

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

**Seventy-Eighth Session
May 7, 2015**

The meeting of the Subcommittees on K-12/Higher Education/CIPS of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Ben Kieckhefer at 8:16 a.m. on Thursday, May 7, 2015, in Room 3137 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 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 Ben Kieckhefer, Chair
Senator Michael Roberson
Senator Debbie Smith

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Alex Haartz, Principal Deputy Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Brody Leiser, Program Analyst
Emily Cervi, Committee Assistant
Cynthia Clampitt, Committee Secretary

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OTHERS PRESENT:

Vic Redding, Vice Chancellor, Finance and Administration, Nevada System of Higher Education
Gerry Bomotti, Vice President, Finance and Business, University of Nevada, Las Vegas
David Steel, Executive Director, Nevada Faculty Alliance
Ron Marston, Faculty Senate Chair, Truckee Meadows Community College
Chuck Price, Faculty Senate Chair; Director, Joe Crowley Student Union, University of Nevada, Reno
Susan Priest, Faculty Senate Chair, Western Nevada College

Chair Kieckhefer:

We will begin the hearing today on the budgets of the Western Interstate Commission for Higher Education (WICHE). The first budget account (B/A) is B/A 101-2995, WICHE Administration.

EDUCATION

WICHE

W.I.C.H.E. Administration — Budget Page WICHE-3 (Volume I)
Budget Account 101-2995

Brody Leiser (Program Analyst):

The presentation for this budget begins on page 21 of the document titled, "K-12/Higher Education/CIPS Joint Subcommittee Closing List #3" dated May 7, 2015 ([Exhibit C](#)). The WICHE budgets were heard by the Subcommittees on February 24. This budget has one major closing issue, the transition of WICHE from the Nevada System of Higher Education (NSHE) to an independent entity.

The WICHE was organizationally transferred from a stand-alone Commission effective in fiscal year (FY) 2010 to facilitate efficiency and effectiveness of the Program and to enhance its administrative functions. As approved by the Nevada WICHE Commission at its October 6, 2014, meeting, the Executive Budget proposes to restore WICHE as an independent entity.

E-286 Educated and Healthy Citizenry — Page WICHE-4

Page 22 of [Exhibit C](#) provides background information on the transfer request. Prior to the transfer of WICHE to NSHE, the director position was in the unclassified State service. The Executive Budget recommends the director position to serve in the unclassified service and the salary will be established through the Unclassified Pay Bill. No change in the salary level is recommended for the director position.

During the budget hearing, the Nevada WICHE Commission testified the transfer would provide for greater efficiency and effectiveness. It would allow the Nevada WICHE to operate independently from the NSHE Board of Regents. It would allow stand-alone flexibility and decision-making. It would also eliminate administrative conflicts for staff whose responsibilities are to serve the Nevada WICHE Commission, but who are also currently serving as NSHE employees. The testimony by NSHE indicated they concur with the proposed change.

No new funding is included in the Executive Budget as part of the recommended change. Staff made a minor technical adjustment to add the Department of Administration, Division of Human Resource Management payroll assessment for the two WICHE employees that increased General Fund appropriations by \$177 in each year of the 2015-2017 biennium. The WICHE staff indicates they are currently in the process of securing office space to relocate.

On page 22 of [Exhibit C](#), Fiscal staff has provided information regarding Senate Bill (S.B.) 195 (1st Reprint). It would establish the Office of the Western Regional Higher Education Compact within the Office of the Governor. Fiscal staff understands that both the Office of the Governor and the Nevada WICHE Commission support the recommendation. As written, unless amended, S.B. 195 would place the employees in the nonclassified service. [Exhibit C](#) indicates that S.B. 195 was approved by the Assembly Committee on Education

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on April 29. The bill has been rereferred to the Assembly Committee on Ways and Means.

SENATE BILL 195 (1st Reprint): Revises provisions relating to higher education.
(BDR 34-509)

Do the Subcommittees wish to approve the Governor's recommendation to restore the Nevada WICHE as an independent entity, no longer under the NSHE administration with the technical adjustment noted by staff?

Chair Kieckhefer:

There seems to be consensus on this item. The issue of whether they are placed in unclassified or nonclassified service is a part of S.B. 195 and can be decided if that bill passes.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE RESTORING THE NEVADA WICHE AS AN INDEPENDENT ENTITY IN B/A 101-2995, WITH THE TECHNICAL ADJUSTMENT NOTED BY FISCAL STAFF.

ASSEMBLYMAN HICKEY SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

We will now consider B/A 101-2681, the WICHE Loan and Stipend budget.

W.I.C.H.E. Loan & Stipend — Budget Page WICHE-6 (Volume I)
Budget Account 101-2681

Mr. Leiser:

This budget begins on page 23 of Exhibit C. This budget was heard on February 24. The major closing issue is discussed on page 25. It is the

recommended changes to the Professional Student Exchange Program (PSEP) and the Health Care Access Program (HCAP) participant slot changes.

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The spreadsheet on page 28 of [Exhibit C](#) reflects the recommended slot changes for both the PSEP and HCAP as included in the Executive Budget. Staff will describe the changes for the Subcommittees' consideration. At the time of the budget hearing, the per-slot fees and the number of participants in the HCAP psychiatric nursing program were unknown. Since that time, the Nevada WICHE has finalized the slot fees and the number of slots. As revised, 76 slots are recommended in FY 2016 and 59 slots in FY 2017. The decrease in the number of slots is due to a structural change to HCAP in support of the behavioral mental health expansion for two new professional areas, psychology internships and the postgraduate psychiatric nurse program.

The 2015-2017 biennium professions recommended for State support in PSEP include optometry for continuing students, pharmacy, physical therapy, physician assistant and veterinary medicine. The Executive Budget supports 45 PSEP students in FY 2016 and 48 PSEP students in FY 2017. Notable changes in the PSEP are the phased elimination of optometry. No new slots are recommended for FY 2016. However, since the loan duration for participants is 4 years, funding will remain for continuing participants through FY 2018. The Agency testified that the optometry slots were being phased out because of a shift in priorities and due to the currently sufficient number of optometrists statewide.

The second notable change for the PSEP is on page 26 of [Exhibit C](#). It will add physical therapy slots to the Program. These slots were previously funded in the HCAP. The Agency indicates shifting the slots would provide Nevada residents expanded access opportunities to attend the University of Nevada, Las Vegas (UNLV), or out-of-state institutions that offer physical therapy programs at a reduced cost.

The HCAP slots for the 2015-2017 biennium in the Executive Budget are in mental health and nursing fields. The Executive Budget includes support for 31 HCAP slots in FY 2016 and 11 slots in FY 2017. The notable changes to the

HCAP are listed on page 26 of [Exhibit C](#) and include the shift of physical therapy slots.

The second item is that dentistry slots are recommended for elimination in the 2015-2017 biennium. The testimony from the Nevada WICHE was that they had analyzed the relative slot needs for each profession in Nevada. They realized that numerous slots offering small stipends were not impacting or influencing the number of practitioners. The funding previously used to support the dentistry slots would be repurposed for the expansion of the mental health programs.

The third change in the HCAP Program is the new doctoral psychology internship slots. Testimony indicated that the State's psychology slots were at 50 percent of the State's need compared to the national average. The new program would provide annual support of \$37,500 for four internship slots in each year of the biennium. The internships would be served at the Southern Nevada Adult Mental Health Services, Northern Nevada Adult Mental Health Services, Carson Mental Health Center and Lake's Crossing Center. No new professional slots are recommended for the existing 2-year nursing slots. However, funding is recommended in FY 2016 to fulfill the second-year obligations of continuing participants.

Finally, there are 17 new slots for postgraduate psychiatric nurses recommended in FY 2016, with 7 of the slots continuing in FY 2017. The new program would support the costs associated with postgraduate psychiatric nurses achieving their credentials. The recommended slot matrix includes funding for 10 slots in FY 2016 to offer course work for psychiatric nurse credentialing and competencies for participants to become certified for psychiatric medication management.

