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MEMORANDUM

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DATE: January 20, 2012

TO: Prospective Consultants

FROM: Alex Haartz, Program Analyst  
Fiscal Analysis Division

SUBJECT: **REVISED Request for Proposals for a Consultant(s) to Assist in a Study of the Funding of Higher Education in Nevada**

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Senate Bill 374, as enacted by the 2011 Legislature, created the Committee to Study the Funding of Higher Education in Nevada to examine certain funding issues related to the Nevada System of Higher Education, the state's system of public universities, state college, community colleges, professional schools and a research institution. In conducting the study, the Committee is required to:

1. Compare the existing method of funding higher education in Nevada with the methods used in other states;
2. Determine whether the other methods would be appropriate and useful in Nevada, whereby different missions of universities, state college, colleges and research institutes are appropriately considered in the funding of public higher education in Nevada;
3. Review the funding of remediation in the context of instructional delivery methods;
4. Consider the retention of resident registration fees and non-resident tuition outside of the state supported operating budget;
5. Consider funding in the context of completed courses in contrast to the current method of funding enrollments;
6. Consider rewarding institutions within higher education for achieving defined goals for graduating students; and
7. Submit to the Legislative Commission a report of its findings and recommendations for legislation before the commencement of the 77<sup>th</sup> Session of the Nevada Legislature in February 2013.

Pursuant to Section 4 of Senate Bill 374 (Attachment A), **the Committee has authorized the Legislative Counsel Bureau's Fiscal Analysis Division to release a REVISED Request for Proposals to seek proposals from consultants to assist the Committee in conducting the study. As a result, the Scope of Work previously requested from a consultant has been revised. The revised Scope of Work includes several deliverables which are now optional. A consultant's proposal will not be penalized or otherwise negatively considered if a consultant chooses not to include the optional deliverables in a submitted response.**

The resultant contract(s) will be effective from approximately **March 9, 2012, through September 30, 2012, with the deliverables contained within the Scope of Work primarily completed by July 31, 2012.**

Funding for the resultant contract(s) will include money appropriated by Section 6 of Senate Bill 374 and may include money from gifts and grants accepted pursuant to Section 5 of Senate Bill 374.

The **REVISED** Request for Proposals is attached. Proposals may be submitted on paper or electronically. All proposals must be received by the Fiscal Analysis Division on or before 5:00 p.m. PST, on **Tuesday, February 21, 2012.** If a proposal is submitted on paper, one original and six copies must be submitted by the deadline date. **No allowance will be made for late submission.**

All questions pertaining to the Request for Proposals must be made in writing to Alex Haartz at [ahaartz@lcb.state.nv.us](mailto:ahaartz@lcb.state.nv.us). Questions will be accepted until 5:00 p.m. PST, on February 1, 2012. To the extent possible, responses to all vendor questions will be posted publicly by 5:00 p.m., PST, February 7, 2012, on the legislative website at <http://www.leg.state.nv.us/App/rfp/A/Default.aspx>.

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**REVISED REQUEST FOR PROPOSALS FOR A CONSULTANT(S) TO ASSIST IN  
THE STUDY OF THE FUNDING OF HIGHER EDUCATION IN NEVADA**

**Release Date: January 20, 2012**

**Closing Date: February 21, 2012      Time: 5:00 p.m. PST**

For additional information, please contact:

Alex Haartz, Program Analyst, Fiscal Analysis Division  
Legislative Counsel Bureau, 401 South Carson Street, Carson City, NV 89701-4747  
Telephone: (775) 684-6821      Email: [ahaartz@lcb.state.nv.us](mailto:ahaartz@lcb.state.nv.us)

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Federal Tax ID #: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

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## **I. GENERAL INFORMATION**

The Legislative Counsel Bureau (LCB) is the nonpartisan, centralized agency serving both houses and all members of the Nevada Legislature. The Fiscal Analysis Division of the LCB provides the Legislature with independent reviews and analyses of budgetary and fiscal matters.

The Nevada System of Higher Education (NSHE) is governed by a 13-member Board of Regents. The System comprises the Chancellor's Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); Nevada State College at Henderson (NSC); the College of Southern Nevada (CSN); Great Basin College (GBC); Truckee Meadows Community College (TMCC); and Western Nevada College (WNC). The NSHE also includes three professional schools and a research institute: the University of Nevada School of Medicine (UNSOM), UNLV Law School, UNLV Dental School, and the Desert Research Institute (DRI). The state supported instructional operating budgets for the NSHE's seven teaching institutions are largely funded (65.3 percent in FY 2012) with state General Fund appropriations, which have historically been calculated and distributed through student enrollment driven funding formula(s). The current higher education funding formula has been used by the Nevada Legislature in arriving at final funding levels for the NSHE since FY 2002. The funding formula has been used principally to ensure the equitable distribution of available funding among the NSHE's formula budgets.

The amounts of funding appropriated by the Legislature for the state supported operating budgets of the professional schools and the Desert Research Institute are primarily determined through the Base plus incremental budget process. Additionally, effective FY 2012 (July 2011 – June 2012) there are four, non-formula operating budgets in which state General Fund monies have been appropriated: NSHE System Administration, System Computing, Special Projects, and the State Perkins-National Direct Student Loans. The state support for these budgets has traditionally been determined through Nevada's Base plus incremental budget process.

