

**MINUTES OF THE MEETING OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND
SENATE COMMITTEE ON FINANCE
SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP**

**Seventy-Eighth Session
February 24, 2015**

The joint meeting of the Assembly Committee on Ways and Means and the Senate Committee on Finance Subcommittees on K-12/Higher Education/CIP was called to order by Chair Pat Hickey at 8:02 a.m. on Tuesday, February 24, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada and to Room 137, High Tech Center, Great Basin College, 1500 College Parkway, Elko, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Pat Hickey, Chair
Assemblyman Derek Armstrong, Vice Chair
Assemblyman Paul Anderson
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblywoman Heidi Swank

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Ben Kieckhefer, Chair
Senator Michael Roberson
Senator Joyce Woodhouse



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GUEST LEGISLATORS PRESENT:

Assemblyman Elliot T. Anderson, Assembly District No. 15

STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Brody Leiser, Program Analyst
Linda Blevins, Committee Secretary
Cynthia Wyett, Committee Assistant

Following call of the roll, Chair Hickey announced the hearing was open for public comments regarding the budget accounts for the Nevada Western Interstate Commission for Higher Education (WICHE). There being no public comments, Chair Hickey opened the hearing for the WICHE budget discussion.

EDUCATION

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

W.I.C.H.E. ADMINISTRATION (101-2995)

BUDGET PAGE WICHE-3

Vic Redding, Vice Chancellor for Finance and Administration, Nevada System of Higher Education, and a Nevada Western Interstate Commission for Higher Education (WICHE) Commissioner, read the following statement into the record:

I am the Vice Chancellor of Finance with the Nevada System of Higher Education and one of the appointed Nevada WICHE Commissioners. Our second Commissioner is Vance Farrow of the Governor's Office of Economic Development, and our third spot is currently vacant, but was most recently held by Senator Joe Hardy. Jeannine M. Sherrick-Warner, Director of Programs, Nevada WICHE, is also here as well and will assist me with this morning's discussion on the budget recommendations for this program.

As a brief overview, the WICHE program is a 60-year-old, 15-state, interstate, congressionally approved compact that exists primarily to facilitate regional sharing of and collaboration in higher education resources. For example, it simply would not

be affordable for each western state to have its own professional school in every field that there is a workforce need, and in fact, most states, like Nevada, just cannot do that. Likewise, from the student perspective, professional school nonresident tuition is a very significant cost.

The WICHE collaborative solution to this dilemma allows Nevada residents to attend out-of-state public as well as private institutions while paying a significantly reduced tuition—close to or at equivalent in-state rates. The difference in tuition comes in the form of student support from this program. Through WICHE’s professional student exchange program, Nevada students have access to fields like pharmacy, physician assistant, and veterinary medicine education. And as part of the student agreement, and this is one great part of the program, participants commit to practicing for four years in Nevada as well as paying back a portion of the program support.

The Nevada WICHE office also administers a similar in-state arrangement in its healthcare access program in fields such as nursing and mental health, which also includes a service component in medically underserved populations. I will defer to Ms. Warner in just a moment for specifics on these programs and some exciting changes we are recommending there.

But before we speak to those, there is one policy issue that I wanted to bring to your attention. The WICHE budget accounts that we are here to discuss are unique within the State of Nevada. Since [fiscal year] FY 2010, the Board of Regents of the Nevada System of Higher Education (NSHE) actually receives this appropriation, handles the funds, and provides operational support services to the [Nevada] WICHE Commission. And the Commission is statutorily charged in [*Nevada Revised Statutes*] NRS [Chapter] 397 with carrying out the goals and objectives of the WICHE program. Prior to FY 2010, WICHE was a stand-alone Commission similar to other boards and commissions within the state—but as an early response to the great recession, and in conjunction with some concerns over staffing levels, budgets, cash flow, and collections, the program was placed by

the 2009 Legislature under the NSHE accounts, where it has resided ever since.

In the intervening six years, we have substantially restructured the operation and the program. I can actually speak to both sides of this as both a Commissioner for the last several years as well as the NSHE CFO [Chief Financial Officer]. We have adjusted staffing levels with a 43 percent reduction from FY 2009 levels, from 3.5 FTE [full-time-equivalent] to 2.0 FTE, and have pushed reset on the business practices, including the outstanding collections and cash-flow issues that impacted the program's operation. I think this is a success story.

In preparing the biennial request this past year, both NSHE and WICHE took a look at the program and have made a recommendation for this new and improved model to once again stand alone as a completely independent board within the state. In short, we determined that there really was not a benefit any longer to keeping it under the NSHE umbrella as long as the program can maintain its efficient operations and this can be done on a cost-neutral basis. I am happy to say both of those criteria can be met, and this transfer was part of The Executive Budget structure. This also cleans up some lingering complexity on having WICHE and its statutory duties budgetarily under NSHE. Now that said, NSHE is completely comfortable continuing to host WICHE going forward should that be the desire of this body, but in that case we would ask for some cleanup language should that occur.

With that, I think I will stop and ask if there are any questions or ask Ms. Warner to speak in more detail about the programs.

Chair Hickey noted the Governor supported the transition of Nevada WICHE from the Nevada System of Higher Education (NSHE) to an independent agency as shown in budget account (BA) 2995, decision unit Enhancement (E) 286. Chair Hickey requested further discussion regarding the benefits of the change and whether the director's position would be in the classified or unclassified service.

EDUCATION

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

W.I.C.H.E. LOAN & STIPEND (101-2681)

BUDGET PAGE WICHE-6

Jeannine M. Sherrick-Warner, Director of Programs, Nevada Western Interstate Commission for Higher Education (WICHE), Nevada System of Higher Education (NSHE), stated that Nevada WICHE supported two programs under the Loan and Stipend budget account (BA) 2681: the professional student exchange program (PSEP) and the healthcare access program (HCAP). Ms. Sherrick-Warner presented [Exhibit C](#), "WICHE Budget Request," to the Subcommittees and read the following testimony into the record:

For the larger perspective, [Nevada] WICHE works to identify a high-need workforce field with an emphasis in healthcare and assist with educational expenses in return for work in Nevada in those fields. In this way, [Nevada] WICHE helps to impact educational development, workforce development, healthcare services, and economic development.

Last year, [Nevada] WICHE conducted an assessment of Nevada's healthcare workforce to help determine those areas that had been experiencing the most significant shortages in our state.

With the assistance of this and other educational and healthcare information, in the next biennium [Nevada] WICHE is proposing to realign its programs and fields to target major statewide health workforce shortages in response to shifts in education healthcare needs.

At this time, I would like to share with you some highlights of recommended changes to [Nevada] WICHE programs and fields:

Mental health. Almost, if not all, of the state is considered a health professional shortage area in mental health. More specifically, in psychology, the estimated number of practitioners is and has been at approximately 50 percent of the state's need in comparison to the national average.

Further, the entire State of Nevada currently has only four accredited internship positions located in one facility in the Reno VA [U.S. Department of Veterans Affairs Sierra Nevada Health Care System]. In consideration of this, as well as other mental health workforce information, we have developed collaborations, which have recently been established with the [Western Interstate Commission for Higher Education] regional WICHE office, the Division of Public and Behavioral Health (DPBH) [Department of Health and Human Services], as well as the Orvis School of Nursing [University of Nevada, Reno], to work towards improving mental health services in our state.

To do this, [Nevada] WICHE is requesting, with the assistance of our partners, support for a pilot mental health stipend program. This program, if approved, will fund: (1) new federally accredited psychology internship sites and positions, and (2) credentialing and psychiatric nursing in our state.

The collaboration established with the regional WICHE office and the DPBH is called the Nevada Psychology Internship Consortium, and together we are proposing to build four more internship sites in Nevada with the proposed locations of the Northern Nevada Adult Mental Health Services, the Southern Nevada Adult Mental Health Services, the Rural Regional Center in Carson City, and Lakes Crossing Forensic Center in Reno.