Additionally, seven slots are recommended for a new 2-year program that would allow registered nurses to become advance-practice registered nurses and offer psychiatric course work that may allow the participants to test for national certification.

Do the Subcommittees wish to approve Nevada WICHE's recommended PSEP and HCAP student slot matrix with total funding of \$1.1 million in each year of

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the 2015-2017 biennium and authorize Fiscal staff to make any necessary technical adjustments?

Assemblyman Oscarson:

How many of the students who take advantage of the lower rates actually stay in Nevada?

Mr. Leiser:

I do not have that information available.

Vic Redding (Vice Chancellor, Finance and Administration, Nevada System of Higher Education):

I do not have that information with me today, but I will provide it to your staff. That was one of the points we considered when the matrix changes were being recommended. The intent was to make the stipend significant enough to encourage students to remain in Nevada after graduation.

ASSEMBLYMAN OSCARSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE SLOT MATRIX FOR THE PSEP AND HCAP WITH FUNDING OF \$1.1 MILLION IN EACH YEAR OF THE 2015-2017 BIENNIUM AND AUTHORIZE STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

Under other closing items on page 27 of [Exhibit C](#), is discussion of a Letter of Intent issued by the 2013 Legislature similar to Letters of Intent issued in 2009 and in 2011. The Letter of Intent permitted WICHE to administratively adjust the number of slots for each profession to meet student demand. The Senate Committee on Finance and the Assembly Committee on Ways and

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Means, also known as the money committees, have directed WICHE to inform the Legislative Counsel Bureau's Fiscal staff in writing of any changes to the slot matrix. The information is then reported to the Interim Finance Committee (IFC) on a semiannual basis. The money committees also requested that WICHE report on an annual basis whether slots had been reduced because of the insufficient repayment revenues received. According to WICHE, the mix of slots did not change during the 2013-2015 biennium.

In addition, the 2013 money committees approved WICHE's request to be allowed to balance-forward unexpended fee revenues received after May 15 of each year, if the balance-forward revenues were to be spent on increasing the number of HCAP slots.

Do the Subcommittees wish to issue a letter of intent permitting WICHE to continue to administratively adjust the number of slots per profession to meet demands and to permit WICHE to balance forward unexpended fee revenues received after May 15 of each year, to increase the number of HCAP slots?

Chair Kieckhefer:

Is WICHE requesting continuation of this practice?

Mr. Leiser:

Yes, they have requested that authority.

ASSEMBLYMAN KIRNER MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE ISSUANCE OF A LETTER OF INTENT ALLOWING WICHE TO INCREASE THE NUMBER OF SLOTS TO MEET STUDENT DEMANDS AND TO BALANCE FORWARD OTHER REVENUE RECEIVED AFTER MAY 15 OF EACH YEAR IN B/A 101-2681.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

We will now discuss the NSHE budget accounts.

The table at the top of page 2 of [Exhibit C](#) is the funding overview for the State-supported operating budgets statewide. The table reflects the Executive Budget provisions. It does not reflect revised student-derived revenues.

Page 3 of [Exhibit C](#) contains a table reflecting the General Fund appropriations recommended by Governor Brian Sandoval for the 2015-2017 biennium. It compares each fiscal year to the amount approved for FY 2015. The Executive Budget recommends an increase of 9.3 percent, or \$90.8 million, in General Fund appropriations statewide for the NSHE budgets. As noted in the table on page 3, the increase in FY 2016 for the seven instructional budgets is 7.1 percent. For FY 2017, the amount of \$406.6 million represents a 7.4 percent increase over the legislatively approved General Fund appropriations of \$378.5 million for FY 2015.

NSHE

NSHE - University of Nevada - Reno — Budget Page NSHE-24 (Volume I)
Budget Account 101-2980

NSHE - University of Nevada - Las Vegas — Budget Page NSHE-53 (Volume I)
Budget Account 101-2987

NSHE - College of Southern Nevada — Budget Page NSHE-91 (Volume I)
Budget Account 101-3011

NSHE - Truckee Meadows Community College — Budget Page NSHE-96
(Volume I)
Budget Account 101-3018

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

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NSHE - Great Basin College — Budget Page NSHE-79 (Volume I)
Budget Account 101-2994

NSHE - Western Nevada College — Budget Page NSHE-85 (Volume I)
Budget Account 101-3012

The professional schools include the existing medical school, the proposed medical school at UNLV, the law school, the dental school and the Desert Research Institute (DRI). The FY 2016 General Fund appropriations recommended by the Governor are \$58.6 million representing a 9.2 percent increase over the \$53.6 million approved by the Legislature for FY 2015. The amount of \$66.6 million for FY 2017 represents a 24.3 percent increase over the amount approved for FY 2015. The increases for the professional schools are mostly attributable to the proposed medical school at UNLV.

The amounts recommended by the Governor for the nonformula accounts are \$62.3 million in FY 2016, reflecting a 4.6 percent increase over the \$59.5 million approved in FY 2015 by the Legislature. The Governor's recommended amount of \$62.5 million for FY 2017 represents a 4.9 percent increase over the legislatively approved funding for FY 2015.

The first major closing issue was discussed on numerous occasions. It is related to the General Fund appropriation of \$500,000 that was included in the UNLV State-supported operating budget to support a portion of the construction costs for the new Hotel College Academic Building, Capital Improvement Program (CIP) Project No. 15-C78. On February 27, the Department of Administration submitted a revision to the 2015 CIP funding that included the transfer of the \$500,000 General Fund appropriation, included in UNLV's State-supported operating budget, to support the CIP Project No. 15-C78.

Project No. 15-C78—Hotel College Academic Building

Neither the Executive Budget nor Fiscal staff had included the \$500,000 in the pool of available formula funding given its intended purpose. Staff recommends the funds be moved from the UNLV budget to the 2015 CIP budget for this project.

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Do the Subcommittees wish to approve the elimination of decision unit E-300 in B/A 101-2987 from the UNLV State-supported operating budget, with the understanding that the \$500,000 General Fund appropriation will be considered by the Subcommittees on May 18 as part of recommended funding for CIP Project No. 15-C78?

E-300 Educated and Healthy Citizenry — Page NSHE-56

Chair Kieckhefer:

This item has been well vetted throughout the Session.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO ELIMINATE DECISION UNIT E-300 IN B/A 101-2987 WITH THE UNDERSTANDING THAT THE FUNDING WILL BE PLACED IN CIP PROJECT NO. 15-C78.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The second major issue is presented on page 4 of [Exhibit C](#). This is the NSHE funding formula and performance funding pool for the instructional budgets. This issue contains six items.

The Executive Budget has followed the funding formula policies adopted by the 2013 Legislature. The first item relates to the weighted student credit hours (WSCH). The 2015-2017 biennium instructional budgets primarily distribute General Fund appropriations based upon completed WSCH by Nevada resident students. The value of each WSCH is uniform across all institutions and is calculated by dividing the available General Fund appropriations in each fiscal year, after any preformula allocations are distributed, by the total number of FY 2014 WSCH.

The value of the WSCH as an output of this calculation is not a predetermined amount or utilized to determine General Fund appropriation levels in the budgets. For FY 2016 and FY 2017, the calculated value of the WSCH is \$153.09 and \$153.33 respectively. By comparison, the value in FY 2015 is \$141.50.

After calculating the value of the WSCH, the Executive Budget reallocates available General Fund appropriations through the formula. Available General Fund appropriations are determined through the traditional base, maintenance and enhancement methodology, less any preformula allocations. There are two preformula calculations for the upcoming biennium we will discuss later. The first is the small institution factor for Great Basin College (GBC) and Western Nevada College (WNC). The second is the research and operations maintenance funding for the two universities.