The higher education funding formula was last reviewed and revised by the 2001 Legislature as a result of the 1999 Legislature's approval of Senate Bill 443 which created the Committee to Study the Funding of Higher Education in Nevada. The study was conducted during the 1999-2000 Interim period. An electronic copy of the Committee's report can be obtained at <http://www.leg.state.nv.us/Division/Research/Publications/InterimReports/2001/Bulletin01-04.pdf>

A subsequent study to evaluate public higher education programs in Nevada was undertaken during the 2003-2004 Interim as a result of the 2003 Legislature's passage of Assembly Bill 203 which created the Committee to Evaluate Higher Education Programs in Nevada. An electronic copy of the Committee's report can be obtained at <http://www.leg.state.nv.us/Division/Research/Publications/InterimReports/2005/Bulletin05-03.pdf>

## **Actions of the 2011 Legislature**

After reviewing the budgetary impacts which would result from utilization of the funding formula, the 2011 Legislature suspended the use of the funding formula for the calculation and distribution of state General Fund appropriations to the NSHE state supported instructional operating budgets for the 2011-13 biennium. As a result, the \$472.4 million in General Fund monies approved by the 2011 Legislature for higher education in each year of the 2011-13 biennium was distributed to each NSHE state supported operating budget based upon the proportionate share each budget received in FY 2011 and as recommended in The Executive Budget.

The 2011 Legislature approved total funding for the NSHE's state supported operating budgets of slightly more than \$700 million in each year of the 2011-13 biennium. In addition to the \$472.4 million in annual state General Fund appropriations, the 2011 Legislature authorized annual student per-credit hour registration fee revenues of approximately \$172.0 million, non-resident tuition revenues of approximately \$48.0 million and miscellaneous student fee revenues of \$2.7 million. The student-derived revenues represent nearly all of the non-state revenues authorized by the 2011 Legislature for the NSHE state supported operating budgets in each year of the 2011-13 biennium.

A related action approved by the 2011 Legislature's money committees was the consolidation and elimination of ten (10) of the NSHE's non-formula, state supported operating budgets. These non-formula budgets were primarily consolidated into the formula-driven, instructional budgets of the University of Nevada, Reno and the University of Nevada, Las Vegas. An electronic summary of the NSHE's legislatively approved, state supported operating budgets for the 2011-13 biennium can be obtained at: [http://www.leg.state.nv.us/Division/fiscal/FISBU210/BASN210\\_2011-13/020\\_EDUCATION\\_SUMMARY.pdf](http://www.leg.state.nv.us/Division/fiscal/FISBU210/BASN210_2011-13/020_EDUCATION_SUMMARY.pdf) (pages 75 through 143).

## **Senate Bill 374 of 2011 Legislative Session**

Pursuant to Senate Bill 374 of the 2011 Legislative Session, a committee comprised of twelve (12) appointed voting members and four (4) appointed, non-voting members is required to:

1. Compare the existing method of funding higher education in Nevada with the methods used in other states;
2. Determine whether the other methods would be appropriate and useful in Nevada, whereby different missions of universities, state college, colleges and research institutes are appropriately considered in the funding of public higher education in Nevada;
3. Review the funding of remediation in the context of instructional delivery methods;
4. Consider the retention of resident registration fees and non-resident tuition outside of the state supported operating budget;

5. Consider funding in the context of completed courses in contrast to the current method of funding enrollments;
6. Consider rewarding institutions within higher education for achieving defined goals for graduating students; and
7. Submit to the Legislative Commission a report of its findings and recommendations for legislation before the commencement of the 77<sup>th</sup> Session of the Nevada Legislature in February 2013.

## II. REVISED SCOPE OF WORK

**Each deliverable within the Scope of Work has an identified due date by which the Consultant shall submit the specific deliverable to the Fiscal Analysis Division. As currently anticipated, the selected Consultant will subsequently present the deliverable to the Committee approximately one to two (1-2) weeks later at the next regularly scheduled meeting of the Committee. The dates of the already scheduled Committee meetings are listed under Item 5 of this Section.**

**In preparing a response, if a Consultant wishes to propose different due dates for specific deliverables, the Consultant should include such changes in its response and provide a justification or explanation as to how the alternative deliverable due dates will assist the Consultant in meeting its contract requirements as well as assist the Committee in meeting the requirements of Senate Bill 374.**

### 1. Inventories and Analyses of States' Methodologies to Fund Higher Education

The consultant shall provide the Committee with a list of states that presently fund higher education through the use of funding formulas as well as a list of states that presently do not use a funding formula. The consultant will provide specific, detailed information on the formula and non-formula (e.g. Base plus incremental) methodologies currently used to fund higher education for each respective state. In addition to the inventories, the consultant will provide the Committee with a written narrative analysis, including an executive summary, of the funding methodology information for each state. The written analysis shall also include information on the specific higher education funding policy goals associated with each state's funding methodology.

- A. For each state that does not utilize a formula to fund public higher education, the inventory and analysis must provide detailed information on the primary determinative factors and considerations and the budgetary mechanism utilized in determining the level of appropriated and authorized funding for higher education, including remedial instruction, in that state. The funding analysis should be both general and specific for each institution or institution type (community college, four-year institution, research university and research institution) in particular if the utilized funding methodology differentiates between institution types.

**The consultant will provide the Committee with the inventory and written analysis of non-formula states on or before June 8, 2012.**

- B. For those states which utilize a funding formula, the inventory and analysis must identify and explain the **primary** determinative factors and components of each state's formula, overall and by specific budgetary functional area: instruction (including remedial instruction), research, public service, academic support, student services, institutional support, operations and maintenance of physical plant and scholarships. The inventory created for the formula states must identify differences in how funding is derived in the formula components for the aforementioned functional areas relative to whether the institution is a community college, four-year institution, research university or research institution.

