template.

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MR. KLAICH:
We will do that.

CHAIR HORSFORD:
The Legislature formed a committee to study the funding of higher education in 1999. One section discussed performance funding. It would be helpful to start from there so that we are not redoing what has already been covered. The study was completed and no action was taken. It is a structural issue that we have discussed implementing for a long time.

MR. KLAICH:
One of the most important recommendations that came out of that proposal was for a follow-up study that would delve into the financial impacts. Unfortunately, that idea did not survive the 2005 Session. I thought this was a good recommendation in 2005, and I still think it is a good recommendation.

CHAIR HORSFORD:
Beyond a study, we need a plan for implementation. Everyone can agree that this is something that needs to be done. I would suggest that it should be part of the formal review that we will perform over the interim. We could then have an action plan in place for the 2013 session.

MR. KLAICH:
I agree.

CHAIR HORSFORD:
I will now take public testimony on these budgets.

THOMAS R. BAKER (Chairman, Advisory Committee, College of Cooperative Extension, University of Nevada, Reno):
A copy of my testimony has been submitted to the Staff ([Exhibit D](#)).

It is my privilege to chair UNR's advisory committee for the College of Cooperative Extension. I wish to start by asking you to consider the fundamental mission of UNR as a land grant institution. These institutions were created 150 years ago by the U.S. Congress to provide teaching, research and

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service to all of our citizens and communities. All functions are equal. One does not take priority over another.

Recently, at a meeting of the advisory committee, we felt it was critical for the Legislature to understand the implication of UNR President Glick's proposed 72 percent budget cut in State funding to UNCE. These cuts are in addition to the 21 percent budget cuts that have occurred over the last three years.

We can provide a detailed analysis on how President Glick's proposal to divert funds from UNCE is inconsistent with UNR's strategic plan as well as with meeting the University's responsibilities as a land grant institution. As I am aware of the busy work load of the Subcommittee, I will personally deliver or e-mail the analysis to your offices on request.

Cooperative Extension is preventative medicine. It delivers research-based programming that is responsive to locally identified needs in every county in our State. Cooperative Extension's work allows the State to avoid expensive treatment and crisis response in a wide range of areas, from senior nutrition and blood pressure management to wildland fire prevention. The State's investment gives UNCE the expertise needed to compete for and win external grants which were worth over \$5 million last year.

It is the responsibility of the Legislature, not President Glick, to establish the level of State funding for UNCE, pursuant to *Nevada Revised Statutes* (NRS) chapter 549. President Glick has presumed your responsibility and is proposing to more than double the cuts for UNCE that were proposed by Governor Sandoval's budget in order to use appropriated funds elsewhere on campus. President Glick's proposal would eliminate as many as 70 of the 103 programs serving your communities as they are listed in the accompanying handout ([Exhibit E](#)).

It was stated earlier that the 4-H program would continue. That is true, but not accurate. It will be a shadow of its former self.

We know that the Legislature is interested in saving jobs in Nevada. The reduction would cut nearly 70 jobs. These jobs are critical in recruiting more than \$5 million in external grants which, in turn, create more jobs to deliver the

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programs that accompany the awarded dollars. All of the State funds, the grant funds and the positions associated with them are focused on meeting critical needs in every county in our State, because UNCE's work is driven by local needs assessments.

While working in the private sector, I served as a commissioner on the Nevada State Economic Development Commission. The message from nearly every speaker at every economic development conference I attended in northern and southern Nevada was that, in order to have a quality economic development program, you must have quality education programs.

I recently saw a public service announcement by Chancellor Dan Klaich. In it, he said "we cannot revive our economy by slowly dismantling our education system. The only thing that can make a long-term difference is the education of our citizens." He did not say that we should educate just the students on campus, he said "our citizens." The Cooperative Extension program has accepted that challenge through assessment of community needs and carries the University message and programs to every community, no matter how large or small, and to every citizen, no matter their age or occupation.

CHAIR HORSFORD:

In NRS 549, it indicates that cooperative agreements may be entered into. It states in section 549.040 that the Legislature shall prescribe funding by direct legislative appropriations. Does this mean that it must be done, or does this mean that, if it is done, the Legislature must fund it?

MR. BAKER:

Historically, it has been a matching situation where the Legislature comes close to matching what the counties provide for the programs. Over the last three years, these have been cut by over 20 percent. Now it is being suggested that we cut it by 72 percent.