The Executive Budget utilizes the same WSCH taxonomy as approved by the 2013 Legislature. The credit hours are weighted by discipline cluster and grade level of the course. There are a number of bulleted items throughout [Exhibit C](#), beginning on page 4. These items are reflective of amounts that were approved by the Board of Regents and requested by NSHE, but not included in the Executive Budget. A number of these items were discussed during the budget hearings. Not all the items approved by the Board, and not included in the budget, are included in the closing recommendations of [Exhibit C](#).

The Executive Budget did not include the separate enhancement requested by NSHE to increase the WSCH by \$5. That would have increased General Fund appropriations by \$12.9 million in each year of the 2015-2017 biennium.

Do the Subcommittees wish to continue funding the seven State-supported instructional budgets with the funding formula adopted by the 2013 Legislature, as recommended by the Governor and distributing General Fund appropriations based on the NSHE institutions FY 2014 WSCH?

Chair Kieckhefer:

This was a course shift in the funding formula approved in 2013.

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Assemblyman Kirner:

I am concerned that GBC and WNC are targeted for reductions of approximately 16 percent and 13 percent respectively. The DRI, which impacts both north and south, is suggested at a reduction of approximately 9 percent.

I suspect these kinds of cuts will have dramatic effects when we begin to set priorities. While I will support the recommendation, for the record, "It is extraordinarily disturbing to me to see these kinds of cuts, which then go back to the formula and some of the issues I had last Session."

Chair Kieckhefer:

The reduction to the DRI is not related to the WSCH. Its reduction is due to the lack of outside grant revenue. The WSCH is reflected in GBC and WNC.

ASSEMBLYMAN ANDERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO CONTINUE FUNDING THE SEVEN INSTRUCTIONAL INSTITUTIONS WITH THE FORMULA ADOPTED BY THE 2013 LEGISLATURE AND AS RECOMMENDED BY THE GOVERNOR USING THE 2014 WSCH.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The next item is the projection of WSCH in decision units M-203 of the instructional institution budgets. As directed by the 2013 Legislature, the Governor recommends the exclusion of "F" grades for nonattendance or effort in the FY 2014 WSCH. The Executive Budget also recommends a caseload adjustment for FY 2014 WSCH compared to the FY 2012 WSCH.

The table at the top of page 5 in [Exhibit C](#) reflects the Governor's recommendation based on the caseload adjustment. The adjustments to exclude "F" grades and for caseload and WSCH adjustments are based on the 2015 calculated WSCH value of \$141.50. System-wide among the seven teaching institution budgets, there was a caseload increase of 86,001 in WSCH. This recommendation includes General Fund appropriations of \$12.2 million in each fiscal year of the 2015-2017 biennium.

The Executive Budget utilizes the FY 2014 WSCH to reallocate General Fund appropriations through the funding formula. The caseload adjustment funding is subsequently included in the available funding used to calculate the recommended value of the WSCH.

The dollar amounts provided on page 5 of [Exhibit C](#) were based on each institution. As an example, the caseload adjustment for UNLV resulted in \$6,158,505. Because this total funding is then reallocated through the formula, the result does not necessarily mean that the funding for UNLV will increase by that amount.

Staff notes the adjustment to remove the "F" grades from the WSCH is a budget policy decision. The NSHE testified during the February 24 hearing that the removal of "F" grades resulted in a shift of funds among the seven teaching institutions, ultimately resulting in a decrease of funds to community colleges and an increase in funds to the universities. The 2013 Legislature directed the NSHE to adjust for the removal of "F" grades for the upcoming biennium. The Subcommittees have authority to determine the recommended budget policy for the 2015-2017 biennium.

Do the Subcommittees wish to approve the Governor's recommendation to fund WSCH caseload adjustments, inclusive of the removal of "F" grades for nonattendance/efforts, with General Fund appropriations of \$12.2 million in each fiscal year of the 2015-2017 biennium?

Assemblywoman Benitez-Thompson:

When we state that the funding will not necessarily increase by the amounts listed in [Exhibit C](#), please explain the actual funding difference.

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Mr. Leiser:

The \$12.2 million is recommended for distribution among the seven teaching institutions. Overall funding will increase if the Subcommittees approve the recommendation. That funding is then reallocated through the formula based on the WSCH and values determined for FY 2014. Staff does not have the final results for each institution after the funds are run through the formula. However, the \$12.2 million does increase the amount of General Funds for distribution through the formula.

Assemblywoman Benitez-Thompson:

Can the chart on page 5 of [Exhibit C](#) be used as a frame of reference to say that the institutions will benefit, with two exceptions, in the redistribution of funds? Is this a good indication of how each institution will be impacted?

Mr. Leiser:

It is fair to say that by increasing the amount of available funds by the \$12.2 million, all seven institutions will benefit because of increased funding in decision unit M-203.

Chair Kieckhefer:

This decision unit reflects new students coming into the institutions increasing caseload growth.

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION TO FUND WSCH CASELOAD ADJUSTMENTS INCLUSIVE OF THE REMOVAL OF "F" GRADES FOR NONATTENDANCE/EFFORTS WITH GENERAL FUND APPROPRIATIONS OF \$12.2 MILLION IN EACH FISCAL YEAR OF THE 2015-2017 BIENNIUM.

SENATOR SMITH SECONDED THE MOTION.

Assemblywoman Swank:

I will be voting no on this motion because "F" grades need to be included.

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ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN SWANK
VOTED NO).

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

We will move on to the small institution funding in decision unit M-201 in B/A 101-2994 and B/A 101-3012.

M-201 Demographics/Caseload Changes — Page NSHE-80, 86

Mr. Leiser:

The Governor recommends that GBC and WNC cumulatively receive General Fund appropriations of \$2 million in each fiscal year of the upcoming biennium as small institution funding.

The table at the top of page 6 of [Exhibit C](#) reflects the small institution funding allocations. The funding is allocated prior to the calculation of the WSCH as a preformula allocation and is funded in recognition that all institutions have certain fixed administrative costs, regardless of size. The funding level is determined by the actual number of WSCH greater than 50,000 but less than 100,000 with a maximum dollar amount for each institution of \$1.5 million each year. As such, the WSCH for this calculation is \$30. Staff notes that similar to the prior discussion, the small institution funding allocation is determined by budget policy. It can be increased, decreased or remain the same as determined by the Subcommittees.

Do the Subcommittees wish to approve the Governor's recommendation that GBC and WNC receive General Fund appropriations totaling \$2 million cumulatively in each fiscal year of the 2015-2017 biennium for small institution funding to be appropriated prior to the calculation of the WSCH value as a preformula allocation?

Chair Hickey:

The Executive Budget recognizes the effect the new funding formula has had upon the smaller institutions. The NSHE had recommended greater bridge funding in an attempt to close the gap. For the record, "I still hope there is a possibility, looking forward, before all is said and done, to see if we might be able to augment and create possible funding in the instances of those two institutions that were affected inadvertently, or however, by the new funding formula." I will be voting for this recommendation.

Chair Kieckhefer:

This was a shifting of issues. Small institution funding and the bridge funding are somewhat different. This item took the place of a separate rural factor that was provided in the previous allocation system for community colleges. It addresses some of the same concepts.

ASSEMBLYMAN HICKEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION TO APPROPRIATE \$2 MILLION CUMULATIVELY IN EACH YEAR OF THE 2015-2017 BIENNIUM TO GBC AND WNC FOR THE SMALL INSTITUTION FACTOR ALLOCATED PRIOR TO THE CALCULATION OF THE WSCH AS A PREFORMULA ALLOCATION.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The next item related to Chair Hickey's comments is the mitigation funding for GBC and WNC in decision unit E-600.

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The Executive Budget recommends the elimination in FY 2015 of \$5.3 million in one-time General Fund appropriations for GBC at \$3 million and \$2.3 million for WNC approved by the 2013 Legislature to offset the General Fund appropriation reductions that occurred because of the new formula. In addition to the mitigation funding that was approved by the Legislature for FY 2015, the Board of Regents also approved \$450,002 of self-funded mitigation for both of these institutions cumulatively.