I would further like to note that the regional WICHE mental health program has experience in building accredited psychology internships and has done so already in two other WICHE states, Alaska and Hawaii. So with their experience and the facilities provided by the DPBH for its mental health stipend project, [Nevada] WICHE is requesting to fund four interns each year, one in each location, for a total of eight interns over the biennium, and the timeline for building this internship in Nevada is just 12 months.

Second, for the pilot expansion project, WICHE is also requesting support in psychiatric nursing. The State of Nevada's DPBH has been working with the Orvis School of Nursing to develop course work that meets the necessary competencies for psychiatric

nursing. Nevada WICHE is proposing to provide the support feed to assist students in obtaining their credentials.

Through this partnership, we would like to offer two opportunities for nurses. The first is a two-year program for registered nurses (RN) to become advanced-practice registered nurses (APRN) by offering psychiatric course work that may allow students to test for national certification. The second is one year of course work necessary to increase psychiatric nursing competencies to expand the scope of work, which is mainly to do psychiatric medication management.

For [Nevada] WICHE's biennial budget to fund its programs, [Nevada] WICHE is proposing the following modifications to its current fields and programs. First, we look to eliminate support in the field of optometry under the PSEP due to data that suggests there are a sufficient number of practitioners in our state.

Assemblyman Oscarson was curious to know whether the mental health programs would be available online to RNs.

Ms. Sherrick-Warner explained that individuals in Las Vegas would be able to take online course work. Individuals in Reno would have the option to take the two-year program on campus.

Assemblyman Armstrong asked whether the cost-per-slot fees had been set for the postgraduate psychiatric nurse program.

Ms. Sherrick-Warner responded that the cost per slot was set: the cost would be \$75,000 for all nursing slots in the first year and \$50,000 in the second year. The program was in the process of determining the exact number of slots and support fees. She would work with Fiscal Analysis Division, Legislative Counsel Bureau, staff to finalize the numbers and provide information on the program slots.

Assemblyman Kirner commented that the Nevada WICHE program was funded from the State General Fund and student fees. The concept was that some students could go to another state and pay in-state tuition in exchange for working in the state. He inquired whether there had been any studies to determine whether the state was recouping its investment.

Ms. Sherrick-Warner said that a comprehensive study of the economic indicators in 2014 showed a \$9.63 to \$1 return on investment.

Assemblywoman Kirkpatrick requested to see the recruitment process for Nevada WICHE. She assumed that Nevada WICHE recruited across the state, and she was anxious to see the information.

Ms. Sherrick-Warner continued her overview of the Nevada WICHE program, reading the following into the record:

To help fund our programs, we are looking to shift our priorities and meet the needs of the state in the best way possible. We are looking to eliminate support in the field of optometry under the PSEP due to data that suggests we have a sufficient number of practitioners in that field.

Second, we are requesting to transfer physical therapy from the HCAP to the PSEP to expand educational opportunities for students.

Third, in graduate nursing, we are requesting to transfer the tuition assistance funds to the nursing slots in the mental health stipend program.

Fourth, under the HCAP loan repayment program, we are requesting to eliminate the field of dentistry and apply its funding as well as transfer the nursing and mental health loan repayment funding to support the mental health stipend program.

The annual budget request to support programs is approximately \$1.1 million in each year of the 2015-2017 biennium and includes a total enhancement request of \$73,650 over the biennium.

Chair Hickey requested additional information regarding the elimination of the dentistry slots.

Vic Redding, Vice Chancellor for Finance and Administration, Nevada System of Higher Education, and a Nevada Western Interstate Commission for Higher Education (WICHE) Commissioner, answered that there were several considerations. One was the need in a variety of healthcare fields in Nevada.

The second point of consideration was the extent that the Nevada WICHE Commission could influence behavior for potential practitioners in the field of most need. Many small stipends were not significant enough to alter the behavior of individuals going into a field. He stated that WICHE did not want to find itself in the position of using the scarce resources to pay someone for doing something they were already going to do. The Commission took a step back and looked at the fields that had the greatest needs and the dollar amounts needed to have an effect in those fields. At the same time, WICHE had come up with a success model in other states to create the mental health internships, a significant bottleneck for providing mental health practitioners in the state. The Nevada WICHE Commission recommended doubling the number of slots in the state. A decision had to be made in which fields the slots would not be funded to be able to support the new initiative. Unfortunately, dentistry was one of those fields.

Chair Hickey asked Mr. Redding's opinion on whether the director position should be in the classified or unclassified service.

Mr. Redding stated that when the program originally came under NSHE, both positions were classified. Subsequent to working with human resources staff, it was determined that having the director position in the classified category was not appropriate. The Commission did not make recommendations on the structure of the director's position. It was decided to move the position into the unclassified service.

Chair Hickey commented that the Legislature was supportive of the Nevada WICHE program. He asked whether there were additional comments or questions from the Subcommittees. There were none.

Ms. Sherrick-Warner added that Nevada WICHE had a Letter of Intent that allowed the Commission to balance forward loan repayment revenue received after May 15 of each fiscal year. She asked to work with Fiscal Analysis Division staff to update the letter reflective of the proposed programmatic modifications. (Letter to Julia Teska, Chief, Budget Division, Department of Administration, dated October 14, 2014, attached as [Exhibit D.](#))

Chair Hickey closed the hearing on the Nevada WICHE budget accounts and opened the meeting for public comments.

Bob Clifford, Chairman, Restore Our College Campus Committee, Fallon, Nevada, provided [Exhibit E](#), a letter supporting bridge funding. Mr. Clifford had been involved in funding formulas and budgets for the community colleges.

Bailey Bortolin, student, William S. Boyd School of Law, University of Nevada, Las Vegas (UNLV), provided [Exhibit F](#), a letter of support for the William S. Boyd School of Law. Ms. Bortolin expressed support for the Governor's recommended budget and funding for the law school.

Matthew Clewett, Treasurer, Student Government Association, Truckee Meadows Community College, provided written remarks from Stephanie Prevost, President, Student Government Association, Truckee Meadows Community College, attached hereto as [Exhibit G](#). Mr. Clewett supported the tuition increase.

Susan Priest, faculty member, Western Nevada College, spoke in support of the NSHE budget as recommended, as well as bridge funding and restoration of professional merit increases.

Chuck Price, Chair, University of Nevada, Reno (UNR) Faculty Senate, provided [Exhibit H](#), a resolution on compensation and retention. Mr. Price testified that the Reno Faculty Senate supported the NSHE budget proposal.

Joseph Dagher, Public Relations Director, Consolidated Students of the University of Nevada (CSUN), UNLV. Mr. Dagher expressed concerns with respect to the UNLV School of Medicine and the expansion of the Millennium Scholarship funding from 12 credits to 15 credits.

Florence Jameson, M.D., Las Vegas, Nevada, spoke as a private citizen and an advocate for healthcare for Nevada citizens. Dr. Jameson expressed a critical need for the UNLV School of Medicine to grow its own physicians. The reality was that Nevada could not compete with other states to draw physicians to the state. The UNLV School of Medicine was needed to provide sufficient numbers of physicians for Nevada. She stated that students should be merged into the community for four years to build connectivity and stay in the community.

William McCurdy II, President, Associated Students of the College of Southern Nevada, stated that he had held meetings with students and supported need-based aid for students. Many-low income students were not eligible for

Federal Pell Grants and refused student loans. These students worked full time and took classes when time permitted. These students would benefit from state-funded, need-based aid. He asked the Committee to support a Nevada need-based aid program.

David Steel, Executive Director, Nevada Faculty Alliance (NFA), read the following into the record:

The NFA, in general, supports the adoption of the [Board of] Regents-approved NSHE budget for higher education. We appreciate the Governor's proposed funding increase for higher education as a commitment to restore and expand Nevadans' educational opportunities.