To assist the Committee in understanding the primary differences between Nevada's and other states' funding formulas, in addition to the written analysis to be prepared, the consultant will also provide the Committee with a matrix, table or other summary level format which identifies the primary formula components utilized by Nevada and the most common formula components utilized by other states. The information provided should be organized by the budgetary functional areas previously identified.

Identification of Best Practices: In the delineation of each state's formula components, the written analysis prepared by the consultant shall identify those formula components or characteristics which the consultant considers to be a "best practice" for purposes of a public higher education funding formula. The consultant shall define the criteria, such as an accepted national standard, used to determine whether a component or characteristic is a "best practice." The consultant should also delineate how the best practices align with the performance metrics established in the National Governors Association (NGA), Complete College America Initiative used to measure program progress and success.

**Important Information Regarding Deliverable 1.B.**

At the Committee's January 11, 2012, meeting the Chancellor of the Nevada System of Higher Education (NSHE) presented to the Committee the conceptual framework of a new, higher education funding formula for Nevada as an alternative to the existing higher education funding formula. While the Committee did not vote to adopt or endorse the alternative funding formula framework, it requested that the Chancellor's Office prepare, and make available, a fully detailed version of the proposed alternative funding formula no later than February 29, 2012. A copy of the alternative funding formula framework is attached as ATTACHMENT B.

In completing Deliverable 1.B. the consultant shall include in the comparative analysis the NSHE's alternative higher education funding formula. Therefore, in preparing the inventory, analyses and reports, the consultant shall provide information which compares Nevada's existing funding formula as well as the NSHE's alternative funding formula to other states' funding formulas.

The consultant's response and proposed budget should identify separately the cost the consultant will charge the Committee to include the NSHE's alternative funding formula in the inventory, comparative analyses and report required under Deliverable 1.B.

**The consultant will provide the Committee with the inventory, written comparative analysis, summary level and best practices information for formula states on or before June 8, 2012.**

**Optional Deliverable Component to the Inventory and Analyses of States' Methodologies to Fund Higher Education**

In releasing this REVISED RFP, the Committee has made the following item optional to Deliverables 1.A. and 1.B., the inventory and comparative analyses of states' methodologies to fund higher education. The consultant shall indicate whether the proposal includes providing the Committee the information associated with this optional deliverable in the inventory and analyses of states. If included, the proposal shall indicate the delivery date (e.g. June 8, 2012) and the charge to produce the optional deliverable. The cost information should be shown separately in the proposal's budget section.

**OPTIONAL DELIVERABLE:**

Explain whether the existing Nevada funding formula, the NSHE alternative formula and other states' formulas provide funding to higher education for the following areas. If so, identify how the funding is determined and distributed:

- a) State economic development. The consultant should reference the economic development plan entitled "Unify / Regionalize / Diversify: An Economic Development Agenda for Nevada." [http://www.brookings.edu/~media/Files/rc/papers/2011/1114\\_nevada\\_economy/1114\\_nevada\\_economy.pdf](http://www.brookings.edu/~media/Files/rc/papers/2011/1114_nevada_economy/1114_nevada_economy.pdf) prepared on behalf of the state of Nevada.
- b) Workforce development. The consultant should describe how higher education institutions in other states align their programs with workforce development strategies.

2. Analysis and Report on States' Inclusion of Performance Related Components in Higher Education Funding Formulas

The consultant shall provide an analysis and report on the use of performance criteria, if any, as a component of the existing Nevada funding formula, the NSHE alternative formula and other states' funding formulas. The analysis and report should describe the performance criteria, explain how it is applied in the funding formula in each state and identify the relative strengths and weaknesses of each identified performance criteria.

**The consultant will provide the Committee with the analysis and report on states' use of performance related formula components on or before April 13, 2012.**

**Optional Deliverable Component to the Analyses of States' Inclusion of Performance Related Components in Higher Education Funding Formulas**

In releasing this REVISED RFP, the Committee has made the following item optional to Deliverable 2., the analyses and report on states' use of performance criteria as a component of states' funding formulas. The consultant shall indicate whether the proposal includes providing the Committee the information associated with this optional deliverable. If included, the proposal shall indicate the delivery date (e.g. April 13, 2012) and the charge to produce the optional deliverable. The cost information should be shown separately in the proposal's budget section.

**OPTIONAL DELIVERABLE:**

For those states which incorporate performance criteria as a component of the state's funding formula, provide the Committee with information delineating how states' performance criteria align with the performance metrics established in the National Governors Association's Complete College America Initiative and the Nevada Board of Regents' strategic plan and comment on the measures that have been found to be most effective.

3. Analysis and Report on States' Use of Student Enrollments as a Basis for Higher Education Formula Funding

The consultant shall provide an analysis of the use of either full-time equivalent student (SFTE) enrollments or completed courses as a "driver" of the existing Nevada funding formula, the NSHE alternative formula and other states' higher education funding formulas. The report shall include the definitions of "a full-time equivalent student," "completed course" and "student success" used by states and discuss the relative strengths and weaknesses of utilizing each as the primary driver of formula funding.