The NSHE requested total mitigation or bridge funding of \$3 million for GBC and \$2 million for WNC in the 2015-2017 biennium.

Do the Subcommittees wish to approve the Governor's recommendation to eliminate \$5.3 million in General Fund appropriations, which supported mitigation funding in FY 2015 for GBC and WNC?

Assemblyman Oscarson:

I am concerned that our rural community colleges are on "life support" and elimination of these funds creates a challenge for the colleges to stay in their communities and continue providing services.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE E-600 DECISION UNITS IN B/A 101-2994 AND B/A 101-3012.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN HICKEY, KIRNER AND OSCARSON VOTED NO).

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The next item begins at the bottom of page 6 of [Exhibit C](#). This item is the research space operations and maintenance (O&M) carve-out for the universities in the M-200 decision units of B/A 101-2980 and B/A 101-2987.

M-200 Demographics/Caseload Changes — Page NSHE-25, 54

The Governor recommends General Fund appropriations of \$9.1 million in research space O&M funding for UNLV and the University of Nevada, Reno (UNR) in the 2015-2017 biennium. The table on page 7 reflects the research O&M funding recommended. The recommendation represents a combined annual increase of 6.8 percent compared to the amount approved by the 2013 Legislature for FY 2015. This funding is appropriated as an approved preformula allocation. The NSHE indicates the increase in funding is based on the square footage and operational costs for research O&M.

If the total funding recommended for this purpose is considered, research space O&M for UNLV is \$15.66 per square foot and it is \$8.94 per square foot for UNR. The per-square-foot value for UNLV is based on the Governor's recommendation that UNLV retain \$1.7 million redirected from the College of Southern Nevada (CSN) and Nevada State College (NSC) for research and O&M as approved by the 2013 money committees. If the \$1.7 million were not included, the UNLV research O&M funding would be \$10.26 per square foot.

The research space square footage at UNR increased by 8,933 square feet for the upcoming biennium. The research space at UNLV increased by 45,384 square feet for the same period.

The research O&M funding levels for the universities are set by budget policy and can be increased or decreased by the Subcommittees.

Do the Subcommittees wish to approve General Fund appropriations of \$9.1 million in each year of the 2015-2017 biennium to fund research space O&M funding for UNLV and UNR cumulatively; and appropriate the funds prior to the calculation of the WSCH value as a preformula allocation, as recommended by the Governor?

Chair Kieckhefer:

When the formula was first implemented in 2013, the \$1.7 million shift to UNLV for its research O&M was agreed upon as a postformula allocation from CSN and NSC. This is different, as it is a preformula calculation; thereby taking \$1.7 million from the General Fund pool of funding that would otherwise be

distributed among all seven institutions in terms of the WSCH. Have the other institutions agreed to that shift, similar to the way CSN and NSC did in 2013? Is it your intent to keep this funding as base O&M on a going-forward basis?

Mr. Redding:

Your summary for the 2013 process is correct. It was a permanent addition to the O&M of UNLV for \$1.7 million, temporarily funded by the postformula allocation from NSC and CSN. When NSHE prepared its budget request for September 1, 2014, the \$1.7 million was included as a restoration into the formula pool, to be distributed among the seven institutions. The \$1.7 million was not included in the Executive Budget.

The formula is built from a number of sources that generate revenue ultimately included in the funding pool. They include inflationary increases, caseload growth and others. Had NSHE's request been included in the Executive Budget, the pool would have increased by \$1.7 million.

Chair Kieckhefer:

Please describe the need for the significantly higher square footage for research O&M at UNLV compared to that of UNR.

Mr. Redding:

The square footage is based on the actual costs in the O&M function, divided by the amount of square footage supported at each institution. Representatives of UNR and UNLV are present and can speak to the actual calculations.

Chair Kieckhefer:

The addition of the square footage includes the earthquake laboratory at UNR and the animal care facility and Environmental Protection Agency (EPA) space that were transferred back to UNLV. Please explain those increases.

Mr. Redding:

The EPA facility in the center of the UNLV campus had been leased for a number of years. The lease is expiring and the EPA is transitioning out of the facility. The university will then have the responsibility to maintain and operate the facility.

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Chair Kieckhefer:

When is the lease expiring?

Mr. Redding:

I do not know the future plans for the building.

Gerry Bomotti (Vice President, Finance and Business, University of Nevada, Las Vegas):

The EPA is transitioning from our campus and will be returning a portion of the area they have leased for approximately 40 years. The plan is for UNLV to utilize the area for research-based activities. The area is expected to be approximately 75,000 or 80,000 square feet, phased back in over a period of approximately 5 years.

Assemblyman Armstrong:

It seems the funding formula works for everyone except UNLV. Why does it need the \$1.7 million above the funding at the other NSHE institutions?

Mr. Redding:

The research O&M was discussed at length by the interim study committee. Research facilities are critical for the research institutions, but they do not directly generate WSCH the same as a traditional classroom. The Legislature identified that research O&M needed to be funded separately from the normal WSCH. The reason UNLV has an additional appropriation request is its investment in growing the research infrastructure at that institution, facilitating access to research grants and support going forward. A comparison of research space revealed a shortfall of space between the two universities based on the fact that UNR has been in place for 150 years. This was an effort to normalize the funding for UNLV.

Chair Hickey:

If the \$1.7 million is dedicated to growth in research, I have a concern with the increase being placed in the base funding. We will be hearing requests for the DRI budget later, where the Governor recommends reducing their General Fund appropriation by \$2.1 million. It seems like it would be better to sustain the DRI rather than growing research efforts at UNLV.

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While I will be voting in favor of the next motion, Assemblyman Armstrong's point is worthwhile. As we look at the challenges for DRI, I would like to consider Assemblyman Armstrong's suggestion going forward.

Chair Kieckhefer:

The DRI is not included in the formula funding and its funding was treated differently. This is a pre-WSCH allocation in research base for the universities. I agree the concern for DRI is warranted, but this may not be the budgetary place to address it.

ASSEMBLYMAN HICKEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE GENERAL FUND APPROPRIATIONS OF \$9.1 MILLION IN EACH YEAR OF THE BIENNIUM TO FUND RESEARCH O&M AT UNR AND UNLV AS A PREFORMULA ALLOCATION.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYWOMAN BENITEZ-THOMPSON VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Leiser:

The next item begins on page 7 of [Exhibit C](#). It is the Performance Funding Pool Set-Aside in the E-900 series for the seven instructional institutions. Consistent with the policy adopted by the 2013 Legislature, the Governor recommends a 10 percent and 15 percent set-aside of General Fund appropriations for the performance funding pool in FY 2016 and FY 2017 respectively.

E-905 Performance Funding Transfer UNR — Page NSHE-28
E-906 Performance Funding Transfer UNLV — Page NSHE-57
E-900 Performance Funding Transfer GBC — Page NSHE-83
E-901 Performance Funding Transfer WNC — Page NSHE-89
E-903 Performance Funding Transfer CSN — Page NSHE-94

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E-902 Performance Funding Transfer TMCC — Page NSHE-99
E-904 Performance Funding Transfer NSC — Page NSHE-104

The General Fund appropriations are transferred from each institution's instructional budget to the performance-funding budget. Based on the institution's performance, the funds are then transferred back from the performance pool budget to the applicable institution's budget. The performance funding earned during a fiscal year is based on actual performance for the 2 years preceding the fiscal year in which funds are appropriated. The majority of performance metrics are based on the number of students graduating or earning certificates.

NSHE - Performance Funding Pool — Budget Page NSHE-106 (Volume I)
Budget Account 101-3013

The table on page 8 of [Exhibit C](#) reflects the Governor's recommended performance set-aside for each institution in each fiscal year of the 2013-2015 biennium. The performance funding for FY 2016 is based on actual performance outcomes from FY 2014.

The institutions' performance is based on a year-over-year comparison of each institution's prior year performance, rather than the institutions competing against each other.