The NFA also wishes to thank the Governor and members of the Legislature for your hard work in the last session to restore the merit pay pool. Because of that hard work, we were dismayed to see that there is no merit pool for higher education faculty.

If it is the intent of the Legislature for merit to be restored for higher education faculty, then we ask that it be funded or mandated with the state budget.

Merit for NSHE faculty and professional staff has been allocated by the Legislature since 1986 whenever other state workers got step increases.

The merit pool has been a major factor over the past 30 years in making faculty salaries in Nevada regionally competitive. We see it as key to our ability to recruit and retain faculty. Prior to the adoption of the merit pool in 1986, UNR and UNLV ranked in the lower half of national universities for overall compensation, according to the annual American Association of University Professors (AAUP) report on faculty salary and compensation.

By the early- to mid-2000s, after a generation of merit pay, UNLV and UNR both ranked in the second quintile for almost all categories of faculty for salary and just about at national average for overall compensation.

Since 2008, merit has been awarded only one time, and UNLV and UNR are now again ranked in the third or fourth quintile for most faculty ranks, according to the most recent AAUP data. In short, we have lost our advantage and are now below national norms.

The NSHE Regents for this reason made the merit pool part of its number one legislative priority, along with the restoration of base pay to 2009 levels. The state budget as proposed has the restoration of base pay for faculty, but does not have a merit pool.

Chair Hickey believed that the majority of persons involved in the NSHE budget process agreed with the Governor's budget proposals. Higher education was getting a significant budget increase; however, it was not enough to take care of all of the needs for higher education.

Rick M. Trachok, Vice Chairman, Board of Regents, Nevada System of Higher Education, provided the Subcommittees with the following overview:

On behalf of over 106,000 students and 15,000 faculty members and staff, we thank you for the opportunity to be able to present to you today.

At our presession hearing, we reviewed how over the last six years we have responded to tough financial times in Nevada, and we have done more with less. Higher education has fostered growth in Nevada. Indeed, higher education will play a much larger role in the future. In short, we have demonstrated that we are good stewards of the money entrusted to us both by the state and by the students and their families. We are a solid and critical investment for Nevada.

If we are to move forward, however, and create the economy in Nevada we all desire, we must begin to invest in higher education. This morning the Chancellor, his staff, and presidents will review the budget approved by the Board of Regents and The Executive Budget recommendation. We truly appreciate the Governor's continued commitment to higher education and the funding recommendations he has made to you. We think it is important, however, to explain why the Board of Regents made its

funding recommendations for your consideration as this legislative process moves forward.

Simply put, our students and our state need the additional investments outlined in our budget proposals. We also need to treat all state employees the same when considering statewide merit pay and raises. This includes all of our faculty and staff.

We understand the extremely difficult choices you must make, and we hope that you view the Board of Regents, NSHE, and this institution as your partners in tackling the decisions that lie ahead.

I thank you for your time and will be happy to answer any questions.

Assemblywoman Kirkpatrick pointed out that at the end of the 2013 Legislative Session, NSHE was allowed to keep fees. In exchange, the NSHE employees had not received the same compensation as the state employees. She asked whether there had been discussions regarding this subject.

Mr. Trachok said he believed it was important to keep in mind how critical it was last session to allow the campuses to keep their tuition because of the funding formula. He thought that the Regents had been good stewards of the fees and had made a difficult decision to meet the needs for education by raising tuition starting in 2016.

As far as the pay increases for faculty and staff, NSHE had asked that this be included in the Board of Regents' budget across-the-board for all state employees. In looking at merit pay increases and comparing them to the tuition that would be kept at the institutional level, some institutions would be taking a step backwards. Mr. Trachok said that NSHE would be losing money before the state made the decision on the funding. He requested that all state employees be treated the same and continue on with the decision with the tuition and fees.

Assemblywoman Kirkpatrick asked for the dollar amount if all NSHE personnel received the same increase. She thought the average pay for a state employee was \$38,000 but higher for NSHE employees.

Daniel J. Klaich, Chancellor, Nevada System of Higher Education, explained it would cost about \$40 million to fund the professional merit at the level of 2.5 percent for both years of the biennium. The 2013 Legislature had allowed NSHE to retain fees. He thought the expectation was that by keeping the fees, there would be a reduced reliance on State General Fund dollars. He did not believe the intention was to "cut them loose."

Assemblywoman Kirkpatrick said that NSHE was given the opportunity to keep fees to free up General Fund dollars for other purposes. There was a 9.3 percent increase proposed for the 2015-2017 biennium that was difficult to justify. She believed the average employee within NSHE thought the Legislature unreasonable. This was not the message the Legislature wanted to project. From her perspective, it was not a fair statement that the Legislature did not take all of that into consideration.

Mr. Klaich agreed. Classified employees were lower paid. The pay cuts during the recession were more difficult for the average classified employee.

Senator Kieckhefer commented that he had seen the items in the Governor's recommended budget and items requested by the Board of Regents that were not in The Executive Budget. He asked whether the Board of Regents had prioritized the individual items requested so they could be considered if funds became available.

Mr. Klaich said the prioritized list had not been submitted to the Legislature. However, a list was submitted to the Board of Regents when the budget was adopted. He would ensure the prioritized list ([Exhibit I](#)) was submitted to Fiscal Analysis Division staff.

Mr. Trachok outlined specific priorities included in the Board of Regents' budget adopted in September 2014. The Budget Division, Department of Administration, instructed NSHE to include salaries that reflected the elimination of furlough, classified salary step increases, and professional merit for the Governor's budget; however, they were not prioritized.

- The first priority was the increase of \$5 per weighted student credit hour (WSCH).
- The second priority was bridge funding for Great Basin College (GBC) and Western Nevada College (WNC).

- The third priority was bridge funding for the Desert Research Institute (DRI).
- The fourth priority was the William S. Boyd School of Law enhancement.

The public medical education enhancement was not given a specific priority.

Mr. Trachok read the following statement into the record from a memorandum of August 14, 2014, from Chancellor Daniel J. Klaich to the Board of Regents, "2015-2017 Biennial Budget Recommendation."

The enhancement of public medical education is a significant but necessary undertaking for the state in order to help provide Nevadans with greater access to sufficient high-quality healthcare they require and deserve. In doing so, not only will the state be making a significant statement to all Nevadans, but will be expected to significantly increase the quality of life in the state that will allow us to attract business to the state and develop and diversify our economy. However, the initial investment in public education is significant and cannot be made from funding now available to higher education. For this reason, this funding request is considered stand-alone and must be a new and additional commitment to funding from the state.

Chair Hickey advised that he and Senator Kieckhefer had been in discussion with Mr. Klaich regarding the NSHE priorities. He requested Mr. Klaich put emphasis on the NSHE recommendations for enhancement to the budget.

Mr. Klaich indicated that during his budget presentation, he would contrast the budget request approved by the Board of Regents with the Governor's recommendations in The Executive Budget. He noted that the Governor had included funding to remove the furloughs for all state employees.

Mr. Klaich also noted that David Steel, Executive Director, Nevada Faculty Alliance, had related the most recent American Association of University Professors (AAUP) survey indicating the suffering in relative salary rankings for NSHE. He said that to recruit, retain, and hire the best faculty needed for Nevada students, the state must remain nationally competitive. The merit pool allowed this and the system had slipped.

Additionally, Mr. Klaich commented that the percentage of classified to unclassified employees was extremely high for state employees. This classification was flipped in NSHE where classified employees were a much smaller percentage. Mr. Klaich believed that the unclassified employees were singled out in not getting pay increases.

Mr. Klaich noted the Governor recommended caseload growth, which was appropriate and critical to the overall establishment of the formula. As indicated by Mr. Trachok, the highest priority was an increase in the weighted student credit hours (WSCH) ([Exhibit J](#)). The students were asked to come forward and invest in higher education over the period of the recession. The cost of higher education shifted significantly from the state to students and their families. There was a shift of 13 to 14 percent in the cost sharing of higher education. The funding from the state to support higher education dropped about \$2,500 per full-time equivalent (FTE) over that time, and nearly half of that was backfilled by student fee increases. Beginning in the fall of 2015, students would be asked to come forward and pay tuition increases of 4 percent per year.