**The consultant will provide the Committee with the analysis and report on states' use of enrollments and completed courses as primary drivers of formula funding on or before May 7, 2012.**

4. Analysis and Report on States' Budgeting Practices Pertaining to Student-Derived Revenues

The consultant shall provide the Committee with a report on the current budgeting practices of each (all) state(s) detailing whether student-derived revenues, such as student per-credit hour registration fees, non-resident tuition and miscellaneous student fees are budgeted through the legislative process in conjunction with state general fund appropriations or are excluded from the calculation of public funding of higher education in a particular state. In the event

that a state has changed its budgeting practice within the past two fiscal years with respect to student-derived revenues, the consultant shall note and explain the change.

For those states where student-derived revenues are budgeted by the Legislature in conjunction with state general fund appropriations, the report shall identify:

- A. Whether general fund appropriations are adjusted to account for the projected and or realized student-derived revenues.
- B. Whether the student-derived revenues are transferred to the state's general fund as part of the budgeting process or whether the revenues are retained at a system or institution level.

For those states where student-derived revenues are not budgeted in conjunction with state general fund appropriations, the report shall identify each state and note how the revenues are accounted for or recognized in the budgeting process.

**The consultant will provide the Committee with the analysis and report on states' budgeting of student-derived revenues on or before May 7, 2012.**

5. Attendance at Meetings of the Committee

As part of the Scope of Work, the consultant must be prepared to attend at least four (4) meetings of the Committee to Study the Funding of Higher Education in Nevada and to present and answer questions pertaining to each of the identified deliverables. The cost of attending Committee meetings must be included as part of the proposal's budget as no additional funding will be made available for consultant travel costs. The next scheduled meeting dates of the Committee are:

- February 29, 2012
- April 25, 2012
- May 23, 2012
- June 27, 2012
- Final meeting date TBD

Staff from the LCB and the NSHE institutions will be available to assist the consultant in the gathering of Nevada-specific information and data needed to complete the Scope of Work. However, the amount of time and resources necessary to assist the consultant should not interfere with the daily workload or require overtime by the staff of the LCB or the NSHE. Proposals should include an anticipated schedule for LCB and NSHE staff and resources necessary to assist the consultant in completing the project.

### III. PROPOSAL PREPARATION AND SUBMISSION

Proposals shall be prepared in accordance with this Request for Proposals and must incorporate this document. Proposals may be submitted on paper or electronically. All proposals must be received by the Fiscal Analysis Division on or before 5:00 p.m. PST, on **Tuesday, February 21, 2012**. If a proposal is submitted on paper, one original and six copies must be submitted by the deadline date. **No allowance will be made for late submission.**

Proposals on paper must be submitted to:

Alex Haartz, Program Analyst  
Fiscal Analysis Division  
Legislative Counsel Bureau  
401 South Carson Street  
Carson City, Nevada 89701-4747

Proposals in electronic format must be submitted to:

[ahaartz@lcb.state.nv.us](mailto:ahaartz@lcb.state.nv.us)

The consultant's company name shall appear on each page of the proposal. The person signing the proposal must initial any erasures, cross-outs, alterations, or other changes.

The person signing the proposal must be authorized to legally commit the consultant and conduct negotiations or discussions if requested and/or required.

Proposals that are incomplete, appear unrealistic in terms of technical commitments, demonstrate a lack of technical competence, or are indicative of a failure to comprehend the complexity and risk of a contract may be rejected.

The LCB reserves the right to reject any or all proposals, to waive any informalities and/or minor irregularities, and to make the award in the best interest of the Nevada Legislature, with or without further discussion or negotiations.

The LCB reserves the right to alter, amend, or modify any provision of this Request for Proposals, or to withdraw this Request for Proposals at any time before awarding the contract. Any revision will be sent to all known interested parties and posted in the same places as the original Request for Proposals. All proposals submitted must comply with any revisions made to this Request for Proposals.

The LCB assumes no liability for any cost incurred by consultants in the preparation, delivery, or any subsequent meetings relative to responses to the Request for Proposals, or any costs incurred by consultants for travel and other expenses if an oral presentation is requested in the evaluation of proposals.

Proposals may be modified by the consultant at any time, in written or electronic form, prior to the closing date at 5:00 p.m. PST, on **February 21, 2012**. If modified in written paper form, one original and six copies are required for each modification submitted.

Proposals may be withdrawn at any time, by written notice to the LCB. Proposals or modifications received after the closing date of 5:00 p.m. PST, on **February 21, 2012**, will not be considered.

Responses to this Request for Proposals will be the primary source of information used in the evaluation process. Therefore, consultants are requested and advised to be as complete as possible in the initial response. However, the LCB may 1) contact any consultant to clarify any response, 2) contact any current users of a consultant's services, 3) solicit information from any available source concerning any aspect of the proposal, and 4) seek and review any other information it deems pertinent to the evaluation process.

#### **IV. USE OF SUBCONTRACTORS**

If necessary due to the specific skills or tasks required to complete the Scope of Work in this Request for Proposals, the consultant may subcontract with one or more individuals or groups to perform those specific tasks or duties. If a consultant intends to subcontract for services to perform any portion of the Scope of Work, the proposal submitted to the LCB must include the name of the individual or group with which the consultant intends to subcontract, the portion of the Scope of Work for which the subcontractor is to be utilized, the qualifications and prior experience of the subcontractor relative to the specified tasks or duties, and the costs required for the subcontractor to perform these duties.

#### **V. CONFIDENTIALITY OF PROPOSALS**

Proposals submitted in response to this Request for Proposals will be kept confidential by LCB staff until the day following the deadline for submission of proposals at which time the proposals will be made available to the public upon request.