The NSHE has reported that all institutions except UNLV have achieved their targets for FY 2014. Fiscal year 2014 is the determining year for FY 2016. The FY 2014 performance outcomes are included in [Exhibit C](#) under attachment 1, beginning on page 18.

Great Basin College and Truckee Meadows Community College (TMCC) achieved performance above the targets by an amount sufficient to receive 100 percent of the performance funding to be set aside in FY 2016. They also earned back the unearned funds of \$15,083 for GBC and \$12,091 for TMCC from FY 2015.

The policy for the performance pool allows institutions a 2-year period in which to earn the performance funding set aside. If an institution does not achieve its

target goals in a certain fiscal year and does not earn 100 percent of the set-aside funds, or if the institution achieves a level that exceeds its target point by a sufficient amount in the subsequent fiscal year, it is allowed to earn back the funds from the previous fiscal year.

The FY 2014 performance results have been determined by NSHE. Therefore, the Subcommittees may wish not to transfer funds to the performance pool in FY 2016, but identify the amounts in the appropriations for the institutional budgets. Page 9 of [Exhibit C](#) contains a table reflecting the FY 2016 performance funding based on the actual FY 2014 performance.

If the Subcommittees choose not to transfer the funds for FY 2016, this would eliminate the need for the institutions to submit work programs for consideration by the IFC to facilitate a transfer for that fiscal year.

Do the Subcommittees wish to approve the Governor's recommendation consistent with the policy adopted by the 2013 Legislature for performance funding levels at 10 percent, or \$40.6 million, and 15 percent, or \$60.9 million, set-aside of General Fund appropriations for the Performance Funding Pool in FY 2016 and FY 2017, respectively? If the Subcommittees approve the performance funding levels as recommended, do the Subcommittees wish to include the FY 2016 performance funding in each institutions' General Fund appropriation amount, thereby avoiding the need for the institutions to submit work programs for IFC consideration to facilitate a known transfer of appropriations for FY 2016?

ASSEMBLYWOMAN BENITEZ-THOMPSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION CONSISTENT WITH PREVIOUS SESSION POLICY, TO APPROVE THE PERFORMANCE LEVELS AT 10 PERCENT AND 15 PERCENT, RESPECTIVELY, OF GENERAL FUND APPROPRIATIONS FOR THE 2015-2017 BIENNIUM AND TO INCLUDE THE FY 2016 ALLOCATION IN THE GENERAL FUND APPROPRIATION SINCE IT IS KNOWN.

SENATOR ROBERSON SECONDED THE MOTION.

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Assemblyman Kirner:

My perspective on discussions during the 2013 Legislative Session is that this is not a performance funding mechanism. It is more, "let's take away a little bit of money; and then if they do good, we will give them back the money." It does not sound like a bonus system to me.

Chair Kieckhefer:

It is not a bonus system. It is an incentive to keep their focus on the priorities established by the Legislature.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The third major closing issue in the NSHE budgets is the student-derived revenues that begin on page 9 of [Exhibit C](#). The budgeting of these revenues is based upon policy decisions, rather than being a function of the funding formula. The Executive Budget continues the policy adopted by the 2013 money committees that for purposes of determining the level of General Fund appropriations to be budgeted in the NSHE State-supported operating budgets, the projected non-General Fund revenues do not offset the amount of revenues and the amount of General Fund appropriations that would otherwise be appropriated.

Page 10 of [Exhibit C](#) contains two tables that reflect the Governor's recommended budget for registration fee revenues in the top table and the recommendations for nonresident tuition levels in the bottom table.

On March 25, NSHE submitted a request to revise the student-driven non-General Fund revenues based on updated enrollment projections. There are no changes to the fee revenue projections for the medical, law and dental schools. Fiscal staff has made a technical adjustment reflected on page 11 of [Exhibit C](#) revising the student-derived revenues based on the updated projections provided by NSHE. The two tables on page 11 reflect the revised

registration fee revenues and the second table reflects the revised nonresident tuition revenues as compared to the Executive Budget. There were also minor reductions to miscellaneous student fee revenues for GBC, CSN, WNC and TMCC. The technical adjustments to revise each of the student-driven non-General Fund revenues based on the updated projections increases funding by \$14.5 million in FY 2016 and \$17.3 million in FY 2017. As a result of the adjustments, the seven teaching institutions' State-supported operating budgets include \$425 million in registration fees and \$128.2 million in nonresident tuition over the 2015-2017 biennium. Those amounts do not include the projected registration fee revenues that would be budgeted in the NSHE self-supported operating budgets.

Do the Subcommittees wish to approve the Governor's recommendation to continue the policy adopted by the 2013 Legislature that non-General Fund revenues should not be used to offset the amount of General Fund appropriations that would otherwise be budgeted?

Do the Subcommittees wish to approve the student-driven non-General Fund revenue adjustments recommended in the M-210 decision units for the seven teaching institutions and three professional schools, with technical adjustments noted by Fiscal staff to revise the amounts from the seven teaching institutions based on updated projections by NSHE?

NSHE - School of Medical Sciences — Budget Page NSHE-36 (Volume I)
Budget Account 101-2982

NSHE - UNLV Law School — Budget Page NSHE-66 (Volume I)
Budget Account 101-2992

NSHE - Dental School - UNLV — Budget Page NSHE-70 (Volume I)
Budget Account 101-3002

M-210 Demographics/Caseload Changes — Page NSHE-26-27, 55-56, 67, 71, 81, 87, 92-23, 98, 103

Assemblyman Kirner:

Does the first choice allow the schools to keep their tuition?

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Chair Kieckhefer:

That is correct. Prior to 2013, the Legislature would review the amount of student fees generated and offset the amount of General Funds that would be appropriated to the institutions based on that amount. The new policy authorizes the Legislature to allocate General Funds and the institutions would retain and manage the revenue they generate.

Assemblyman Kirner:

Does option 1 allow the institutions to retain that revenue and option 2 would revert to the previous practice?

Chair Kieckhefer:

No, I think both provisions could be adopted. The first is a statement that we would retain the policy that student fee revenue is not a General Fund offset.

Assemblyman Kirner:

Is that the policy adopted in 2013?

Chair Kieckhefer:

Yes, it is simply a statement of Legislative intent and policy. The second item would be to approve the M-210 decision units authorizing the expenditure under the revised calculations submitted by the institutions.

Chair Hickey:

To the previous comments about performance funding, the recommendation that came from the interim study and approved by the 2013 Legislature recalculating the formula, speaks to the performance criteria more than anything else does. If the institutions are successful in attracting students, they are rewarded by keeping their tuition funding.

ASSEMBLYMAN HICKEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO CONTINUE THE POLICY ADOPTED BY THE 2013 LEGISLATURE AND TO APPROVE THE ADJUSTED AMOUNTS IN THE M-210 DECISION UNITS REGARDING THE STUDENT-DERIVED FEE LEVELS FOR THE SEVEN TEACHING INSTITUTIONS AND THREE PROFESSIONAL SCHOOLS WITH TECHNICAL ADJUSTMENTS BY

FISCAL STAFF TO REVISE THE AMOUNTS FOR THE SEVEN TEACHING INSTITUTIONS BASED ON UPDATED PROJECTIONS FROM NSHE.

SENATOR ROBERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

During the previous interim, the institutions appeared before the IFC to request and allocate those funds. Was that done in the General Appropriations Act or the General Authorizations Act?

Mr. Leiser:

The 2013 Authorizations Act included language that allowed NSHE, if student-derived revenues were greater than what was approved by the Legislature, to request authority through either the Board of Regents or the IFC for approval, depending on the use of the funds. If the increase in student-derived revenues was to be used for incremental teaching purposes, the Board of Regents was given authority to approve the increases. If the increases were to be utilized for other purposes, NSHE was required to submit work programs for IFC consideration. A number of institutions did submit work programs during the 2013-2015 interim based on increased revenue.