According to Mr. Klaich, the purpose of the \$5 for the WSCH was different for each institution. The institutions were put on performance-based funding. In every case, the purpose of an increase in the WSCH was to increase student performance and success.

At an institution like UNR, Mr. Klaich explained, funds would be put into lowering the faculty-to-student ratio to give students a richer experience in the classroom, thus increasing their chances of success. At a community college, with a different demography, the institution would look closer at more student services, advisors, and counselors. Students needed more assistance in these areas. The fees were negotiated between the administration and the students to decide the areas of greater focus. The NSHE submitted the uses of the additional \$5 for the WSCH to Fiscal Analysis Division staff. The materials provided to the Board of Regents for the use of the tuition and fee increases were available for Fiscal Analysis Division staff upon request. In every case, it was to increase student success and to reinforce the performance-based formula adopted by the Legislature.

Mr. Klaich stated that he preferred to have the head of each institution present their own budgets. Chair Hickey agreed that was appropriate.

Mark A. Curtis, Ed.D., President, Great Basin College (GBC), supported the \$1.5 million bridge funding. The purpose of the funding was to smooth the transition from the former funding model to the revised funding formula. Prior to the recent recession, GBC received nearly \$16 million in State General Funds. When the recession hit, the funding dropped to about \$14 million in State General Funds. In the 2013-2015 biennium, the number dropped further to about \$12.7 million in State General Funds.

The number of budget-funded, full-time-equivalent (FTE) positions dropped from 220 to 161 over the past five years. With full execution of the funding formula and without bridge funding, Dr. Curtis estimated a drop of another nearly \$2 million on July 1, 2015, or about \$10.48 million total. There would be an approximate \$500,000 shortfall with the bridge funding.

Chair Hickey inquired whether there would be an additional reduction to bring the amount down to \$12.7 million.

Dr. Curtis explained that with an additional \$2 million reduction by enacting the funding formula, the total would be about \$10.48 million. That was where GBC needed to get to by July 1, 2017. If it were necessary for GBC to get to that number by July 1, 2015, there would have to be some aggressive cuts made. The \$1.5 million per year in bridge funding would allow a smoother transition. The GBC had a vision for growth and self-help to expand services for students.

Chair Hickey asked for additional information on the plans to make a smoother transition in 2017.

Dr. Curtis explained that for the past five years when there was a resignation or retirement, a detailed analysis of the position was performed to determine whether a portion of the essential work could be reassigned to other positions. The plan was to continue this practice. There was a plan to reduce the more expensive senior staff. Part of the growth model was offering additional degrees for students who were place-bound to continue their education. Many students were forced to go to Utah or Idaho to earn a bachelor's degree rather than enrolling at an in-state facility.

Assemblyman Kirner said he was familiar with the funding formula, but wondered what it was about the formula that hurt the community colleges.

Dr. Curtis responded that the funding formula mathematically was understandable and fair in that each institution received the same amount of funding for each weighted student credit hour delivered. However, smaller institutions could not take advantage of economies of scale. The average class sizes were smaller than the urban institutions, and there were additional travel costs and additional technology costs. Historically, there was a perception that the community colleges were overfunded. This was, in part, proven true because several million dollars had been cut from the budgets. In the past five years, there had been record graduation numbers. The institutions were doing more with less and doing it more efficiently.

Chair Hickey noted that the Governor had small-institution funding in the recommended budget, \$2 million in each year of the biennium for both GBC and WNC.

Dr. Curtis agreed, stating there was a small-institution factor that was part of the funding formula. He stated that the institutions must develop a new business model and live within the formula funding. He believed this would take up to two years without serious damage to the institution and the services provided.

Mr. Klaich added that with respect to cost reduction, GBC was an active participant in the Nevada college collaborative effort that shared expenses among northern Nevada community colleges, which resulted in significantly reduced costs. Regarding the question from Assemblyman Kirner, it was a matter of full phasing. No doubt, one thing that hurt the funding of community colleges in the 2013-2015 biennium was the elimination of "F" grades from the formula. Mr. Klaich stated there was a compromise reached during the 2013 Legislative Session, but there was a negative effect on the community colleges with the initial enactment of that policy, which would likely not be repeated going forward.

Senator Woodhouse commented that there was considerable testimony on the shared services program before the Committee to Conduct an Interim Study Concerning Community Colleges' Subcommittee on Governance and Funding established by Senate Bill No. 391 of the 77th Legislative Session (2013). She requested an explanation on how that could improve the deficiencies in funding.

Mr. Klaich believed that was an integral part of the strategy of meeting the formula requirements. As Dr. Curtis indicated, the first reaction was to not fill a vacancy until it was thoroughly reviewed. In conjunction with Truckee Meadows Community College (TMCC), GBC would share the distance education director. In the case of GBC and Western Nevada College (WNC), they shared an institutional research position. The NSHE was reviewing the possibility of sharing information technology services. The college presidents had examined a series of areas where services could be combined. Mr. Klaich opined that it was critical in moving fully to the revised formula.

Chair Hickey requested that Dr. Curtis conclude his remarks and thanked him for the cost-cutting proposals for GBC. He asked whether Dr. Curtis planned to return in 2017 to request additional time and money to make the transition if the Legislature continued bridge funding.

Dr. Curtis responded that he considered this to be "last time, one time" bridge funding, as indicated in his memorandum of February 6, 2015 (pages 1 and 2 of [Exhibit K](#)). He assured the Subcommittees that he would not be coming back next session requesting additional funding. If some bridge funding was available, it would help in smoothing the planned transition.

Chester Burton, Interim President, Western Nevada College (WNC), indicated that he would provide details to the Subcommittees about how the requested bridge funding of \$1,100,000 in 2016 and \$850,000 in 2017 would be an investment to support the statewide goals of student completion and economic diversification for the state as described in his memorandum of February 6, 2015 (pages 16-19 of [Exhibit K](#)).

Mr. Burton read the following statement into the record:

When I was named acting president in December 2013, I immediately convened a committee of the college stakeholders with a mandate to come up with an operating template that would allow the college to function within the constraints of the funding formula. I was well aware that the mitigation funds provided in 2013 were a temporary one-term measure in that we need an operating model to allow us to "stay in business."

The recommendations from the committee were a combination of efficiency action, across the board cuts, and shared services.

We have actively been incorporating these recommendations this year, but while these recommendations and actions are very important for future sustainability, there is an old adage I learned in business school that "no business ever cost-cut their way to profitability."

Accordingly, we are using the mitigation money to start a number of actions that are investments in the future of the college and allow us to grow and succeed within the tenets of the funding formula. Some of these actions include a program we call "Jump Start," which is a dual enrollment program with the five K-12 districts in our service area. We have also significantly increased our veterans' support in the college by opening up a veterans' center and staffing it full time. As a veteran myself, I feel very strongly about that. As the military draws down, we are seeing our veterans' enrollment up by 25 percent in the last two years.

We identified a need to increase support for our rural students. For instance, in Fallon our full-time-equivalent enrollment has dropped by over 50 percent in the last ten years. To better support the Fallon region and ensure the long-term viability of the campus, I reassigned a long-term WNC employee with deep roots in Churchill County to be the Fallon campus director. Her primary job is to determine the higher education and workforce needs in that region and recommend appropriate programs to meet those needs. She has only been there a month, but the feedback I received is that she has "hit the ground running" and is doing a great job out there.

In addition, she has also been in talks with the Fallon Naval Air Station regarding offering college courses for active duty military and their dependents on the base. We used to offer courses before 9/11 at the base, and they were always full. There has been a need we have identified, and we believe that by next fall we could be offering courses on the base again.