#### **VI. EVALUATION OF PROPOSALS**

The Committee to Study the Funding of Higher Education in Nevada will evaluate the proposals but reserves the right to delegate the review of proposals to a Subcommittee or to staff of the LCB. Proposals will be evaluated on all factors, including, but not limited to:

1. Responsiveness of proposal to the Request for Proposals.
2. Functional and technical merits of proposal.
  - A. Qualifications of consultant.
  - B. Qualifications of assigned staff.

- C. Prior experience.
  - D. Project work plan and timeline to complete the specific components of the scope of work.
  - E. Understanding of technical requirements.
  - F. Understanding of Nevada's higher education funding methodology.
3. Use of subcontractor (if applicable).
- A. Scope of work to be completed by subcontractor.
  - B. Qualifications of subcontractor to complete the specified scope of work.
  - C. Prior experience of the subcontractor related to the specified scope of work.
  - D. Project work plan and timeline for the subcontractor to complete the specified scope of work.
  - E. Understanding of the technical requirements of the specified scope of work to be completed by the subcontractor.
  - F. Itemized cost associated with the services provided by the subcontractor.
4. Proposed method to accomplish the scope of work.
5. Itemized cost associated with the specific components of the scope of work.
6. An oral presentation to the committee by the consultant may be requested.

(The order listed above is not necessarily an indication of the relative importance of these factors.)

## **VII. PUBLICITY**

No announcement concerning the awarding of the contract as a result of the Request for Proposals can be made by the successful consultant without the prior written approval of the LCB. Additionally, the successful consultant shall not use in its external advertising, marketing programs or other promotional efforts, any data, pictures, or other representations of the state of Nevada, the Nevada Legislature or the LCB, except on the specific advance written authorization by the LCB.

## **VIII. LIABILITY INSURANCE**

1. During the term of the agreement, the successful consultant shall maintain comprehensive public liability and property damage insurance coverage of not less than \$1,000,000 in a form and with an insurer or insurers acceptable to the LCB. The policy shall be a combined single limit, bodily injury and property damage, against liability arising out of the services of the successful consultant, its officers, employees, subcontractors and agents, on the project. The successful contractor agrees to name the state of Nevada, the Nevada Legislature, its officers, employees and agents as additional insureds on the policy. The successful consultant may comply with the requirements of this section by endorsement to any blanket policy of insurance carried by the

successful consultant provided that the blanket policy meets the requirements of this section. The cost to provide the liability insurance required by this section must be stated separately in the response to this Request for Proposals.

2. Evidence of the policy or policies required by paragraph 1 must be furnished to the LCB at the time of the signing of the agreement and thereafter from time to time as reasonably requested by the LCB. Such evidence must show that the policy or policies shall not be modified or terminated without at least 30 days prior, written notice to the LCB.

## **IX. INDEMNIFICATION**

1. The successful consultant agrees to hold harmless, indemnify and defend the state of Nevada, the Nevada Legislature and their officers, employees and authorized agents against any claim, action, loss, damage, injury, liability, cost and expense of any kind or nature arising from the consultant's breach of the representations, warranties or obligations under the agreement or from the consultant's negligent acts or omissions in performing the agreement.
2. In any claim against the state of Nevada or the Nevada Legislature, their officers, employees and authorized agents by any employee, any subcontractor of the successful consultant, or any person directly or indirectly employed by any of them, or any person for whose acts any of them may be liable, this indemnification shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the successful consultant or any subcontractor under workers' compensation acts, disability benefits acts, or other employee benefit acts.
3. The remedy provided by the indemnification set forth in this section is in addition to, and not in lieu of, any other remedy. This indemnification must not be diminished or limited in any way to the total limit of insurance required by the agreement or otherwise available to the successful consultant.

## **X. TERMINATION**

1. The LCB may at any time, for its convenience and without cause, terminate all or part of the agreement. To terminate the agreement pursuant to this paragraph, the LCB must deliver a notice of termination without cause. Termination of the agreement pursuant to this paragraph shall be within the sole discretion of the LCB and shall become effective upon receipt by the contractor of the notice of termination without cause. The LCB's liability to the contractor with respect to termination without cause is limited to the reasonable costs incurred by the contractor before the effective date of the termination, but not to exceed the maximum fixed fee for the agreement. If requested, the contractor shall substantiate any cost submitted for payment with proof satisfactory to the LCB. This paragraph does not apply to termination for cause.

2. The contractor is in default of the agreement and the LCB may terminate the agreement for cause if the LCB determines any one of the following:
  - A. The quality of the work performed by the contractor is unacceptable;
  - B. The contractor fails to comply with the terms of the agreement to the satisfaction of the LCB;
  - C. The project is more than 30 days behind schedule;
  - D. The contractor has breached the agreement in any other respect; or
  - E. The contractor has sought, or been forced to seek, protection under the Federal Bankruptcy Act.
3. The LCB is in default of the agreement if, at any time, the LCB materially breaches any term of the agreement.
4. To terminate the agreement for cause, the non-defaulting party shall send to the defaulting party a notice of default. Termination shall become effective ten (10) days after the defaulting party receives the notice of default unless during those ten (10) days the defaulting party cures the default.
5. If the LCB terminates the agreement for cause, the LCB is not liable for any costs incurred by the contractor and the LCB may procure the services from other sources and hold the contractor liable for any excess cost occasioned thereby.