Chair Kieckhefer:

Would it be appropriate under this policy to establish a simpler reporting procedure rather than requiring them to utilize the work program process?

Mr. Leiser:

The Subcommittees could recommend that policy for consideration.

Chair Kieckhefer:

That might be an item for discussion when these budgets are closed in the full money committees.

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Mr. Leiser:

The full money committees are scheduled to hear these budget closings on Friday, May 15. Staff can have information ready to discuss the option of reporting requirements in a letter of intent rather than a requirement for IFC approval.

Chair Kieckhefer:

It may be different if, in future biennia, use of the monies would require significant additional expenditures.

Mr. Leiser:

The next major closing issue, on page 12 of [Exhibit C](#), is related to medical education expansion. The first item is the Governor's major budget initiative to establish a school of medicine at UNLV. The Governor recommends General Fund appropriations of \$1.2 million in FY 2016 and \$7.1 million in FY 2017 to provide startup costs for the development of an allopathic medical school at UNLV. The budget would support three professional and two classified positions to continue the planning efforts in FY 2016, delaying General Fund appropriations for the new school by 1 year, in comparison to the NSHE request.

NSHE - UNLV School of Medicine — Budget Page NSHE-59 (Volume I)
Budget Account 101-3014

In addition, the Executive Budget supports 18 professional and 16 classified positions in FY 2017 to continue the planning and accreditation efforts and begins the implementation and recruitment of staff and faculty for the new medical school. As recommended, the initial entering class for the new medical school would have an enrollment of 60 students. The class size would increase incrementally to 65, 80, 100 and ultimately 120 students over a 4-year period after the classes begin.

The inaugural class was anticipated to enroll in fall 2017. As proposed in the Executive Budget, NSHE indicates the entering class could be delayed by 1 to 4 years. If the new medical school is approved, NSHE indicates construction of a new facility would be built in the Las Vegas Medical District, immediately north of UNLV's Shadow Lane campus. The building is planned to be a

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150,000-square foot facility with a cost estimate of \$80 million. The construction project is planned with the use of donor funding. The facility is anticipated to be ready for occupancy in August 2019.

An agreement has been reached with the U.S. Department of Veterans Affairs (VA) Southern Nevada Healthcare System to rent space in the North Las Vegas VA medical center as an interim solution for space.

If the Subcommittees approve funding for the new medical school, they may wish to recommend a letter of intent directing NSHE to report to IFC on a biannual basis, identifying any milestones reached in implementation of the new medical school. It should include specific reporting requirements to allow analysis of expenditures in anticipation of future funding requests.

The NSHE had requested \$26.7 million over the 2015-2017 biennium. The allocation for FY 2016 would be \$7.1 million and \$19.6 million in FY 2017.

Do the Subcommittees wish to approve General Fund appropriations of \$1.2 million in FY 2016 and \$7.1 million in FY 2017 to provide startup costs for the development of an allopathic medical school at UNLV as recommended by the Governor?

Senator Roberson:

I appreciate the funding recommended for the UNLV medical school. However, there is an expectation within the next 25 days that another \$19 million in revenues for this endeavor will be identified. More information concerning potential State revenues may be discussed today on the Senate Floor.

Assemblyman Anderson:

This is a statewide high priority budget item. Funding is also available to transition residencies in the North.

Assemblyman Kirner:

While I appreciate the value of the medical school on a statewide basis, one of my priorities is that, if additional revenue is found, salary increases for faculty members should be a part of the final budgets.

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Assemblyman Oscarson:

Along the same lines, the rural colleges and DRI should also be made whole if additional revenue is identified.

Chair Kieckhefer:

Those discussions are ongoing and each of us has personal priorities.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE GOVERNOR'S RECOMMENDATION FOR APPROPRIATIONS OF \$1.2 MILLION IN FY 2016 AND \$7.1 MILLION IN FY 2017 FUNDING STARTUP COSTS FOR A NEW MEDICAL SCHOOL AT UNLV IN B/A 101-3014.

ASSEMBLYMAN ANDERSON SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Chair Kieckhefer:

Staff has also recommended a letter of intent for reporting on a biannual basis, with a first report to cover the second half of the current calendar year outlining milestones on the implementation of the new medical school. The Subcommittees could direct staff to include any specific reporting requirements in the letter of intent providing a basis for analysis of expenditures for future biennia, when we know costs will increase. The letter of intent can be adjusted as we move through this Legislative Session, if additional funding is approved to speed up the process.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE ISSUANCE OF A LETTER OF INTENT DIRECTING NSHE TO REPORT TO THE IFC ON A BIENNIAL BASIS, WITH THE FIRST REPORT COVERING THE JULY 1, 2015 TO DECEMBER 31, 2015, PERIOD, IDENTIFYING MILESTONES REACHED IN THE IMPLEMENTATION OF THE NEW MEDICAL SCHOOL, AND DIRECT

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STAFF TO INCLUDE ANY SPECIFIC REPORTING REQUIREMENTS IN THE LETTER OF INTENT SO THAT EXPENDITURES CAN BE ANALYZED IN PREPARATION OF FUTURE BIENNIA FUNDING REQUESTS.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The next item is the University of Nevada, School of Medicine (UNSOM).

NSHE - School of Medical Sciences — Budget Page NSHE-36 (Volume I)
Budget Account 101-2982

This item begins on page 13 of [Exhibit C](#). The Governor recommends General Fund appropriations of \$2.5 million in decision units E-283 and E-285 over the 2015-2017 biennium to purchase video equipment and fund public medical education expansion through Project Echo Nevada.

E-283 Educated and Healthy Citizenry — Page NSHE-38

E-285 Educated and Healthy Citizenry — Page NSHE-38

The funding includes support for 2.66 full-time equivalent (FTE) positions for Project Echo and equipment for that project. An additional 8.95 FTE positions will begin in FY 2017 to assist with the Renown Health partnership to expand medical education programs for students and resident physicians. The partnership is intended to increase the number of physicians who practice in Nevada and support the UNSOM to transition to a full 4-year campus as part of the overall medical education expansion efforts of NSHE.

The partnership would develop the clinical and academic infrastructure at Renown Health to support third- and fourth-year medical student education. Overall, the Governor recommends funding of \$38.5 million in FY 2016 and

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\$38.6 million in FY 2017 for the UNSOM. That recommendation includes General Fund appropriations of \$32.9 million and \$35 million in FY 2016 and FY 2017, respectively.

Options for consideration are:

A. Do the Subcommittees wish to approve the UNSOM budget, including the enhancement of \$2.5 million in General Fund appropriations over the 2015-2017 biennium to purchase video equipment and fund public medical education expansion through Project Echo Nevada and to expand medical education programs for students and resident physicians with the Renown Health partnership as recommended by the Governor?

B. Do the Subcommittees wish to not approve the enhancement of the \$2.5 million in General Fund appropriations for expansion of Project Echo Nevada and the Renown Health partnership, but approve the remainder of the budget as recommended by the Governor?

Chair Kieckhefer:

As we discuss additional expenditures, if we accelerate the opening of the UNLV medical school by 1 year, this budget would also require an increase of approximately \$3 million to accelerate the third- and fourth-year programs in northern Nevada to fulfill its obligations.

Senator Smith:

Before we close this budget, we should consider the amount we support the Whittemore Peterson Institute. Funding has been allocated over the past 3 biennia at approximately \$600,000 in this budget. I would suggest we ask for a letter of intent to require reports on their accomplishments and justifications.

Chair Kieckhefer:

I concur with the suggestion and propose a report to the IFC prior to the next legislative session on a biannual basis.

SENATOR SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES
TO APPROVE OPTION A ON PAGE 13 OF [EXHIBIT C](#) IN B/A 101-2982

AND INCLUDE A LETTER OF INTENT TO REPORT ON THE PROGRESS BETWEEN UNSOM AND THE WHITTEMORE PETERSON INSTITUTE.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

The next item is the UNLV William J. Boyd School of Law on page 13 of [Exhibit C](#).