CHAIR HORSFORD:

Is this an issue where we must have a cooperative agreement between the counties, the system and UNCE? And if we do not, does the funding have to be provided? I understand the implications of the cuts and the history behind them.

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I am trying to understand your point that the funding for UNCE is provided for in Chapter 549 of NRS.

SARAH MESEREAU-ADLER (Advisory Committee, College of Cooperative Extension, University of Nevada, Reno):

Neither Mr. Baker nor I can answer that question. The Dean and Director of UNCE, Karen Hinton, could provide that information. The Morrill Act of 1862 established the land grant system.

MR. BAKER:

We will provide an answer to that question to your Staff.

MS. MESEREAU-ADLER:

An outline of my testimony has been submitted to the Staff ([Exhibit F](#)).

I support enhanced revenue solutions to prevent the downward slide that will be the result of the disinvestment in education and human services that we see in Governor Sandoval's budget.

I appear before you today because, within this constrained environment, it is even more critical that careful choices are made.

Governor Sandoval, as a candidate, made statements about eliminating UNCE. Fortunately, he heard the voices of Nevadans and has retained a commitment to this federal-state-local partnership that is at the heart of land grant institutions across our Nation. The Governor's budget proposes to cut state funding to UNCE by 33 percent. This was a source of grave concern to us. We gained perspective when we saw President Glick's proposal to more than double that cut to 72 percent.

President Glick, this morning, referenced the loss of 210 positions at UNR. Seventy of those will come from UNCE, representing approximately one-third of those cuts.

The language contained in NRS 549.040 gives the Legislature the responsibility and the privilege to establish UNCE's funding. In 1999, we went through a careful reassessment of the appropriate role of UNCE and settled on

six legislated functions that are now contained in chapter 549. Cooperative Extension is a statewide responsibility and so it is the Legislature's responsibility to provide funding.

The function of cooperative extension is to respond to locally identified needs. It then proceeds to offer research-based programming. The richness of its faculty and its connection to the University has allowed it to compete for, just last year, over \$5 million in external funding to enhance its delivery of services to Nevada's needs.

There has been a great deal of discussion about the alignment of university functions and economic development. Cooperative Extension's prime focus is on this alignment. For example, one of our programs involves diversifying agricultural crops. We are looking for crops that use less water, and could potentially provide biofuels to increase our energy independence and reduce our import of out-of-state product into Nevada.

Another important role of UNCE is in bringing students to each of our institutions. The *Nevada Appeal* recently published a photo of a UNCE educator providing science enrichment classes to a Title I elementary school here in Carson City. The child in the picture believes that he can go to college because someone from UNCE made science accessible to him.

That child's access, in terms of locations and affordability, will diminish if we stand with the Governor's budget. Cooperative Extension plays a critical role in the success of our State.

The issue of county funding had been discussed. President Glick's budget proposal funds at least one county extension agent and one State specialist in each of the six areas. The counties fund UNCE based on their option to provide from one to five units of the mill assessment revenue (mills) to the program. Lyon County, for example, has just informed UNCE that while, in the past, they were able to provide three mills, they must now cut that back to one mill.

The Governor's budget moves many responsibilities to the county level. The counties' abilities to continue to fund UNCE on their own are severely challenged. They do, however, provide free educational space with free parking.

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These facilities are highly accessible because UNCE has had that continuing partnership with the counties.

ASSEMBLYMAN GRADY:

I represent one of the counties that you mentioned. Dr. Glick made the comment that the decision to provide local funding would be left up to the county. That is a similar attitude to what we have been seeing. Many responsibilities are being pushed to the counties, and if they can afford them they can pay for them. How much money would we lose from the federal grants that are currently coming in on top of the State and the local money to support UNCE?

MS. MESEREAU-ADLER:

It will be an uncertain amount. Just last year, universities competed for over \$5 million of external grant money. That is possible because we have faculty available throughout the State. The world of grants is highly competitive today. Because we have a great partnership with UNR and several doctorate-level faculty, we are able to remain competitive.

Senator Horsford has said that we need a picture of the total cuts that would be necessary if the Governor's budget is enacted. It would be frightening to see a picture of what the counties will need to cut.

ERIK HERZIK (Chair, Department of Political Science, University of Nevada, Reno):
I have the pleasure of being the University of Nevada Faculty Senate Chair this year. A copy of my testimony has been submitted to the Subcommittee Staff ([Exhibit G](#)).