#### **XI. PAYMENT**

The consultant will be required to submit monthly progress reports and will be allowed to submit itemized bills to the LCB with those reports. The LCB will pay each bill within 30 days after approval of the bill and any associated progress report by the LCB. The LCB will not approve a bill which includes the final payment on any deliverable until the LCB accepts the deliverable as meeting the specifications of the contract. Ten percent (10%) will be withheld from each payment and will be paid within 30 days after the consultant has completed all of the deliverables and services set forth in the contract between the parties.

#### **XII. NO ASSIGNMENT, TRANSFER OR DELEGATION**

The successful consultant shall not subcontract, assign, transfer or delegate, or otherwise dispose of any rights, obligations or duties under the contract without the prior written consent of the LCB.

#### **XIII. INDEPENDENT CONTRACTOR**

The parties agree that the successful consultant is an independent contractor and is not a state employee and there will be no:

1. Withholding of personal income taxes by the state of Nevada;

2. Industrial insurance coverage funded by the state of Nevada;
3. Participation in group insurance plans which may be available to employees of the state of Nevada;
4. Participation or contribution by either the independent contractor or the state of Nevada to the Public Employees' Retirement System;
5. Accumulation of vacation leave or sick leave; or
6. Unemployment compensation coverage provided by the state of Nevada.

#### **XIV. CONFIDENTIALITY OF INFORMATION**

The successful consultant must agree to maintain the confidentiality of any information, records, and data obtained for the purpose of performing its duties under the contract. The successful consultant must further agree not to use such information for any purpose other than its performance under the contract and that it will require its employees and subcontractors to comply with the confidentiality requirements of this section.

#### **XV. STATE OWNERSHIP**

All work performed and all reports, materials, work products and deliverables prepared for the LCB and the Committee to Study the Funding of Higher Education in Nevada pursuant to the contract are the property of the state of Nevada and all title and interest therein shall vest in the LCB and shall be deemed to be a work made for hire and made in the course of the services rendered hereunder. To the extent that title to any such reports, materials, work products and deliverables may not, by operation of law, vest in the LCB or such reports, materials, work products and deliverables may not be considered works made for hire, all rights, title, and interest therein must be irrevocably assigned to the LCB. All such reports, materials, work products and deliverables shall belong exclusively to the LCB, with the LCB having the right to obtain and to hold in its own name copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof.

The successful consultant shall agree not to use, willingly allow, or cause to have such reports, materials and work products used for any purpose other than the performance of its obligations under the contract without the prior written consent of the LCB.

Further, the successful consultant shall agree to give to the LCB and any person designated by the LCB, reasonable assistance, at the expense of the state of Nevada, required to protect the rights defined in this section. Unless otherwise requested by the LCB, upon the completion of the services to be performed, the successful consultant shall immediately turn over to the LCB all reports, materials, work products and deliverables developed pursuant to the contract.

**XVI. PROJECT RECORDS**

The consultant must agree that the books, records, documents and accounting procedures and practices of the consultant relevant to the agreement are subject to inspection, examination, audit and copying by a person designated by the LCB, at reasonable times and with reasonable notice. The LCB may request at any time, and the consultant shall provide, any such documentation in a form acceptable to the LCB at a location determined by the LCB.

The successful consultant must further agree to preserve and make available any books, records and documents relevant to the performance of the contract for a period of three (3) years after the date of final payment under the contract. If the contract is completely or partially terminated, the books, records and documents relating to the work terminated shall be preserved and made available for a period of three (3) years after the date of any resulting final settlement.

**XVII. COMPLIANCE WITH LAWS**

The successful vendor shall comply with all applicable federal, state, county, and local laws, ordinances, regulations, and codes in the performance of its duties under the contract.

**XVIII. REQUEST FOR PROPOSALS APPLICATION**

**INSTRUCTIONS:** Thoroughly complete all information requested starting as follows (1 through 6). Provide any additional information regarding your company that would be helpful in evaluating your proposal. Proposals may be submitted on paper or electronically. All proposals must be received by the Fiscal Analysis Division on or before 5:00 p.m. PST, on **Tuesday, February 21, 2012**. If a proposal is submitted on paper, one original and six copies must be submitted by the deadline date. **No allowance will be made for late submission.**

**QUESTIONS:** All questions pertaining to this Request for Proposals must be made in writing to Alex Haartz at [ahaartz@lcb.state.nv.us](mailto:ahaartz@lcb.state.nv.us). Questions will be accepted until 5:00 p.m. PST, on February 1, 2012. To the extent possible, responses to all vendor questions will be posted publicly on the legislative website at <http://www.leg.state.nv.us/App/rfp/A/Default.aspx> by 5:00 p.m. PST, on February 7, 2012.

**1. CONSULTANT SUMMARY INFORMATION**

- A. FIRM NAME
- B. ADDRESS
- C. TELEPHONE
- D. CONTACT PERSON
- E. FEDERAL TAX ID #

2. DESCRIPTION OF COMPANY

Describe your company, including organizational structure, age, location of offices, experience, financial stability, and qualifications of key personnel assigned to the project.

3. COMPANY OWNERS

If not a publicly held company, provide a complete list of owners and officers of company.

4. PROJECT WORK PLAN AND TIMELINE

The proposed work plan must include a detailed plan and time schedule identifying the work activities that must occur, responsibilities of the consultant and the final products that will be produced.

5. COST – INCLUDING ITEMIZATION OF SCOPE OF WORK COMPONENTS

The cost proposal must include an itemization of the cost associated with Sections 1 through 5 of the Scope of Work.

