

**MINUTES OF THE LEGISLATIVE COMMISSION'S
BUDGET SUBCOMMITTEE**

January 23, 2025

The meeting of the Legislative Commission's Budget Subcommittee was called to order at 8:51 a.m. on Thursday, January 23, 2025, in Room 165 of the Nevada Legislature Office Building, 7230 Amigo Street, Las Vegas, Nevada by Chair Marilyn Dondero Loop. The meeting was videoconferenced to Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Exhibit A is the agenda and Exhibit B is the attendance roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Rochelle T. Nguyen, Vice Chair
Senator Carrie Ann Buck
Senator Nicole J. Cannizzaro
Senator Dina Neal
Senator Jeff Stone
Senator Robin L. Titus

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblymember Daniele Monroe-Moreno, Chair
Assemblymember Shea M. Backus, Vice Chair
Assemblymember Natha C. Anderson
Assemblymember Tracy Brown-May
Assemblymember Jill Dickman
Assemblymember Gregory T. Hafen II
Assemblymember Brian Hibbetts
Assemblymember Sandra Jauregui
Assemblymember Erica Mosca
Assemblymember PK O'Neill
Assemblymember Selena Torres-Fossett
Assemblymember Howard Watts
Assemblymember Steve Yeager

COMMITTEE MEMBERS ABSENT:

Senator Angela Taylor (Excused)

Assemblymember Gregory Koenig (Excused)

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Sarah Coffman, Assembly Fiscal Analyst
Cathy Crocket, Chief Principal Deputy Fiscal Analyst
Julie Waller, Principal Deputy Fiscal Analyst
Brody Leiser, Chief Principal Deputy Fiscal Analyst
Adam Drost, Principal Deputy Fiscal Analyst
Helen Wood, Committee Secretary
Gail Anderson, Committee Secretary

OTHERS PRESENT:

Doug Unger, Government Affairs Representative, Nevada Faculty Alliance
Kevin Osorio Hernandez, Chair, Nevada Student Alliance
Valerie Conner, Faculty Senate Chair, College of Southern Nevada; Council of
Chairs for Nevada System of Higher Education Faculty Senate
Lahana Pearce, Student Body Vice President, Nevada State University
Kent M. Ervin, Director, Government Relations, Nevada Faculty Alliance
Alexander Marks, Deputy Director, Field and Communications, Nevada State
Education Association
Gil Lopez, Charter School Association of Nevada
Susan Kaiser
Jhone M. Ebert, Superintendent of Public Instruction, Nevada Department of
Education
Megan Peterson, Deputy Superintendent, Student Investment Division, Nevada
Department of Education
Ann Marie Dickson, Deputy Superintendent, Student Achievement Division,
Nevada Department of Education
Christy McGill, Deputy Superintendent, Educator Effectiveness and Family
Engagement, Nevada Department of Education
Patricia Charlton, Chancellor, Nevada System of Higher Education
Chris Viton, Vice Chancellor, Budget and Finance, Nevada System of Higher
Education
Amber Donnelly, President, Great Basin College
J. Kyle Dalpe, President, Western Nevada College
Brian Sandoval, President, University of Nevada, Reno

Kamud Acharya, President, Desert Research Institute
Keith Whitfield, President, University of Nevada, Las Vegas
Rolando Mosqueda, Interim Vice President, Finance and Administration Division,
College of Southern Nevada
Karin Hilgersom, President, Truckee Meadows Community College
Amber Lopez Lasater, Chief of Staff and Strategy, Nevada State University
George Togliatti, Director, Nevada Department of Public Safety
Kristi Defer, Chief Fiscal Officer, Nevada Department of Public Safety
Mike Dzyak, Chief, State Fire Marshall Division, Nevada Department of Public
Safety
Amy Davey, Administrator, Office of Traffic Safety, Nevada Department of
Public Safety
Sheri Brueggemann, Deputy Director, Nevada Department of Public Safety
Erica Souza-Llamas, Administrator, Records, Communications and Compliance
Division, Nevada Department of Public Safety
Sarah Adler, Coalition of Independent Public Charter Schools of Northern
Nevada
Dora Martinez

CHAIR DONDERO LOOP:

Today we hear two presentations from the Nevada Department of Education (NDE). One is on the Governor's proposal for K-12 education funding for the upcoming biennium, including the Pupil-Centered Funding Plan budget, and the other is on the Executive Budget recommendations for the Department's operating budgets. We will also hear the budget presentations from the Nevada System of Higher Education (NSHE) and the Nevada Department of Public Safety (DPS).