Chair Hickey asked whether there was grant funding that went through Western Nevada College.

Mr. Burton said the state was awarded about \$9.9 million from a U.S. Department of Labor Trade Adjustment Assistance Community College and Career Training grant. The WNC received approximately \$4 million for administering round three of the grant. A large portion of the grant was for a statewide program called "Burning Glass" to assist with identifying employer needs and to tie training programs to the needs. Additionally, a portion of the money would be used to expand existing workforce development programs.

Chair Hickey noted the grant would help fill existing gaps.

Mr. Burton agreed that grants were beneficial. Typically, grants closely defined how funds could be used. This particular grant did not authorize general operating costs; however, programs identified with specific needs in workforce development could use the grant funds.

Chair Hickey inquired whether WNC was on schedule for fully adjusting to the weighted student formulas as they existed now and making the transition.

Mr. Burton answered that many of the same techniques were incorporated at GBC and WNC. He stated there was a plan, and WNC would operate under the tenets. There had been a meeting held with the Tesla Motors, Inc. personnel who said they would have an aggressive timeline once the factory was progressing toward completion. Looking at models around the country, community colleges were at the forefront of workforce development with transplanted corporations. He believed the state could not ignore those needs. Mr. Burton thought there would be other companies following Tesla's move to Nevada.

Chair Hickey remarked that the System would enjoy tuition and student-fee increases. He asked whether that had been consideration for plans at the community colleges.

Mr. Burton responded that as part of the agreement made between the Board of Regents and the students when the 4 percent increase was approved, there were specific student needs to be met with the funds.

Chair Hickey asked Mr. Burton to continue with his presentation.

Mr. Burton said he wanted to mention the Jump Start College program. This program allowed high-school students to enroll in college courses. The dual enrollment programs across the country had been extremely successful. The WNC Jump Start College was modeled after several successful programs. When the program began, 50 to 60 students were anticipated to enroll. However, the program had to be capped at 200 students, the maximum number of students the program would support.

According to Mr. Burton, the program had been extremely successful, with over 95 percent of the students completing the fall semester. Students who spent both junior and senior high-school years in the program would have one year of college credits completed upon high-school graduation. Statistics showed that students with dual enrollment were more likely to complete college studies. Mr. Burton believed that with sufficient resources the program could be expanded to over 400 students in 2016. However, without bridge funding and with a nearly \$2 million reduction for the 2015-2017 biennium, it was difficult to consider continuing programs he considered investments in Nevada's future.

Assemblywoman Swank recalled the exclusion of "F" grades and the discussions that had taken place during the 2013 Legislative Session. As a former professor, she noted the "F" grades were more work than the "A" grades, and she was aware this would disproportionately affect the community colleges. Assemblywoman Swank expressed concern regarding the exclusion, especially with regard to community colleges. She asked Mr. Burton whether he could discuss the effect the exclusion would have on the students.

Mr. Burton responded that the community colleges clearly had an open-enrollment policy and were the gateway to higher education. He was aware that not all students would be successful. When he was preparing the model program and trying to anticipate where the community colleges would be at this point, he did not correctly anticipate the number of "unearned F" students. There was a \$300,000 consequence, which was larger than anticipated. It was a team effort to help students complete courses; however, it was a fact that not all students would succeed.

Assemblywoman Swank was concerned that for community colleges to compensate for the projected number of students who were going to drop a class, it would be necessary to increase caps on classes, which would cause large classes. For example, if an instructor knew that 25 percent of the class

was going to drop, the caps could be increased by 25 percent, resulting in a large class. This would result in students receiving a lower-quality education.

Chair Hickey commented to Mr. Klaich that it might not be possible to get through all of the budgets, but he asked that each NSHE president provide details on items not included in the Governor's budget recommendations.

Stephen G. Wells, Ph.D., Desert Research Institute (DRI), Nevada System of Higher Education (NSHE), provided the Subcommittees with his memorandum of February 9, 2015 (pages 3-15, [Exhibit K](#)) and [Exhibit L](#), "DRI Background and 2015 Legislative Priorities," and testified regarding funding for the 2015-2017 biennium. Dr. Wells read the following testimony into the record:

I am here to request your consideration and support for the Board-approved NSHE budget, including the two enhancements for DRI.

Between 1990 and 2011, DRI's research revenues grew as an average of \$1.3 million per year. It grew because of two primary reasons. One was that we had built decades of strong relationships with the federal government. They knew us, they trusted us, and we got the hard grants from them.

The other was that this State Legislature and the Governor supported DRI, growing our state support to a benchmark high of \$10.6 million, allowing us to reinvest in our faculty and our labs and our capabilities.

All along, that led to us hiring some of the most remarkable talent for this state in terms of their ability to innovate, both in research and development, and also start to spin off companies.

Since 2010, the federal research and development funding has declined by 15 percent overall, and some agencies have declined as much as 25 percent, such as Defense [U.S. Department of Defense], which represents about 20 percent of DRI's portfolio. That has created a whole new landscape for the type of funding of an institution such as ours.

We have not taken that idly. We have been very diligent in working on efficiencies and effectiveness, such as what you have heard from my colleagues in the community colleges, including reductions such as a 17 percent reduction in administrative and research support, and building a new operational platform for enhancing partnerships with private industry to contribute to an innovation-based economy for our state.

We need your support in that transition. Decades to build federal relationships, it will take a long time to build similar relationships with industry, but we need some bridge funding to be stable over that.

Our current annual General Fund support from the state is \$7.6 million. In 2013, you passed a new funding formula for all institutions, including DRI. Ours is based on the aspects of growing our research over time. I will not get into the detail but that is explained in the handout all of you received [[Exhibit L](#)], but what has happened is with this decrease in federal funding and the loss that DRI had over the past five years, our state appropriation will decline about \$975,000 in fiscal year (FY) 2016 and a little over \$1 million in 2017.

In order to mitigate the shortfall, the Board of Regents has recommended about \$700,000 over the biennium in bridge funding and \$250,000 of that was recommended as a commensurate weighted student credit hours for DRI. This funding is critical for us to stabilize so that we can move forward building these partnerships with industry. We are doing that through the support of the Knowledge Fund [Knowledge Account]. We thank you very much for that and hope that continues, as it is already bringing companies into Nevada.

We have now started a partnership with Lockheed Martin in the Middle East. I am looking at sustainable agriculture and water supplies there. All this has led to part of our platform to work with private industry.

I would like to point out that in this handout [[Exhibit L](#)] that you have, the Milken Institute ranks the State of Nevada based on

science and technology in six major metrics. Those metrics give you an overall score. In 2014, Nevada is 50th. You need to support higher education. You need to support DRI to bring us out of that 50th and meet the Governor's recommendation for an innovation-based economy.

Mr. Klaich noted the next presentation for the Nevada System of Higher Education (NSHE) was a request for the William S. Boyd School of Law at University of Nevada, Las Vegas (UNLV).

Daniel W. Hamilton, Dean, William S. Boyd School of Law, UNLV, provided the Subcommittees with [Exhibit M](#). He thanked the legislative body for its support of the Boyd School of Law and read the following testimony into the record:

The law school was created by this Legislature 16 years ago and it has proven to be a great investment providing great return for the whole state.

In only 16 years, Boyd School of Law is now considered one of the top public law schools in the nation and is among the very best programs in legal writing, dispute resolution, and clinical education. We serve Nevada. Through our community service programs, Boyd School of Law students have taught free legal education classes to over 50,000 Nevadans. Each spring, and coming up this March, we have students who take part in alternative spring break, traveling to rural communities throughout northern and southern Nevada.

Boyd has produced over 1,800 graduates since enrolling our first student in 1998. Over 83 percent of our graduates stay in Nevada, in many instances serving as community leaders. Several Boyd School of Law graduate are now judges, the new district attorney for Washoe County is a Boyd School of Law alum, and five Boyd School of Law alum currently serve in this Legislature, including this Committee's vice chair.