Program eliminations and access reductions are being planned by NSHE institutions. These are strategic, planned cuts that will help meet a budget target. I would like to discuss some unplanned effects that will be seen if this budget goes through unamended.

In particular, I would like to emphasize how it will affect the quality of faculty, the quality of education and the prestige of the entire System and the State of Nevada.

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We are already experiencing a wave of defections. People are leaving. They are leaving because of the uncertainty within NSHE. I will talk about UNR, in particular, because that is the institution with which I have the most familiarity.

A plant biochemist left for the University of North Texas and a substantial salary increase. He is also taking along with him an annual average of \$333,000 in research grants.

Another top biochemist was recruited by Oregon State University. He had been receiving an average of \$672,000 in research grants.

We are losing a mechanical engineering assistant professor. This is especially difficult to hear because this is a young faculty member whom you have invested in recruiting. You have invested in start-up costs. You have developed a lab. Now he is leaving. We are supposed to run like a market, and this is an example of the competitive market place in action. This person is leaving for the University of Delaware. His stated reason for leaving is that the uncertain quality of the kindergarten through grade 12 education for his children created too much uncertainty for him to want to remain in Nevada.

These are some of the more expensive faculty members, and President Wells has noted that he is facing similar problems at DRI, but this problem is being seen across the board.

I am the chair of both the Department of Political Science and the Department of Mathematics and Statistics. In the Department of Political Science, I have lost two faculty members in the last two years. One went to the University of Utah. He left to secure greater benefits. I could match the salary, but I could not match the benefits or ease his fears about the uncertainty going forward. When he asked, a year ago, what I thought would happen with the budget, I told him that we would most likely be seeing a 5 percent pay cut.

We are also seeing reductions to support staff at the University. When you try to get data to work on student retention, or as you try to get something through the Office of Sponsored Programs and Administration which deals with grants, the staff is now cut so thin that getting things done on campus is becoming incredibly difficult.

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We have lost people to institutions whose academic reputations should be considered less impressive than our own. People are looking to leave for any available opportunity. There are plenty of employers who are more than willing to entice our faculty.

Headhunter firms have been in contact with faculty members. I know from personal experience that a faculty member recently came back from two interviews at jobs that he said he would not have considered two years ago. Because of the situation in Nevada now, however, he is willing to consider other options.

This is just the first wave. I believe a second wave is coming, and it will be worse if the Governor's budget goes through unchanged. You are also going to find that faculty are starting to withdraw in terms of what is called "shared governance." A great deal of work at the University gets done, in a sense, for free. It is part of the ethos on campus. Many people do not understand why we have all of these committees and why we have a faculty senate, but a great deal of work gets done at the University by faculty who put their time in on the side. It is similar to the work done by kindergarten through grade 12 teachers who put in the time grading papers and working with students after school. This type of ethos is getting harder to sustain, particularly as the University resources get thin, and people begin to see that they cannot get their job done without certain types of support.

If the Governor's budget stands as it is, you will have greatly altered the trajectory of higher education in the State of Nevada.

MARK NICHOLS (Executive Director, National Association of Social Workers, Nevada Chapter):

The Nevada Chapter of the National Association of Social Workers is opposed to the cuts being made to the School of Social Work at UNLV. We have submitted testimony for the consideration of the Subcommittee ([Exhibit H](#)).

KYLE E. N. GEORGE (Chair, Nevada Student Alliance):

The Nevada Student Alliance expresses the hope that the members of the Subcommittee will act in the best interests of NSHE.

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RANDY ROBISON (City of Mesquite):

We are fortunate to have a satellite campus of CSN in our community of Mesquite, one which we have worked hard to develop over the years. Several years ago, this Legislature allocated funding that allowed us to refurbish our old kindergarten through grade 12 school facility, allowing us to move from a storefront into a full-fledged campus. Our campus in Mesquite has become very important to our community.

When I grew up in Mesquite, if you did not go on immediately to a four-year college, you went up the road to Dixie College which was a junior college at the time. That is now a four-year institution, and that opportunity is not quite as available as it once was.

If the campus in Mesquite were not available, it would be an 80 mile trip into Las Vegas to the Cheyenne campus which is the closest one. Gas prices and time considerations make this an issue.

We have 331 students currently enrolled in our program. Many of them are not high school students, but current workers who are employed in our local economy and are looking to upgrade their skills to transfer into a new job. For them to work a full shift, drive an hour-and-fifteen minutes to go to a class, and then drive back home and still have time to study and take care of their families would be quite a burden.