DOUG UNGER (Government Affairs Representative, Nevada Faculty Alliance):

Regarding the presentation by Nevada System of Higher Education today, we agree with many allocations in the Executive Budget. The overall increase of 15.1 percent or 7.3 percent annualized will enable our institutions to better achieve goals for our students. We applaud the partial phase in of the new higher education funding formula and essential hold harmless allocations for our R1 universities plus support for the smaller colleges.

We cannot emphasize enough the importance of the 80 percent recommended funding to support cost-of-living increases for NSHE salaries. Without this 80 percent, which was standard fiscal policy for decades, our institutions will

again have to resort to harmful budget cuts and increasing student fees, which will hurt our students who can least afford them.

Not included in the Executive Budget is an additional cost-of-living allowance (COLA) of 5 percent and 3 percent the Nevada Faculty Alliance recommends over the biennium that will keep salaries close to even with anticipated inflation plus the 1.75 increase in retirement contributions. Do not let salaries fall once more into the cycle of erosion that helped to cause state worker shortages.

Following the mass shooting on the University of Nevada, Las Vegas (UNLV) campus on December 6, 2023, that took the lives of three treasured colleagues and wounded another, I have served on the Chancellor's ad hoc committee on Campus Safety and Security and have presented for the American Federation of Teachers on campus safety and gun violence prevention to the White House.

Our campuses are not yet safe from tragic violence happening again. The one-time allocation of \$11 million for campus safety and security is less than half what NSHE actually needs. Please increase safety and security funding as a priority to save lives.

KEVIN OSORIO HERNANDEZ (Chair, Nevada Student Alliance):

I am the proud chair of the Nevada Student Alliance representing over 100,000 students across the Nevada System of Higher Education. I am also the proud president of the student body at Nevada State University serving my second term. I am here today to voice my strong support for the Executive Budget for NSHE and to emphasize the importance of fully funding the cost-of-living adjustments for faculty and staff.

Last year, students strongly supported a fee increase to help address the cost-of-living adjustments because we recognized how vital our faculty and staff are to maintaining the quality education in a state that urgently needs higher education. Without fully funding, there will be additional fee increases that would place an undue burden on students, especially during these challenging economic times.

Providing the necessary support ensures that students will not face further financial strain. The students in our system are uniquely diverse. Additional fee increases could force some students to make difficult decisions, choosing

between continuing their education or meeting basic needs like putting food on the table.

The priorities for COLA restoration, campus safety and security, continuation of nursing programs and funding for fee waivers and funds for increased student support are essential to investments in the future of higher education in Nevada. These investments directly contribute to student success and strengthen our state's workforce.

Please consider the students in our State and fully fund these priorities, especially COLAs, to avoid further financial hardship for students and to ensure that NSHE can continue providing a high-quality education and support.

VALERIE CONNER (Faculty Senate Chair, College of Southern Nevada; Council of Chairs for Nevada System of Higher Education Faculty Senate):

I would like to give some quick stats on the number of faculty that each Faculty Senate of the NSHE chairs represent: College of Southern Nevada represents about 1,570 full and part-time faculty; Great Basin College represents about 335; Nevada State University represents about 758 faculty members; Truckee Meadows Community College represents about 986 faculty members; UNLV represent about 2,985; and the University of Nevada, Reno (UNR) about 2,423. The commuting system represents about 195.

Faculty Senate is the only official recommended body for the faculty. We speak for about 10,000-plus of faculty throughout the entire system. I support the recommended budget for NSHE, and we appreciate the historic cost-of-living allowance passed during the last session.

LAHANA PEARCE (Student Body Vice President, Nevada State University):

I am here to support the Executive Budget for NSHE. I want to stress the importance of fully funding the cost-of-living adjustment restoration. This funding helps retain brilliant faculty and staff by ensuring fair compensation while avoiding fee increases that could make higher education less accessible for current and future students.

This budget addresses other critical needs such as campus safety, nursing programs to help with Nevada's health care shortage, fee waivers for underserved students and expanded student support services. These investments will directly impact student success and benefit Nevada's

community and workforce. This isn't just about the numbers; it's about supporting the people who help make our education system and State thrive.