This great success story for the State of Nevada is now at risk. As you likely know, the pool of applicants to law school has been declining nationwide for several years. Nationally, applications are down some 55 percent to law schools over the last five years, and

they are still going down. This national trend has hit Boyd School of Law and will continue to do so. Applications to Boyd School of Law were down roughly 50 percent from 2010 to 2014. Based on this new reality, we have a choice: we can reduce the quality of the program by drastically lowering admission standards, or we can cut the class size to maintain what we have built.

Lowering standards does serious harm to the law school. Lowering admission standards to fill seats, we have then fewer students who pass the bar, we plummet in the national rankings, it is harder to attract top faculty, it is harder to attract top students who then leave the state, and employers are more reluctant to hire our graduates.

On the subject of jobs, I should say that another risk of lowering admission standards to fill seats is the paying constant attention to how many people we can reasonably place in good jobs, and we flood the system if we filled seats this way, and we would be in a position where we are taking students' money who then cannot pass the bar or find a job.

To maintain quality, we have reduced enrollment of the law school from roughly 150 to roughly 110 entering students each year for the near future. This decrease in enrollment and the subsequent decrease in tuition dollars creates a \$3 million revenue shortfall each year beginning in fiscal year (FY) 2016. Faced with this shortfall, we met with the Chancellor, the Regents, and the Governor, and each took the time to discuss how we can put the law school on a sustainable path. As described in the materials we have submitted ([Exhibit M](#)), the plan is a 50-50 partnership to address the shortfall with the law school generating an additional \$1.5 million a year and the Regents' and Governor's budgets recommending \$1.5 million in additional annual funding for the law school. Working together in this partnership, we can maintain one of the signature successes in higher education for Nevada. The law school will do its part to generate \$1.5 million in four ways: through new programs, through new fundraising, through a modest tuition increase, and through expense reductions.

In terms of new programs, we have created the first Master of Laws (LL.M.) in gaming law in the nation, and we are developing executive education programs. The first class is arriving this upcoming fall. This program will be entirely self-sustaining and will create net revenue for the law school. None of the expenses of the new LL.M. program will be funded by the state.

Secondly, the students have come to the table. Tuition has remained flat at \$23,900 since 2012 academic year, and the Board of Regents has recently approved a tuition increase of 4 percent each year in the next biennium, which will result in projected budget increases. It has stayed flat for several years after a substantial increase, and there is not much more capacity to raise tuition.

Third, we are fundraising with new intensity and success. That is something I spend a great deal of time doing.

Finally, we are right-sizing the faculty. We are not hiring full-time faculty or visiting faculty, and when faculty members leave or retire, we do not replace them, and several of our faculty members are on various kinds of leave and have not been replaced.

We will do our part. We are committed to doing our part, and we will succeed in doing our part to fill one-half of this gap. We will meet half of the shortfall. I am grateful that the Governor has recommended a budget that meets the other half. The success of the Boyd School of Law is a result of an investment made by this Legislature on behalf of the state, and we look forward to continuing our partnership for the good of Nevada.

Chair Hickey asked, when enrollments recovered or budgets stabilized, whether Mr. Hamilton would return to the Legislature and request the \$1.5 million for future biennia.

Mr. Hamilton replied that when the economy recovered, he would not be returning to request the \$1.5 million. He said that the decline in admissions nationwide was not a trend he expected would reverse itself in the near future.

Chair Hickey assumed that the Boyd School of Law was prepared for a transition to scale down the offerings at the school.

Mr. Hamilton commented that he was hoping to have this request be a permanent addition to the base budget in light of a trend that he did not foresee turning around. According to Mr. Hamilton, the Boyd School of Law was committed to generating \$1.5 million to meet half of the deficit.

Senator Kieckhefer said he appreciated the strategy proposed by the school. In the budget, there appeared to be a reduction in student-derived revenues of \$1,082,050 in FY 2016 and \$944,319 in FY 2017. The supporting documentation indicated a significant difference [between those amounts and \$1.5 million each year]. He asked Mr. Hamilton to address the differences.

Mr. Hamilton explained the budget shortfall was a result of the drop in the number of students from about 150 per year to about 110 per year. The total number would be 120 fewer students over three years. The total student fee loss was about \$3 million. As noted in the exhibit, some of the fees were in the state-supported budget. Some of the fees were outside of that budget, but still supported critical functions for the law school. For example, fees outside the state-supported budget covered expenses such as library acquisitions, salaries for academic advisors, career services, professional development, admissions, financial aid, and computer service support.

Assemblyman Armstrong requested additional information on the creation of the LL.M. program. He believed that when this program was developed, it would create revenue for the state.

Mr. Hamilton stated that with the support of the Board of Regents and the American Bar Association, the first LL.M. program in gaming law and regulation had been created. It was a one-year master's program for law school graduates with a Juris Doctor (J.D.) degree to come to the law school to gain further education in gaming law. To UNLV it was a perfect fit for the William S. Boyd School of Law for Nevada to provide the nation's best training in gaming law. Many law schools had moved into the LL.M. training realm. Mr. Hamilton anticipated that initial phases of the program would generate approximately \$300,000 to \$350,000 in net revenue annually.

Assemblyman Armstrong appreciated the efforts of the school in establishing programs to alleviate the revenue problems.

Mr. Klaich commented that he appreciated Mr. Hamilton quickly putting together a program to address the revenue crisis at the UNLV William S. Boyd School of Law.

Mr. Klaich explained that there were a number of programs affecting higher education that would have independent budget hearings. Therefore, he believed it would be more appropriate to present the overview for the establishment of a medical school at the University of Nevada, Las Vegas. The Board of Regents had met in Elko, Nevada, in the fall of 2013, and at that time, Mr. Klaich established a statewide steering committee to guide the work of the expansion of public medical education to improve healthcare for Nevadans. Through public medical education, the goal was to provide an education for doctors who would stay in Nevada.

Another goal regarded investment and the economic development strategy of the state. A medical school was a part of the system that should be expected to be an incubator for surrounding businesses. When it was fully developed, it should return money to the state.

Continuing, Mr. Klaich said that the third goal was to increase the overall reputation and achievement level of UNLV. It was critical to have a collaborative effort. There had been no interest in just creating another medical school and no interest in creating a "mirror image" of the current medical school. As a consequence, the Board of Regents developed a plan to expand the University of Nevada School of Medicine (UNSOM) to a full four-year track largely located in northern Nevada, with a complementary school located in southern Nevada. The school was to be overseen by a steering committee to ensure the schools were touching separate communities and separate aspects of public medical education. It was critical to address the full continuum of medical education. Undergraduate medical education was the four years after receipt of a baccalaureate degree that resulted in an M.D. [doctor of medicine] degree and opened the door to more medical education. Following that process were residencies and fellowships that were critical to retaining physicians in Nevada.

Mr. Klaich pointed out that studies showed that the longer a person remained in a specific location, the more likely the person was to stay in that area. The community and specific needs of the community had to be considered when developing a recruiting strategy, retention strategy, and screening strategy to keep the students in the area following graduation.

Mr. Klaich explained that he chaired the steering committee and reported to the Board of Regents. The committee included the presidents, deans, and provosts of both UNLV and UNR and two business representatives, and it met as necessary to make recommendations to the Board. The steering committee had shared a number of documents with the Subcommittees, including a ten-year budgetary plan for the new school of medicine and the expansion of the existing school of medicine.

Mr. Klaich believed this was an important time in the development of higher education and particularly for healthcare in southern Nevada. Southern Nevada was the driving force for the economy of the state. He thought the establishment of the new school was an opportunity for the state to do something dramatic, different, and critically needed for the citizens of Nevada and the citizens of Clark County in particular.

Chair Hickey requested that the deans of the medical schools provide testimony on the request to add and accelerate the process of accreditation.