6. CURRENT REFERENCES FOR THE LEGISLATIVE COUNSEL BUREAU

List a minimum of four (4) references, including the name of a contact person, name of company, address, and telephone number who the LCB may contact. References which can speak to prior work engagements with similar scopes of work and higher education are preferable.

CHAPTER.....

AN ACT relating to higher education; creating the Committee to Study the Funding of Higher Education; prescribing the powers and duties of the Committee; making appropriations; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

This bill creates the Committee to Study the Funding of Higher Education, establishes the composition of the Committee and prescribes the powers and duties of the Committee. This bill further makes appropriations for the purposes of: (1) conducting a study of the funding of higher education; and (2) paying for the cost of the participation of the members of the Committee who are Legislators.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~to be omitted~~ is material to be omitted.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** 1. The Committee to Study the Funding of Higher Education, consisting of 12 voting members and 4 nonvoting members, is hereby created.

2. The following persons shall serve as voting members of the Committee:

(a) Three members of the Senate, two of whom are appointed by the Majority Leader of the Senate and one of whom is appointed by the Minority Leader of the Senate;

(b) Three members of the Assembly, two of whom are appointed by the Speaker of the Assembly and one of whom is appointed by the Minority Leader of the Assembly;

(c) Three members of the Board of Regents of the University of Nevada, appointed by the Chair of that Board; and

(d) Three members appointed by the Governor.

3. The Governor shall appoint the following persons to serve as the nonvoting members of the Committee:

(a) One person who is employed in the Budget Division of the Department of Administration; and

(b) Three persons who are employed by the Nevada System of Higher Education.

4. The Chair of the Legislative Commission shall designate one of the members of the Committee as Chair of the Committee.

5. The Director of the Legislative Counsel Bureau shall provide the necessary professional staff and a secretary for the Committee.



6. For each day or portion of a day during which they attend a meeting of the Committee or are otherwise engaged in the business of the Committee:

(a) The voting members of the Committee who are Legislators are entitled to receive the compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session, plus the per diem allowance provided for state officers and employees generally and the travel expenses provided pursuant to NRS 218A.655.

(b) The voting members of the Committee who are members of the Board of Regents of the University of Nevada are entitled to receive travel expenses and a per diem allowance at the rates established in NRS 396.070.

(c) The voting members of the Committee appointed by the Governor are entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

**Sec. 2.** The Committee shall:

1. Compare the existing method of funding higher education in Nevada with the methods used in other states;

2. Determine whether the other methods would be appropriate and useful in Nevada, whereby different missions of universities, state college, colleges and research institutes are appropriately considered in the funding of public higher education in Nevada;

3. Review the funding of remediation in the context of instructional delivery methods;

4. Consider the retention of resident registration fees and nonresident tuition outside of the state supported operating budget;

5. Consider funding in the context of completed courses in contrast to the current method of funding enrollments; and

6. Consider rewarding institutions within higher education for achieving defined goals for graduating students.

**Sec. 3.** The Committee may hold public hearings at such times and places as it deems necessary to afford the general public and representatives of governmental agencies and of organizations interested in higher education an opportunity to present relevant information and recommendations.

**Sec. 4.** The Committee may employ such educational and financial consultants as it deems necessary for this study.

**Sec. 5.** The Committee may accept and use all gifts and grants which it receives to further its work.

**Sec. 6.** There is hereby appropriated from the State General Fund to the Legislative Fund the sum of \$150,000 for the purpose of



conducting a study of the funding of higher education as provided in sections 1 to 5, inclusive, of this act.

**Sec. 7.** There is hereby appropriated from the State General Fund to the Legislative Fund the sum of \$18,064 for the purpose of the paying for the cost of the participation of the members of the Committee who are Legislators as provided in sections 1 to 5, inclusive, of this act.

**Sec. 8.** Any remaining balance of the appropriation made by section 6 or 7 of this act must not be committed for expenditure after June 30, 2013, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2013, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2013.

**Sec. 9.** The Committee shall submit to the Legislative Commission a report of its findings and recommendations for legislation before the commencement of the 77th Session of the Nevada Legislature.

**Sec. 10.** This act becomes effective on July 1, 2011.



## A New Model for Funding Public Higher Education in Nevada

This document outlines a proposal for a new model for funding public higher education in Nevada. This model lends itself to establishing a new compact between higher education and the State so that NSHE institutions may respond to the goals of the State and the institutions are provided the freedom to use resources in the best way possible to meet their missions of teaching, research and service while supporting the needs of the State. In that light, this proposed funding model is based on the following principles that will be addressed in the new formula. The new funding model:

1. Should promote conversations between NSHE and the State about mutual goals and needs of the State;
2. Should reward goal attainment, not just provide for the distribution of state resources;
3. Must address broader state and higher education financing policy, including the role of the state and the students in adequately funding higher education;
4. Must recognize and reinforce mission differentiation;
5. Should provide incentives for institutions to be entrepreneurial and well-managed; and
6. Should be simple, transparent and easy to understand.

This new model would effectively shift the focus of formula funding from inputs (enrollments) to outputs (graduating students). It is intended to incentivize institutional behavior that will increase degree productivity and contribute to the State's economy in the best manner possible. Fundamentally, the new formula assumes that the State (in the form of appropriations) and the students (in the form of tuition and fees) each assume a reasonable portion of the total funding for higher education in Nevada. In addition, this new model assumes that each NSHE institution will respectively retain 100 percent of student registration fees and non-resident tuition that it generates. The remainder of this document outlines conceptually the mechanics of the proposed new funding methodology.