KENT M. ERVIN (Director, Government Relations, Nevada Faculty Alliance):
The Nevada Faculty Alliance is the independent statewide association of professional employees of the public colleges and universities in Nevada. We fully support shared governance through the faculty senates, but we have an independent voice for faculty and other professional employees. We work to empower our members to be fully engaged in our mission to help students succeed.

We appreciate the good news for NSHE funding in the Executive Budget including the phased in implementation of the new funding formula which will provide new funding to support wraparound student services for the community colleges and state universities that have larger part-time student populations while having no decreases for UNLV and UNR. There is one time funding for safety improvements, nursing instruction, expansion, and graduate medical education. All of those need continuing funding to be sustainable.

The continuation of the cost-of-living funding from the current biennium is important for the new biennium. We are very concerned. With the retirement plan increases and inflation running at 2.5 to 3 percent, without new cost-of-living adjustments, which are absent from the Executive Budget, the take-home pay for State employees will deteriorate. We cannot allow that to happen.

As shown in the chart in my written submission (Exhibit C) without the COLAs, real take-home pay for entry faculty will drop to 19 percent below pre-financial crisis levels.

We are also concerned with the degradation of benefits at the Public Employees' Benefits Program (PEBP). Staff is recommending to the PEBP Board elimination of the health maintenance organization option which many of our constituents rely upon for certainty in health cost. We hope the PEBP board rejects that proposal without requiring legislative intervention.

ALEXANDER MARKS (Deputy Director, Field and Communications, Nevada State Education Association):

As details of the Executive Budget submission are emerging, word of a possible reduction to per-pupil education funding is one of the most concerning. Even after record increases to education funding last session, Nevada trails the national average by more than \$4,000 per student if per-pupil funding is reduced. Nevada students will fall further and further behind.

In 2019, the Legislature created the Commission on School Funding (CSF) and asked them to present a plan to reach optimal funding in ten years. The Commission developed a plan to do this by raising revenue with an expanded sales tax base and the closure of property tax loopholes. The plan calls for \$700 increases to per-pupil funding in each year of the next two years costing just over \$600 million over the biennium.

In the State of the State Address last week, Governor Lombardo said Nevada can no longer blame the lack of funding for underperformance in schools. At the same time, his budget fails to follow the recommendations of the Funding Commission and instead proposes to cut per-pupil funding. That is why we are asking the Legislature to reject this proposal and continue to work to address Nevada's chronic underfunding in education.

Pass the plan offered by the CSF to reach optimal education funding in ten years.

Two years ago, Nevada State Education Association came to this table saying it was Time For 20. While we had issues with the mechanics of S.B. No. 231 of the 82nd Session, progress was made, and we were able to negotiate 20 percent raises in many Nevada districts. To continue this progress on educator retention, those funds should be made permanent and new funds are needed.

Continued progress will require significant political will and discipline to remain focused on the task. Proposals to divert public funds away from public schools, whether it be through a new mechanism to expand private school vouchers or a giveaway to Hollywood studios, should be flatly rejected.

Throughout session, educators from across the State will amplify their voices, sharing powerful stories and firsthand experiences that highlight the pressing

needs of our schools, the challenges faced by educators and the resources required to ensure every student can thrive. We hope their insights will serve as a call to action reminding you that meaningful change begins with listening to those on the front lines and prioritizing the needs of our public schools, our educators and our students.

GIL LOPEZ (Charter School Association of Nevada):

Our educators and school leaders are encouraged by the inclusion of teacher raises and transportation funding for public charter schools in the Executive Budget. We look forward to these important discussions today and throughout the legislative session. We appreciate your work once again.

SUSAN KAISER:

I am a national board-certified teacher with 25 years of experience in public schools, now retired. While Nevada educators head into the classroom this morning, I am attending this hearing to share my personal experience. It is a tale of two states.

My teaching career began in Maryland, a state that invests in its future by fully funding its public schools. They are well staffed, including specialists available to help students who flounder. Their class sizes are manageable, and the result is a generation of future flourishing adults and some of the highest performing schools in the nation.