Barbara F. Atkinson, M.D., Planning Dean, University of Nevada, Las Vegas (UNLV) School of Medicine, provided a bulletin entitled "UNLV School of Medicine" ([Exhibit N](#)). She hoped that Nevadans would be excited to have an innovative program in the state that would train doctors for the next 50 years in a variety of ways, different from the current training methods. A major consideration was how to keep students in Nevada after their graduation from the program. It was also important to have a diverse student body training both urban and rural, first-generation students, but most importantly, Nevada students.

Dr. Atkinson envisioned a partnership model with an academic health center and hospital partners, such as University Medical Center (UMC) of Southern Nevada, the VA Southern Nevada Health Care System, Sunrise Hospital and Medical Center, and Dignity Health. She anticipated that research and education programs would be done cooperatively that would include a highly specialized group of academic faculty members. More residency programs were needed at the current University of Nevada School of Medicine, with more doctors involved and more specialties offered. Many top students from UNSOM left the state because the residency programs they wanted were not offered at UNSOM. Broader clinical programs would also be offered.

Dr. Atkinson stated that the Board of Clark County Commissioners had signed a memorandum of understanding with the Board of Regents of the Nevada System of Higher Education to place the first building for the UNLV School of Medicine within a county-owned area of the Las Vegas Medical District. The Las Vegas Medical District was established by the City of Las Vegas, which had hired an architectural group, SmithGroupJJR, to prepare a plan for the district. SmithGroupJJR then contracted with an economic group, Trip Umbach, to project the effects of the medical district and medical school on the state's economy. She referred the Subcommittees to [Exhibit O](#), "Projected Economic Impact of the Las Vegas Medical District and UNLV School of Medicine." The study projected that the combined economic impact of the UNLV School of Medicine and the Las Vegas Medical District would total \$3.6 billion by 2030. In addition, by 2030, government revenue was projected to total \$181 million annually and 24,182 permanent jobs would be created.

Chair Hickey commented there was a great appreciation of what a second medical school would bring to Nevada. He asked Dr. Atkinson why she was seeking an acceleration in the budget for the transition.

Dr. Atkinson responded that it was hoped to open the school in 2017. The accrediting agency agreed that was possible. The Board of Regents' budget provided about \$7 million in 2016 and \$20 million in 2017. The Governor's budget indicated a one-year delay, with the first class starting in 2017, but provided only about \$1.3 million in 2016 with \$7 million the following year to begin the school. The NSHE would have to request \$20 million from the 2017 Legislature to complete the project.

Dr. Atkinson conceded that the delay was workable, but the economic benefits would be delayed a year, and most importantly, the school's accreditation would be put in jeopardy. She believed it would also be harmful to the UNLV School of Medicine, and the donors would feel unsettled with the delay.

In explaining the accreditation problem, Dr. Atkinson said the accreditors had scheduled the UNLV School of Medicine for a site visit in January or February 2016. The site visit would determine whether students could be accepted in the fall of 2016. The accreditors looked for a base of hard money support at a range of 40 to 45 percent of the cost of the school. If the accreditors saw \$7 million as base support, Dr. Atkinson felt that would not be sufficient. The accreditation step could be delayed;

however, Dr. Atkinson feared the accreditation committee would see that as unstable support from the state.

Continuing, Dr. Atkinson said that UNSOM would be in transition, moving many faculty and programs back to northern Nevada. The UNLV School of Medicine in southern Nevada would be recruiting faculty from the outside, and the major faculty recruitment would start in 2017. Meanwhile, incumbent UNLV School of Medicine faculty would be waiting 18 months for a position in southern Nevada. She believed faculty waiting for two years or more might leave the school altogether. Dr. Atkinson noted that donors were enthusiastic about the new program and had been contributing heavily. The school was being built around donations, and the funding requested from the Legislature was for basic educational needs. Donations were being requested for buildings and clinical programs.

Chair Hickey asked whether donors would participate if the plan was accelerated.

Dr. Atkinson said the donors wanted to see the state educational programs grow, and this was a part of the state's obligation. She believed there were excellent prospects for continued donations.

Mr. Klaich commented that the Liaison Committee on Medical Education accreditation body would look at the base level of support.

Chair Hickey requested additional information regarding the problems for faculty if the UNLV School of Medicine plan was not accelerated.

Thomas L. Schwenk, M.D., Dean, University of Nevada School of Medicine, addressed the Subcommittees regarding the UNSOM vision for Nevada. He stated the project was a remarkable convergence of vision and, to his knowledge, something that had never occurred in the state with regard to public medical education. The NSHE was attempting something unique in the history of medical education: a school that had one-half campus in Reno and one-half campus in Las Vegas. The challenge was participating and supporting a new medical school in Las Vegas while the full school was being developed in Reno. The project linked the budget together, and the enhancement requests had to be tied together because of the need to support full teaching capacity in Las Vegas while the teaching capacity was being expanded in Reno ([Exhibit P](#)).

The budget request (page 2 of [Exhibit Q](#)) supported the community faculty positions being recruited and trained to become teachers in the medical school. Full support staff for Reno was also included. Additionally, there was support for Project ECHO (Extension for Community Healthcare Outcomes), the video consultation service for rural Nevada, and video linkage support between Reno and Las Vegas for video teaching and administrative purposes.

Dr. Schwenk believed Dr. Atkinson was correct in her observations regarding the problem of faculty instability. Because of the linkage of the UNLV School of Medicine launching and the growth of the Reno UNSOM, both schools needed a date for launching to reduce the instability and uncertainty. Partnerships were maintained with Renown Health and St. Mary's Regional Medical Center in Reno. The two facilities were not interested in being perceived as the full sources of support for the UNSOM. The medical facilities provided some support in certain areas, but state and donor support were required in other areas. Those three streams supported different parts of the build-out, but did so in a synergistic fashion.

Dr. Schwenk concluded that there were many calculations and projections for the growth plan. One of the simpler ways to think about this was well-documented data that every new physician in the community generated from \$1 million to \$2 million a year per physician in economic activity. Given the state's deficit, 2,000 to 3,000 physicians in varied specialties could provide an economic boost to the state.

Mr. Klaich commented that the final segment of the partnership of the two university systems was for graduate medical education. Although the Regents' proposal was not contained in the Governor's budget, the Governor had a recommendation for graduate medical education, and the NSHE expected to be a very significant participant. Dr. Schwenk was working closely with Dr. Atkinson to provide the types of residencies and fellowships expected at NSHE. The graduate medical education would be available in both the northern and the southern parts of the state.

The new partnership with Renown Health was innovative for NSHE. There was a long-standing relationship with Renown Health, but Dr. Schwenk had participated in a steering committee, chaired by Bruce James [CEO of Nevada New-Tech, Inc.], during which Dr. Schwenk and leaders of Renown Health, among others, turned the entire relationship around. The NSHE believed it was providing a solid plan for undergraduate medical education on a collaborative

basis, and for graduate medical education on a statewide basis, that enhanced economic development. Mr. Klaich said this was an aggressive plan, but a solid plan. It was a plan that was presented to the Board of Regents and vetted as described in the brochure entitled "Nevada's Public Medical Education Plan" ([Exhibit R](#)).

Chair Hickey thanked previous testifiers and invited the university presidents to speak to the Subcommittees.

Marc Johnson, Ph.D., President, University of Nevada, Reno (UNR), read the following into the record:

We appreciate very much that Governor Sandoval recognized and applied the higher education funding formula that this body approved in 2013. The funding formula actually directs state funds to finished courses on the way to degree and certificate completion. It is completed degrees and completed certificates that represent the enhancement of the workforce needed for economic diversification. These universities and the community colleges are economic engines.