NSHE - UNLV Law School — Budget Page NSHE-66 (Volume I)
Budget Account 101-2992

The Governor recommends General Fund appropriations of \$1.5 million in each year of the biennium to offset a revenue reduction resulting from decreased enrollments at the Boyd School of Law. The NSHE projects an annual revenue reduction at the Boyd Law School of \$3 million, beginning in FY 2016. Staff notes the projected reduction is a combination of revenues budgeted in both the State-supported operating budget and in the self-supporting budgets.

The Boyd School of Law has reduced class sizes to maintain student quality. There is a national trend of lower enrollment applications to law schools. The class size has been reduced from 150 to 110 students. In addition to the requested General Fund support, a combination of expenditure reductions and fee increases will assist in addressing the reduced funding.

NSHE requests that the \$1.5 million annual increase in General Fund be treated as a permanent adjustment to the Base Budget in future biennia.

The Boyd Law School is projecting a decrease of fees and tuitions of \$1.1 million in FY 2016 and \$944,319 in FY 2017 within the State-supported operating budget. During the budget hearing, the school testified that additional

funding was intended to offset decreases in the State-supported operating budget and in the School self-supporting budget. Using General Fund appropriations to support expenditures in a self-supporting budget would be a departure of money committee historical policy. However, NSHE indicated funding for five positions was moved from the State-supported operating budget to the Boyd Law School self-supporting budget during the Great Recession.

In addition, \$982,000 in Law Library acquisitions had been moved to the self-supporting budget during budget cuts. If the increase in General Fund appropriations is approved, NSHE requests that the five positions and Law Library acquisitions would be moved back to the State-supported operating budget.

Overall, the Governor recommends funding for the Boyd Law School of \$13.5 million in FY 2016 and \$13.6 million in FY 2017, including General Fund appropriations of \$9.4 million in each year of the biennium.

Options for the Subcommittees to consider are:

A. Do the Subcommittees wish to approve the UNLV Law School budget, including the enhancement of \$1.5 million in General Fund appropriations in each year of the 2015-2017 biennium to offset a revenue reduction resulting from lower enrollments as recommended by the Governor?

B. Do the Subcommittees wish to not approve the enhancement of \$1.5 million in General Fund appropriations in each year of the 2015-2017 biennium, but approve the remainder of the budget as recommended by the Governor?

ASSEMBLYMAN ARMSTRONG MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE ENHANCEMENT OF \$1.5 MILLION IN EACH YEAR OF THE 2015-2017 BIENNIUM FOR B/A 101-2992, DECISION UNIT E-277 AND MOVE THE FIVE POSITIONS MOVED TO THE SELF-FUNDED BUDGET DURING THE ECONOMIC CRISIS BACK TO THE STATE-SUPPORTED BUDGET.

SENATOR ROBERSON SECONDED THE MOTION.

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Chair Kieckhefer:

This is necessary. The reduction in student revenue is due to the maintenance of the high academic standards expected. This is a model the new medical school should follow to gain and maintain a high level of respect for the new program.

ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMAN OSCARSON VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

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Mr. Leiser:

Page 14 of [Exhibit C](#) contains the budget recommendations for the DRI budget.

NSHE - Desert Research Institute — Budget Page NSHE-76 (Volume I)
Budget Account 101-3010

As directed by the 2013 Legislature, the Executive Budget recommends funding for DRI based on the new formula. The formula model for the DRI is a sliding scale calculation, based on the level of grant activity. State support is calculated at 12 percent of the first \$25 million of grants and contracts. An additional 7.5 percent State funding is calculated on the grant activity between \$25 million and \$30 million. Six percent is used for grant activity between \$30 million to \$35 million. Lastly, 5 percent of State funding is calculated on any additional grants and contracts above \$35 million.

Page 15 of [Exhibit C](#) contains a table that reflects the State funding level based on the formula in the Governor's recommended funding for DRI in the upcoming biennium.

The O&M costs for DRI are funded using the existing base, maintenance and enhancement methodology. Based upon the formula, the Governor recommends decreases in General Fund appropriations by \$975,718 and \$1.1 million in FY 2016 and FY 2017, respectively, compared to the base year of FY 2015.

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General Fund appropriations of \$125,312 in each year of the biennium were requested by NSHE. They indicated the increase would be equal to the amount requested for the seven teaching institutions through a \$5 increase to the WSCH. In addition, NSHE had requested bridge or mitigation funding of \$352,000 in each year of the biennium to assist DRI in transitioning to the new funding formula.

Do the Subcommittees wish to approve the DRI budget, including the implementation of the new formula model as recommended by the Governor?

Assemblyman Armstrong:

I do not concur with a decrease in the funding for DRI. They are one of the leading water experts in the world. Decreasing their funding at a time when we are in one of the worst droughts ever experienced is not appropriate.

Assemblyman Oscarson:

I concur with my colleague's comments. The DRI's water knowledge and resources to this community, particularly after the Governor's earlier action, will be critical to water management. Without water, we have nothing.

Chair Kieckhefer:

My frustration with this budget account is that it utilizes the exact formula that DRI requested when the budget was approved in 2013. They wanted to live or die based on their ability to generate external grants and the State would match the grants. They did not see the advent of Sequestration, which has had a significant impact on DRI's ability to access federal funding.

The value DRI brings is absolutely understood. As the budgets are finalized, this one needs further consideration. However, I am not willing to grant additional funding at this time.

ASSEMBLYMAN HICKEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE B/A 101-3010 AS INCLUDING IMPLEMENTATION OF THE NEW FORMULA MODEL AS RECOMMENDED BY THE GOVERNOR.

SENATOR ROBERSON SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED. (ASSEMBLYMEN KIRNER AND OSCARSON VOTED NO.)

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Leiser:

The final major closing issue for NSHE is the funding for the nonformula budgets. The table on page 16 of [Exhibit C](#) lists the Governor's recommended General Fund appropriation levels for the upcoming biennium compared to FY 2015.

NSHE - System Administration — Budget Page NSHE-11 (Volume I)
Budget Account 101-2986

NSHE - Special Projects — Budget Page NSHE-14 (Volume I)
Budget Account 101-2977

NSHE - University Press — Budget Page NSHE-17 (Volume I)
Budget Account 101-2996

NSHE - System Computing Center — Budget Page NSHE-19 (Volume I)
Budget Account 101-2991

NSHE - State-Funded Perkins Loan — Budget Page NSHE-22 (Volume I)
Budget Account 101-2993

NSHE - Intercollegiate Athletics - UNR — Budget Page NSHE-30 (Volume I)
Budget Account 101-2983

NSHE - Health Laboratory and Research — Budget Page NSHE-41 (Volume I)
Budget Account 101-3221

NSHE - Agricultural Experiment Station — Budget Page NSHE-44 (Volume I)
Budget Account 101-2989

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NSHE - Cooperative Extension Service — Budget Page NSHE-47 (Volume I)
Budget Account 101-2990

NSHE - Business Center North — Budget Page NSHE-50 (Volume I)
Budget Account 101-3003

NSHE - Business Center South — Budget Page NSHE-73 (Volume I)
Budget Account 101-3004

NSHE - Intercollegiate Athletics - UNLV — Budget Page NSHE-60 (Volume I)
Budget Account 101-2988

NSHE - Statewide Programs - UNLV — Budget Page NSHE-63 (Volume I)
Budget Account 101-3001

NSHE - Statewide Programs - UNR — Budget Page NSHE-33 (Volume I)
Budget Account 101-2985

Staff notes these budgets do not contain any major enhancements. However, the Education for Dependent Children is a new budget recommendation for inclusion in the Executive Budget. The budget would support costs for registration and laboratory fees, textbook and course material incurred by dependent children of public safety officers who are killed in the line of duty.