After my career started in Maryland, I returned to my native Nevada where the investment in public schools has never been enough. During my 20 years of service at Pine Middle School in Reno, our public schools never received adequate consistent funding representing an investment. This has led to the largest class sizes in the nation, teacher shortages, and increasing concerns about our kids and their future flourishing.

We know through various studies going back to the Augenblick study and now the recommendations from the CSF established almost five years ago that increased funding is the solution. There is no benefit in placing blame. We should finally invest in our public schools to put the plan recommended by the CSF into place because the future of Nevada depends on it.

CHAIR DONDERO LOOP:

We will go to the Nevada Department of Education with a presentation on K-12 education funding.

JHONE M. EBERT (Superintendent of Public Instruction, Nevada Department of Education):

The Nevada Department of Education is 219 people strong, a staff that provides budget oversight and compliance for the over \$12 billion allocated. We serve almost 500,000 students across the State in 17 school districts and the State Public Charter School Authority.

Any state department of education across the United States has two main functions. Number one is the compliance components, the compliance with federal law and the compliance with state law. Beyond that is the support.

We have the fifth largest school district in the nation as well as one of the smallest school districts in the nation, Esmeralda. The diversity within our State and the diversity and flexibility which we need to have as a state to be able to serve all our children is what the NDE rises to each and every day.

We understand it is high level. But at any moment in time during the session, if you want to call upon us to come into your office and go through things in detail we will. We are technical support to make sure you have all the information you need to make an informed decision.

We have two presentations. We will start with the Pupil-Centered Funding Plan, the Governor's recommended K-12 budget.

MEGAN PETERSON (Deputy Superintendent, Student Investment Division, Nevada Department of Education):

This is the second full biennium implementation of the funding plan in this presentation (Exhibit D contains copyrighted material. Original is available upon request of the Research Library.). This has been a fruit of labor and long intensive hours getting this stood up and moving forward and we are very proud of that work.

When the Pupil-Centered Funding Plan was introduced, there was a new fund created to manage the revenues identified for K-12 funding. You will hear it

referred to as the Pupil-Centered Funding Plan account, which is budget account (B/A) 203-2609.

EDUCATION

DEPARTMENT OF EDUCATION

NDE – Pupil-Centered Funding Plan Account – Budget Page K-12 EDUCATION-24 (Volume I)
Budget Account 203-2609

Within the fund, we have the Education Stabilization Account, B/A 203-2608.

NDE – Education Stabilization Account – Budget Page K-12 Education-23 (Volume I)
Budget Account 203-2608

Throughout the presentation, when you hear “The Education Fund” we are referring to B/A 203-2609.

We will also cover B/A 101-2619 which has our State special education funding.

NDE – Account for State Special Education Services – Budget Page K-12 Education-137 (Volume I)
Budget Account 101-2619

We will begin with a quick overview of the concept of the Pupil-Centered Funding Plan. During the 2019 Legislative Session, the Pupil-Centered Funding Plan was codified replacing the then 52-year-old Nevada Plan which distributed State and local funding. The Pupil-Centered Funding Plan combined all revenue sources—State, local and General Fund—into one account which provides for a basic level of support for each pupil in the public education sector within our State. The amounts are adjusted for unique variations within each district.

One thing to keep in mind with this account, which is different from many of our others, is that it is a revenue driven account compared to expenditures. As the revenues increase, our per-pupil amounts are expected to increase as well.

Slide 5 in Exhibit D gives an overview of what that looked like in concept. The Education Fund combined over 26 different revenue sources that were previously disaggregated or not part of that combination. This allows us to provide a single starting point to apply and provide adjusted per-pupil amounts to each school district. The funds then flow through four different tiers of funding in the formula.

In a situation where we may have excess or residual funds, they flow to the Education Stabilization Account to serve as a rainy-day account. We will address that mechanism in more detail when we discuss B/A 203-2608.

Slide 6 in Exhibit D is a high-level concept of what that flow looks like within the Executive Budget. The proposed revenue amounts total approximately \$5.8 billion in fiscal year (FY) 2025-2026 and \$5.9 billion in FY 2026-2027.

One of the components within the Pupil-Centered Funding Plan is enrollment. We use enrollment to multiply it by the statewide or the adjusted base amounts for the districts and then distribute accordingly to each district.

I wanted to highlight some trends we are seeing in enrollment to help contextualize the flow of the funding to the districts and charter schools during biennium years.