### *Conceptual Framework for Funding*

Higher education funding will be based on the following – base funding determined by course completions, an adjustment for the research mission of the universities and the economy of scale variations of the smaller colleges, and a performance pool.

**C** Performance Pool

**B** Add-on: Research Mission or Economy of Scale adjustment

**A** BASE Funding: Weighted SCH x Price per Weighted SCH

This model assumes that NSHE institutions retain 100 percent of student registration fees and non-resident tuition so that the sum of parts A, B and C (above) equal the state appropriation plus the institutionally retained tuition and registration fees.

$$\textcircled{A} + \textcircled{B} + \textcircled{C} = \text{State Appropriation} + \text{Tuition and Registration Fees}$$

**Weighted Student Credit Hour Matrix**

Weighted Student Credit Hours (WSCH) will be determined for each NSHE institution using the existing inventory of completed courses within a newly defined matrix that will account for the complexity associated with varying levels of instruction (i.e., upper division vs. lower division) and different disciplines. Further, the matrix will effectively reward institutions for student progression toward degree completion.

*Example* – the following matrix is provided only as an example. The assigned weights are not final, but are provided for illustrative purposes only.

<b>EXAMPLE: Student Credit Hour Weights</b>				
	<b>Lower Division</b>	<b>Upper Division</b>	<b>Master’s</b>	<b>Doctoral</b>
Discipline Cluster (e.g. Liberal Arts)	1.0	1.3	1.5	2.0
Discipline Cluster	1.1	1.2	1.3	1.4
Discipline Cluster	1.2	1.3	1.4	1.5
Discipline Cluster (e.g. STEM fields)	1.5	1.7	1.9	2.1
Discipline Cluster (e.g. Health Professions and related clinical sciences)	1.7	1.9	2.0	2.5

This weighting method will be used in the new formula to provide funding based on a student’s progression to degree completion (e.g. upper division will be weighted higher than lower division, etc.) and will further provide for funding based on the discipline cluster (e.g. Clinical and STEM fields will have greater weights than Liberal Arts). The current taxonomy assignment of costs based on discipline, level of instruction and mode of delivery (e.g. rural, distance education) will be replaced with this revised weighting system. Only credit hours for students who complete courses will be used in the formula; student course withdrawals will not be included.

**The Formula**

Weighted student credit hours (WSCH) will be multiplied by a *price* that will initially be determined on the current state appropriation plus related tuition and registration fees after taking into account the cost of any adjustments for research mission and economies of scale. This *price* is the amount the formula will generate for each weighted student credit hour – effectively establishing a system-wide price for course completions. (The *price* will be adjusted in future

years based on a negotiation with the State.) The *price* will be applied to the institutional WSCH to determine base funding for each institution.

$$WSCH \times Price \text{ per } WSCH = Base \text{ } \underline{\$Amount} \text{ for each NSHE institution}$$

That amount may be adjusted based on either the research mission of the universities or the economy of scale variations for the colleges. At the universities, the base amount (\$Amount) may be adjusted using a factor that will account for the fact that the research mission of the universities encompasses more than the teaching function addressed in the base calculation. The base amount for the state college and community colleges (with smaller student enrollment numbers) may also be adjusted using a factor to account for variations in economies of scale.

$$Research \text{ Adjustment: } (\underline{\$Amount} + Research \text{ Mission Factor}) = Total \text{ for each NSHE university}$$

$$Economies \text{ of Scale (EOS) Adjustment: } (\underline{\$Amount} + EOS \text{ Factor}) = Total \text{ for each NSHE institution} \\ \text{(excluding universities)}$$

This simplified formula uses weighted student credit hours as the basis for determining the funding allocated to support the operations of an institution and then will define state and student responsibilities for the total amount generated by the formula. The amount provided by the State will be a set percentage that will vary by institution type (i.e. university, state college, community college). The complexity of the current formula is set aside (with its various factors for specific functional areas such as academic support and operation and maintenance of plant) in favor of a simpler formula that provides more flexibility to institutional presidents in managing their institution, increasing productivity, and increasing external funding – essentially leaving it to each President (with input from faculty) how funds will be allocated on their campus in order to carry out their mission and achieve their respective goals.

### ***The Performance Pool***

A performance pool will be established that will not be allocated unless an institution demonstrates progress in defined areas. The performance pool will constitute a substantial enough proportion of institutional budgets to incentivize change, but will be limited in the initial years of implementation as institutions adjust to the formula changes.

The following are potential areas for performance funding benchmarks:

#### **Research Universities**

- Increase the number of graduates;
- Increase dollars from sponsored projects;
- Increase the number of graduates in underserved populations and selected fields (both to be defined).

#### **State College**

- Increase the number of graduates;
- Increase the number of graduates in underserved populations and selected fields (both to be defined);
- Student achievement of defined momentum points (e.g., 30 credits, 60 credits).

### Community Colleges

- Increase the number of graduates;
- Increase the number of graduates in underserved populations and selected fields (both to be defined);
- Completion of the first college-level mathematics and English courses;
- Student achievement of defined momentum points (e.g., 30 credits, 60 credits);
- Increase in external dollars for workforce development programs.

### *Implementation Issues*

The existing formula is based on a series of historical policy decisions that have resulted in a level of funding based on the factors defined in the current formula. To the extent that this new model is adopted, it will likely result in a distribution of appropriations that is different from the amounts currently budgeted by each institution. Recognizing that the period of implementation will require adjustments by the institutions, any such changes in funding levels will be phased in over a defined period of time.

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