For years, we struggled to attract and retain a medical facility in Mesquite to serve our population. Facilities would come and would be able to survive for several years and then they would go out of business. Fortunately, we now have an award-winning hospital. Recently, because of the growth of our population in the senior demographic, the need for basic medical care has grown significantly. In cooperation with the hospital and our community college, they have started the certified nursing assistant program. One of the classes that you have to take is a biology class that is already filled for this coming fall and has a waiting list for the next spring because the demands are so high. Fortunately, we have worked with our high school to open one of their labs for the biology experiments that they need.

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We have and will continue to do as much as we can possibly do to keep that campus open and vibrant within our community.

CHAIR HORSFORD:

Have leaders from the City of Mesquite contacted the representatives for that area to express their concerns?

MR. ROBISON:

They have. They were here in Carson City three or four weeks ago and met with each member of our delegation.

CHAIR HORSFORD:

That was before these cuts were on the record. Have they talked specifically about the closure of that campus?

MR. ROBISON:

As I recall from our conversation three or four weeks ago, they had talked about that possibility.

This morning I received a call from the Mayor asking if I could communicate our message to those representatives again this week.

JAMES DEAN LEAVITT (Chairman, Board of Regents, Nevada System of Higher Education):

I hope that, in your busy legislative schedule, each of you find the time to talk about funding for higher education as much as you have talked about cutting it.

The Board of Regents presented a flat budget. That was not an act of defiance. It was because we absolutely believe in the mission of higher education. We are in the business of changing lives, one student at a time.

Please talk about revenue solutions so that we do not have to continue talking about successive cuts to higher education. I am a Republican on a nonpartisan board. I have been very vocal about our values. We should have the conversation about what we value the most. If it is education, then we should fund it appropriately.

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JAMES T. RICHARDSON, J.D., PH.D. (Nevada Faculty Alliance):

I am representing the Nevada Faculty Alliance chapters from each of the eight campuses.

I was dismayed when I listened to the State of the State Address, and heard the Governor say that we have failed.

I had no idea what he was talking about. Nevada gets a tremendous return on its investment from its faculty and its staff. One of Elliott Parker's recent columns pointed out something worth putting on the record, in terms of this issue.

We have about 100,000 more people, according to Mr. Parker, than the state of Utah, but they have over twice as many faculty at public institutions of higher education. That does not count Brigham Young University which is a private institution, the likes of which we do not have in this State.

We get a tremendous amount of work out of our faculty. It is a hands-on situation that we have here in Nevada. Our students recognize and appreciate that. We make sure that they have access to faculty.

It was extremely depressing, discouraging and demoralizing to hear a Governor say that we have failed. I do not think we have failed, and I hope that, with your help, we can go forward from this tragic budget proposal to build this State and make it a better place to live.

Regarding the issue of getting classes, I would like to point out that if you have fewer faculty, you have fewer experts. You will have fewer people to teach the upper-division classes that students need to graduate. You will also have fewer people to call on as experts to give advice in the various areas in which the State is trying to develop and grow. You will also have fewer majors. It is amazing to me that we are talking about cutting programs and majors in a State where it is easily demonstrable that we have fewer majors than any other state of our size in the country. We limit the educational opportunities of our students.

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Assemblyman Conklin brought up a point about graduate assistantships. The cut in graduate assistantships at the two universities means that the sons and daughters of Nevadans who want a graduate degree will have to go out of State, in many cases, to get it. They will bear the burden of that added expense. We should be adding graduate assistants. We have fewer than universities of our type already. There are some consequences associated with what we are doing. We are limiting educational opportunity.

CHAIR HORSFORD:

Additional written testimony has been submitted and has been included as [Exhibit I](#). This meeting is adjourned at 11:50 a.m.

RESPECTFULLY SUBMITTED:

Wade Beavers,
Committee Secretary

APPROVED BY:

Senator Steven A. Horsford, Chair

DATE: _____

Assemblywoman Debbie Smith, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Dan Klaich/NSHE	Prepared responses
	D	Tom Baker/UNCE	Testimony
	E	Tom Baker/UNCE	Cooperative Extension program list
	F	Sarah Mesereau-Adler/UNCE	Testimony
	G	Eric Herzik/UNR	Testimony
	H	Mark Nichols/NASW	Testimony
	I	Sarah Chivilicek	Written Testimony