The left side of slide 7 in Exhibit D shows a trend which has held true since 2017 when we moved from a single count day to a quarterly count. The first quarter can vary in terms of where it falls compared to the previous year. We always see a peak in the second year [*sic*] of enrollment which tends to correlate to the October time frame when the counts are reported to us. As the year continues in third quarter and fourth quarter, you can see enrollment tends to dip.

From quarter-to-quarter districts and charter schools can see a little bit of variation in how the funds flow to them because of their changing enrollment. This is called ADE or average daily enrollment. It is a reflection of the number of students enrolled in the district or charter school within that quarter.

The right side shows the trend we have been seeing most recently within the schools. Our statewide enrollment is declining, but we are budget projecting flat enrollment to help mitigate any increases that may occur within the quarters.

I want to go over the concept known as “hold harmless” in terms of the implementation of the Pupil-Centered Funding Plan. When we transitioned from the Nevada Plan to the Pupil-Centered Funding Plan, some of the districts may have experienced a loss in funding because of the transition from the fully locally funded to the State funded model. To mitigate that risk, a hold harmless provision was put in place and any district that would have received less funding was funded on the amounts allocated to them in FY 2019-2020 through the Nevada Plan.

When we started the Pupil-Centered Funding Plan we had nine districts which were in “hold harmless” status. Through the investments from last biennium, we are now down to just three of those districts, and those three will likely be in the status for quite some time based on their ability previously to have raised revenues through the Net Proceeds of Minerals tax. Those monies do stay with them, but they are locked into that amount. That is why when we say “hold harmless” we have the quotes around it because while we know costs are increasing, they have a fixed base that they are receiving. That is diluting as the expenses are increasing.

We have four tiers of funding within the Pupil-Centered Funding Plan. This is where this \$5.6 billion is distributed. The first tier is where we have funding set aside for food service and transportation.

Tier 2 is for our Local Special Education Funding within the district and charter schools.

Tier 3 is the statewide base with the adjustments for the local uniquenesses through the Nevada Cost of Education Index and attendance areas.

Tier 4 is weighted funding which provides additional support for students who need targeted interventions such as English Learners, students who are identified as at-risk, or gifted and talented students.

Slide 10 in Exhibit D takes a closer look at Tier 1. These are dollars that are carved out from the initial round of funding and provide for transportation based on a four-year average of a district’s prior expenditures. There is no inflation adjustment applied. Also in Tier 1 is food services. This is not your breakfast and lunch for the free and reduced-price lunch eligible students. These are the lunch sales and enterprise services.

As part of the Executive Budget, we did include additional funding for transportation for charter schools as well as salary adjustment funding intended to replace and support the S.B. No. 231 of the 82nd Session raises given during the last biennium. Salary adjustment funding was also added for charter schools.

For the 2025-2027 biennium, slide 11 in Exhibit D shows amounts allocated to the school districts and the charter schools based on those amounts. New to this biennium, we have a third level in the Tier 1 auxiliary funding which is specifically to account for those salary adjustment funds.

Tier 2 funding is local special education funding. This is the funding school districts and charter schools spend to meet the needs of their special education or individualized education plan (IEP) students. Federally, we have a requirement for local Maintenance of Effort to maintain this level of funding. Due to this reason, this is an item that is also pulled off the top without any adjustments because that can impact the requirement to meet federal requirements where you are trying to minimally impact that.

We do have the ability to transfer funds from adjusted base or to supplement with State Special Education funds, which I will talk about in B/A 101-2619. This is layer one of special education and it is pulled off the top to ensure fidelity of those dollars.

For the upcoming biennium, approximately \$597 million is the local special education funding allocation. We maintain that flat number so we are not impacting their dollar amounts. That is then pulled off, leaving the remaining funding for Tiers 3 and 4.

Tier 3 is where we take the statewide based per-pupil amount. That is the total amount of funding divided by the projected number of students. We calculate a district-specific level based on the Nevada Cost of Education Index which is to account for cost of living and unique variables within that district. The attendance area adjustment is for schools outside of a certain parameter. You might think of Gerlock in Washoe County. They are distanced quite far from their central services. Because of that distance, they receive an additional set of funding to help offset the cost that it takes to travel the extra distance and incentivize teachers to work there.