At the University of Nevada, Reno, our enrollment is accelerating. We are producing more degrees than ever before. Last year we produced 3,500 bachelor's, master's, doctoral, and medical degrees, and all of these represented an addition to the workforce. We do much research and technology, some of which is commercialized in Nevada. This university collaborates with industry to bring the industry here, such as the drone companies of Flirtey and Ashima Devices who have working relationships with our College of Engineering and our high-tech companies we are partnering with like Switch and Hamilton Robotics. The College of Engineering has been pivotal in helping to bring industry to the state.

The universities are economic engines in themselves in that we bring outside dollars, where base industries bring outside dollars to be spent in Nevada through tuition, through financial aid grants, through more than \$90 million in research grants last year.

These institutions are worth investing in. You have heard the word investment many times because they provide so much foundation for economic diversification in the state. With \$5 per weighted student hours in addition, we will add 20 tenure-track faculty positions and 25 graduate teaching assistants to build on the capacity of this economic driver. The students voted for their fee increases to also produce tenure-track faculty and 25 graduate teaching assistants each year in the next four years. We would ask the Legislature to consider matching that student investment in this economic driver.

Chair Hickey welcomed Len Jessup, Ph.D., President, University of Nevada, Las Vegas (UNLV). Dr. Jessup commented that he recently moved to Nevada from Arizona and was pleased to arrive in time to hear Governor Sandoval's State of the State message and the proposed budget. He was pleasantly surprised to hear the large investment proposed for the future of the state, and especially for education.

Dr. Jessup was grateful for the Governor's budget proposal relative to NSHE and for UNLV in particular. Dr. Jessup stated that he believed he was fortunate to be able to travel around the country and speak with business leaders. In particular, he was provided an opportunity to see economic ecosystems around the country that were growing even during the downturn.

As part of that travel, he was able to visit Las Vegas where he discovered that a school of medicine was lacking in the area. He believed this was a tremendous economic loss to the area. According to Dr. Jessup, with a full build-out, the UNSOM would require 18 percent of its operating capital from the state, with the balance coming from other sources.

There were two schools of medicine in Arizona: one in Tucson and one in Phoenix. In Tucson, a cancer diagnostics company created out of the medical school was purchased by Pfizer Pharmaceutical Company and was still located in Tucson. That was now the largest employer for business students from the University of Arizona.

Dr. Jessup had spent a considerable amount of time talking with people in the southern Nevada communities. Most citizens were anxious to have a medical school in the area so they would not have to travel out of state for major medical procedures. The plan presented by the Board of Regents for 2017 was

credible, involved partners from around the state, and was a dynamic and incredible vision for the academic medical center. There was no doubt the project could be completed in the proposed period.

Chair Hickey stated there was compelling testimony for accelerating the proposal; however, the challenge was to find the means to accomplish it.

Mr. Klaich concluded the NSHE presentations. He believed the Board of Regents had presented reasonable, credible, and modest requests for enhancement. It was now up to the legislators to prioritize the projects. Mr. Klaich reiterated that the proposals were dependent on the revenue available. This was a critical concern for all involved.

Assemblywoman Benitez-Thompson commented that she was well aware of the merit pay for professors and supported the fairness concerns that needed to be addressed. In addition, the teaching professors were one of the greatest resources of human capital available in the state.

Chair Hickey opened the hearing for public comment and asked the speakers to keep comments to one minute or less.

Alex Velto, Consolidated Students of the University of Nevada (CSUN), UNLV, was representing the student body. He stated that the students supported state funding for the UNLV School of Medicine.

Assemblyman Elliot T. Anderson, Assembly District No. 15, provided testimony in support of the William S. Boyd School of Law at the University of Nevada, Las Vegas. He was a law student with five credits needed to complete his degree. During the economic downturn, many students incurred additional debt. Unfortunately, the enrollment for the Boyd School of Law plummeted during that time.

The Legislature reduced state support for the Boyd School of Law in 2009 and major tuition increases ensued. Assemblyman Anderson commented that he was personally concerned about becoming established and being able to pay off student loans. He would caution anyone considering the law profession to consider an alternative plan to pay off student debt.

Assemblyman Anderson believed that the Nevada System of Higher Education had been able to maintain the highest standards at the Boyd School of Law

through the recession. The school had continued to compete as a nationally ranked law school. He was particularly proud of the legal writing program, which was ranked as one of the top three legal writing programs in the nation. Legal writing was considered by many to be the single most important skill for a lawyer to develop.

Assemblyman Anderson requested that the Subcommittees consider supporting the enhancement request for the Boyd School of Law. The enhancement request would allow retention of top-tier faculty, stave off further tuition increases, and maintain the national ranking to attract exceptional students.

Brian McAnallen, representing the City of Las Vegas, testified in support of the enhancement request for the UNLV School of Medicine. He believed the \$26 million request by NSHE was necessary.

Paul Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce, expressed support for the full funding of \$26 million for the UNLV School of Medicine.

Jose Solorio, representing the Political Advancement of Latinos Organization, expressed support for the NSHE budget proposal ([Exhibit S](#)).

Jonathan Solares, representing Nevada Student Affairs at UNLV, expressed support for the NSHE budget proposal and the UNLV School of Medicine.

Caleb Green, UNLV student and CSUN Judicial Council member, expressed support for Assembly Bill 111, the expansion of the Governor Guinn Millennium Scholarship.

Elias Benjelloun, undergraduate student-body president for CSUN, expressed support for the UNLV School of Medicine and NSHE's budget request.

Chair Hickey commented that although many testified for UNLV, he believed that the rural colleges were also well represented.

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There being no additional testimony, comments, or questions, Chair Hickey adjourned the meeting at 10:43 a.m.

RESPECTFULLY SUBMITTED:

Linda Blevins
Committee Secretary

APPROVED BY:

Assemblyman Pat Hickey, Chair

DATE: _____

Senator Ben Kieckhefer, Chair

DATE: _____

EXHIBITS

Committee Name: Subcommittees on K-12/Higher Education/CIP

Date: February 24, 2015

Time of Meeting: 8:02 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	Jeannine M. Sherrick-Warner, Director of Programs, WICHE	WICHE Budget Request
	D	Jeannine M. Sherrick-Warner, Director of Programs, WICHE	Proposed Transition of WICHE
	E	Bob Clifford, Chairman, Restore Our College Campus Committee, Fallon	Letter supporting bridge funding
	F	Bailey Bortolin, Student, William S. Boyd School of Law, UNLV	Letter of support for the Governor's recommended budget
	G	Matthew Clewett, Treasurer, Student Government Association, Truckee Meadows Community College	Remarks of Stephanie Prevost, President, Student Government Association, Truckee Meadows Community College
	H	Chuck Price, Chair, University of Nevada, Reno Faculty Senate	Resolution on Compensation and Retention
	I	Daniel Klaich, Chancellor, Nevada System of Higher Education	NSHE Legislative Priorities
	J	Daniel Klaich, Chancellor, Nevada System of Higher Education	Weighted Student Credit Hours
	K	Mark A. Curtis, President, Great Basin College	Memoranda addressing bridge funding
	L	Stephen G. Wells, Ph.D., President, Desert Research Institute	DRI Background

	M	Daniel W. Hamilton, Dean, William S. Boyd School of Law, UNLV	Response to the Legislative Commission Budget Subcommittees request.
	N	Barbara F. Atkinson, M.D., Planning Dean, UNLV School of Medicine	UNLV School of Medicine Brochure
	O	Barbara F. Atkinson, M.D., Planning Dean, UNLV School of Medicine	Projected Economic Impact of the Las Vegas Medical District and UNLV School of Medicine.
	P	Thomas L. Schwenk, M.D., Dean, University of Nevada, School of Medicine	More Doctors for Nevada: Reno Campus Expansion
	Q	Thomas L. Schwenk, M.D., Dean, University of Nevada, School of Medicine	NSHE Funding Distribution
	R	Daniel Klaich, Chancellor, Nevada System of Higher Education	Education Expansion Plan
	S	Jose Solorio, representing the Political Advancement of Latinos Organization	Written testimony in support of NSHE budget proposal