NSHE - Education for Dependent Children — Budget Page NSHE-23 (Volume I)
Budget Account 101-2978

Including this item in the Executive Budget removes the need for specific legislation to fund the program. The budget, as recommended, includes funding to support the costs of four students in each year of the 2015-2017 biennium.

Do the Subcommittees wish to approve the Governor's recommended biennial funding levels for the NSHE nonformula, State-supported operating budgets, inclusive of establishment of the trust account for the education of dependent children in the Executive Budget?

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SENATOR SMITH MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE ALL THE NONFORMULA NSHE BUDGETS, INCLUDING B/A 101-2978, AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN ARMSTRONG SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Leiser:

There are a few other closing items. The first item concerns the back language in the General Appropriations Act. Language for the Act was approved by the 2013 Legislature that authorizes the transfer of General Fund appropriations between the NSHE State-supported operating budgets subject to the recommendation of the Governor and approval of the IFC.

Similar language has been requested for inclusion in the General Appropriations Act for 2015.

In addition to the transfer authority considered to implement a system of performance funding, do the Subcommittees wish to continue the NSHE's general authority to transfer General Fund appropriations between NSHE budget accounts, subject to the recommendation of the Governor and the approval of IFC?

ASSEMBLYMAN HICKEY MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE CONTINUATION OF THE NSHE'S GENERAL AUTHORITY TO TRANSFER GENERAL FUND APPROPRIATIONS BETWEEN NSHE BUDGET ACCOUNTS SUBJECT TO THE RECOMMENDATION OF THE GOVERNOR AND THE APPROVAL OF THE IFC.

SENATOR ROBERSON SECONDED THE MOTION.

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ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Leiser:

The second other closing item is back language in the General Authorizations Act. As approved today by the Subcommittees, non-General Fund revenues are recommended to not offset the amount of General Fund appropriations that would otherwise be appropriated.

As a part of policy, language was included in S.B. No. 521 of the 77th Session that allowed the NSHE to balance forward any unexpended non-General Fund revenues to the next fiscal year for authorized purposes.

Do the Subcommittees wish to direct Fiscal staff to include back language in the 2015-2017 General Authorizations Act authorizing NSHE to balance forward any unexpended non-General Fund revenues to the next fiscal year for authorized purposes in the NSHE State-supported operating budgets?

Assemblywoman Kirkpatrick:

I am prepared to make a motion to that effect. However, where in the legislative process do we learn about the funds that have balanced forward? What is the accountability measure?

Mr. Leiser:

The monies are balanced forward and recorded in the State accounting system. Fiscal staff can provide Committee members with that information when and if, NSHE institutions balance forward funds.

Assemblywoman Kirkpatrick:

This may establish an expectation that the provision is permanent once it has been approved in 2 biennia.

SENATOR ROBERSON MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE THE AUTHORITY FOR NSHE TO BALANCE

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FORWARD UNEXPENDED NON-GENERAL FUND REVENUES INTO THE
NEXT FISCAL YEAR FOR AUTHORIZED PURPOSES IN THE
STATE-SUPPORTED OPERATING BUDGETS.

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Mr. Leiser:

The final other closing item is a request by Fiscal staff for authority to make any necessary technical adjustments for all NSHE State-supported operating budgets.

ASSEMBLYMAN KIRNER MOVED TO RECOMMEND TO THE FULL
COMMITTEES TO AUTHORIZE FISCAL STAFF TO MAKE ANY
NECESSARY TECHNICAL ADJUSTMENTS FOR ALL NSHE
STATE-SUPPORTED OPERATING BUDGETS.

SENATOR SMITH SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

Chair Kieckhefer:

I will now open the meeting for public comment.

David Steel (Executive Director, Nevada Faculty Alliance):

We are in strong support of merit increases for NSHE faculty, which is not shown in these budgets. The faculty are deserving of merit increases for the same reasons cited for other State workers who are proposed for merit

increases. The NSHE faculty worked diligently to improve the lives of Nevada citizenry. They have made sacrifices during the past few years. As with other State employees, they deserve some relief and recognition of a job well done in the form of a merit increase.

Continuing to withhold a merit increase sends a message that NSHE faculty are not appreciated or esteemed in the same way as other State employees. Furthermore, higher education is a competitive field so denial of a merit increase for faculty hampers NSHE's ability to recruit and retain the best and brightest. We also support an end to the furlough requirement.

Ron Marston (Faculty Senate Chair, Truckee Meadows Community College):

I have provided my written testimony titled, "Nevada System of Higher Education Faculty Senates" ([Exhibit D](#)) for the Subcommittees. The NSHE Faculty Senates unanimously request Nevada legislators support and approve NSHE's budget recommendation to provide a 2.5 percent merit pool to all NSHE professional staff throughout the State for each year of the biennium for the following reasons:

- Since 2008, professional staff on NSHE campuses have endured pay cuts, reduced salaries due to furloughs, a lack of funding for merit pay or cost-of-living increases while experiencing much higher workloads and administrative duties for positions that have not been restored.
- Faculty is "holding up their end" as retention and graduation rates have increased despite shrinking State funding.
- As the State recovers, it is only fair for the faculty to be recognized and compensated for their sacrifices during the recession.
- All NSHE employees should be treated equally in terms of merit funding. While we support classified staff being awarded merit funding, professional staff should receive the funding as well.
- While employee sacrifices have carried the NSHE institutions through a difficult financial period, the current compensation system is unsustainable. Nevada is falling behind its regional competitors.

- NSHE is at risk of not achieving the type of student success, transformational research, commercialization of technologies and workforce development that is crucial to the diversification of Nevada's economic future.

Higher education has never been more important than in this time of global economy and it is closely tied to the economic prosperity of our State.

Chuck Price (Faculty Senate Chair; Director, Joe Crowley Student Union, University of Nevada, Reno):

I am here to speak about merit increases for professional staff throughout NSHE. Although I am disappointed that merit was not funded today, I am hopeful it will be funded before the end of this Legislative Session.

Governor Sandoval's budget is a bold budget. The faculty at UNR are supportive of his budget with one addition, merit pay for professional staff. I consider it an oversight because I know the Governor is supportive of faculty throughout the State.

I am asked nearly every day what the Nevada Legislature is going to do to fund merit increased for faculty. This is a critical issue for Nevada faculty. On April 24, at a special meeting of the Board of Regents, the Regents discussed merit increases showing strong support for this NSHE priority. The Regents cited the many reasons that State funding of merit increases is critical for the success of our higher education institutions and for the citizens of Nevada.

Chancellor Daniel Klaich has been a strong advocate of faculty merit pay. We are appreciative of all these supporters. I am hopeful our State leaders will recognize the value of the faculty throughout Nevada.

Merit for professional staff is the right choice for the people of Nevada.

Susan Priest (Faculty Senate Chair, Western Nevada College):

I am a professor of college success classes and world religion. I teach up to 300 students each year. I am happy to serve the State and the community of Carson City and northern Nevada.

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One issue I often hear from my colleagues is that they are tired of not being recognized professionally. Therefore, more and more colleagues are leaving their jobs and the State. They are changing from careers in higher education to jobs in private industry. I know that the Legislators value education, but on a human level, the professional staff and faculty need to know that monetarily.

I have colleagues who are being wooed away to other states. Other colleagues will be looking for jobs elsewhere if the Legislature does not fight for merit pay increases.

Remainder of page intentionally left blank; signature page to follow.

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Chair Kieckhefer:

Seeing no further public comment or business to come before the Subcommittees, we stand adjourned at 10:09 a.m.

RESPECTFULLY SUBMITTED:

Cynthia Clampitt,
Committee Secretary

APPROVED BY:

Senator Ben Kieckhefer, Chair

DATE: _____

Assemblyman Pat Hickey, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	6		Attendance Roster
	C	28	Brody Leiser, Program Analyst, LCB Fiscal Division	K12 Higher Education CIPs Joint Subcommittee Closing List 3
	D	1	Ron Marston, Faculty Senate Chair, Truckee Meadows Community College	Nevada System of Higher Education Faculty Senates