Nevada Cost of Education Index and attendance area are multipliers applied to the statewide base to come up with each district's adjusted base per-pupil amount. This is then multiplied by that enrollment count that we get quarterly to distribute the funds.

For the upcoming biennium 2025-2027 approximately \$4.5 billion is set aside for this portion of the Pupil-Centered Funding Plan in FY 2025-2026 and approximately \$4.6 billion is set aside in FY 2026-2027 to provide this funding.

Within Tier 4, any remaining funds are then used to meet the needs of our students who are most in need of additional targeted interventions. These are students who are identified as English Learner, at-risk, and gifted and talented. This funding is distributed based on counts obtained during our validation day counts in October. That is a fixed count used throughout the rest of the year to distribute the funds to ensure stability and funding for districts and charter schools to help mitigate any of the fluctuations that can occur. We know a fixed budget is important when meeting the needs of students.

Within these categories and with the work with subject matter experts in the CSF and as approved by the Legislature last session, these students have different weights applied to them to allocate this funding. This is applied to the statewide base per-pupil amount, not the adjusted base per-pupil amount. It stays fixed as a percentage for each one of the districts and charter schools to have these students.

Our English Learner students are a multiplier of 0.45 off the statewide base. Our at-risk students are a multiplier of 0.35, and gifted and talented students are a multiplier of 0.12. That equates to about 45 percent of statewide base, 35 percent and so on.

For the upcoming biennium, slide 15 in Exhibit D shows the amounts allocated based on those percentages of the statewide base.

ASSEMBLYMEMBER MOSCA:

Can you give us a high-level overview of what the State Board of Education is discussing regarding at-risk and how that would impact the budget?

MS. PETERSON:

The State Board of Education held a regulation hearing in December to receive feedback on possible alternatives to metrics for determining students who are at-risk. Until we have an additional meeting to determine the next steps, the department is currently working on doing research based on possible metrics the State Board had reviewed at that time, which includes analyzing options such as direct certification. We are continuing to do research and evaluate options to address those needs.

ASSEMBLYMEMBER WATTS:

I am having a little difficulty understanding the math. I am wondering if you can help explain the changes at a high level. It looks like we are getting roughly \$700 million a year in additional revenue flowing into the Pupil-Centered Funding Formula. Projected enrollment is down a little bit. It looks like due to some changes in the determination of at-risk students, the population that will be receiving those weights is going down. I know we are incorporating the teacher raises, and even with the inclusion of charter teachers, that looks to be about \$145 million a year. The big picture question I have is, given the increase in revenue, why is per-pupil funding going down? Where is that occurring?

MS. PETERSON:

We have Tier 1 where there is a large investment of funds which pulls off funding from the top before it goes to Tier 3 and Tier 4. Those are the things we are working through in that application within the model. It has caused us to look at how the rest of the funds flow through the model. We are still evaluating that impact and working with the Governor's Office to work through what the final per-pupil amount is.

ASSEMBLYMEMBER WATTS:

The transportation costs, because those are at Tier 1, then come out and do not flow through into the per-pupil funding that is supposed to follow every student. Is that correct?

MS. PETERSON:

That is correct in the sense that is why we may not have seen as much of an increase in the per-pupil amount as we would have anticipated. We are still working through the other mechanics with the Governor's Office.

ASSEMBLYMEMBER ANDERSON:

I am taking a look at slide 14 in Exhibit D to make sure I am understanding the adjusted per-pupil funding. You mentioned each district will get an idea of what their budget will be, but that is not present at this time. Is there an idea of when that is going to come out? I believe two years ago we did have kind of an idea of that. I am wondering if there is a timeline as to when we are going to get that by the districts. Then also in that answer, if you could, verify that is based upon the quarterly daily attendance. Just trying to make sure I have got my mind correct on this one.

MS. PETERSON:

We are working as quickly as possible with the Governor's Office. We know how important the numbers are to school districts and charter schools for budgeting. We want to make sure we provide them with the most accurate information possible. I do not have an exact timeline today, but we are working as quickly as we can.

For Tier 3, once a per-pupil amount is determined using projected enrollment, when it comes time within the fiscal year you are using the prior quarter's average daily enrollment counts to determine that quarter's payment.

ASSEMBLYMEMBER ANDERSON:

I have numerous other questions, but I will respect the Chair's ask not to make them very specific at this time.

ASSEMBLYMEMBER TORRES-FOSSETT:

I did notice that this does result in a decrease to the base per-pupil. We have a decrease I think of about \$13 in FY 2025-2026, and that it did decrease an additional \$25—my numbers might be a little off—but a continuous decrease in FY 2026-2027. I wanted to see if this took into account the residual funding from this cycle.

MS. PETERSON:

I want to clarify that as we have been working through this with the Governor's Office, we can confirm the per-pupil amounts are not going to decrease. There is a mechanism within the Tier 3 we are working through, and we will be working on providing any budget amendments that may be necessary to correct that.

To your second question regarding residual funding, the fiscal year has not ended yet. We do not know how much that transfer may or may not be. We are still working through the revenue projections at this moment in time. They are not looking as strong, so we are not able to confirm what that transfer will be at the moment.

ASSEMBLYMEMBER TORRES-FOSSETT:

At what point in the legislative session should you have the projections of what that will look like?

MS. PETERSON:

Once the Economic Forum announces its updated projections in May, we will have a better picture. Until the fiscal year closes June 30, we will not have final numbers.

ASSEMBLYMEMBER TORRES-FOSSETT:

I look forward to seeing those budget amendments. That is essential in order for us to make sure the students are keeping that base. I am disappointed the Governor's original budget allowed for us to put together a proposal that had that decrease. I look forward to seeing the new one to restore that funding.

ASSEMBLYMEMBER YEAGER:

If you follow along in the budget hearings you know I have asked a lot of agencies this. We received the Executive Budget last Wednesday. There was a structural deficit of approximately \$335 million that was acknowledged by the Governor's Chief of Staff when he came here on Tuesday. They made some proposals to us, not formal amendments, but there was a presentation making some changes to the budget. They still admitted on Tuesday morning that there was an \$85 million or \$88 million structural deficit.

I was a little surprised to leave the hearing on Tuesday and see a comment from the Governor's spokesperson that the teacher pay raises were apparently being blamed for the structural deficit in the budget. We have talked about, and Assemblyman Watts asked about, the teacher pay raises in each year. Obviously, I know that does not factor into the per-pupil funding.

I do not know how that would have led to a structural deficit in the creation of the budget, because it was something that was included in the Governor's proposed budget. Have you gotten any word from the Governor or his staff that

they are intending to undo making those teacher raises permanent that were in S.B. No. 231 of the 82nd Session and are now actually in this budget account? The press release that went out certainly suggested that would be, I believe in their minds, an easy way to partially undo that deficit. Have you any update on that because we have not yet received any formal budget amendments in terms of how to get this budget back to balanced?

MS. EBERT:

There was an on-ramp to your question. I believe you are specifically asking if we were asked as the Department of Education to adjust the teacher raise listed in the Tier 1 to cover the deficit. We have not been asked to do that. It is there as proposed, and we have not had any conversations to change that amount currently listed in our presentation.

ASSEMBLYMEMBER YEAGER:

You were asked a couple of questions about the per-pupil funding amount. I think with the information we were given last Wednesday, the Governor's proposal, it is possible to calculate what the proposed per-pupil funding number was in that budget. What you said today is there are still some things being worked on. I do not want to mischaracterize what you said, but you had said you believe the per-pupil funding amount would actually be more than the prior biennium once everything was figured out or put in place.

I am trying to remember from two years ago. Did we have the same issues two years ago? When you came for the pre-session budget hearings, did we have a per-pupil funding number based on all these inputs? Or is this a normal part of the process where we are here in the pre-session budget hearings and we still do not know, according to what you said today, what the per-pupil funding rate would be? We can certainly do the math on our side and see how it looks. I wondered if you could shed some light. I do not remember two years ago in this particular discussion if we had that number at this point.

MS. EBERT:

As we move through the entire process, these numbers fluctuate. With the Economic Forum decisions this body makes, these numbers do fluctuate. That is why we do not push out to the school districts yet. They do fluctuate from the initial presentation of the numbers.

We are still addressing any technical items that may have occurred as they were being published. The revenue is there. It is an increase. There is no expectation the per-pupil funding will decrease. As presented last Wednesday, that number will shift as we make those technical adjustments. Again, the per-pupil number will not decrease. I cannot give you that exact number as we are sitting here today because those technical adjustments are still being made as we are sitting here.

ASSEMBLYMEMBER YEAGER:

I understand that normally we have to wait until after the Economic Forum to figure out what the final number is. That makes sense. That is for the entire budget, not just for this one. I do not remember having technical items or corrections from two years ago. Maybe we did, maybe we did not.

My ask of you is this: there is a lot of interest out there in the public with what is going on in the K-12 funding formula. We have some public comment today and obviously are trying to build on what we did last session. There is a lot of interest in what is happening with this budget. We are at a place right now where things are not clear, and when they are not clear what we get is speculation. I do not think that helps any of us. When you are able to make those technical corrections, if you can work through that process and get back to us as soon as possible so that we are working on a common set of facts because running the numbers on our side, it looks like a reduction.

I think you are saying once you get through these technical items it is not going to be a reduction. If you are a member of the public, it is really hard to figure out what is going on, and we just want to get to a point where that is very clear. Hopefully, we can get this figured out so the public can understand what we are doing when it comes to K-12 public education.

SENATOR CANNIZZARO:

I had the same questions about the per-pupil based funding because it does look like it is going down in this budget. I guess that is attributable to some technical errors which I guess we are going to see this budget is going to change.

I share some of his concerns. I do not recall having the same sort of issue last session where we saw just a wildly different number and then expected at some point to have another number that will not show a decrease.

Obviously, this per-pupil funding will change based upon budget decisions in the budget subcommittees and in the full committees and obviously based on the Economic Forum, which is typical of every budget account across. Because we are seeing that decrease in per-pupil funding, do you have any idea what effect that has overall on total funding for K-12 Education? Are we going to expect to see this budget account grow? Are we going to expect to have to then allocate for that?

I am trying to figure out if what we are seeing in per-pupil is a decrease, but you are saying that is going to be fixed. Would we expect at some point once you figure all that process out with the Governor's Finance Office (GFO) that there is additional money that will have to be accounted for within this budget, or are you not sure?

MS. PETERSON:

To clarify, because this is a revenue driven model, the revenues are fixed effectively at this point. It is just a matter of the distribution of those revenues within the model. To your question about whether those amounts will change, the overall amount allocated will not change. It is a matter of within the mechanics of the model how the calculation is flowing to allocate those revenues.

Once we have gone through and started making those technical adjustments, and this is only the second time we have gone through this, it may look different than last time because we are working through how those implications flow. The per-pupil amounts we can confirm are not going to decrease. It is a matter of where they are being allocated within the model.

SENATOR NEAL:

In the Executive Budget there are suggested annual enrollment predictions, decreases and then also there is an attendance What I am looking at is the attendance area adjustment. So, these are all factors when we are trying to figure out what will go to the school districts.

What kinds of conversations are we having in the background around technical changes with what could be potential decreases in pupils in the at-risk area being that the recent conversation around U.S. Immigration and Customs Enforcement (ICE) being able to go into the schools and basically take kids? Are we having conversations in the background about children that may or may not

be present in school because of fear, or they will no longer be in the State of Nevada?

MS. EBERT:

With the information we have been provided, we are working directly with the Attorney General's Office to make sure we have the right information to provide to our schools and our children are safe. Whether we are working with the Attorney General's Office or not, our number one is school safety and protecting our children is what we do each and every day.

Given the change in administration, we have been hearing that children and families are fearful of the shift within the government. Myself and our colleagues in the State Public Charter School Authority are working with the Attorney General's Office to make sure our school districts have the information they need to protect our children.

We do track the enrollment on the quarterly basis. Our school districts track the enrollment on a daily basis, their involvement at the school district level with each individual family. I would fully expect they are tracking that. We are tracking it at the State level.

SENATOR NEAL:

That is good to know. You guys are contemplating or considering that there might be an enrollment decrease. Currently, the Executive Budget recommends an annual enrollment decrease of 5,929 pupils, basically 1.26 percent. Are we having a conversation about that it may increase? When are we going to?

I am wondering what advice you are getting from the man in charge on what are the mechanisms you should put in place. Not just for safety, but how are we going to course correct if in at-risk schools, which I have a lot in my district, where kids are not coming. We do have count day. We still have certain procedures in statute that determine enrollment and that will determine ultimately what a budget is.

I know you gave that general comment, but I want to know, advice wise, what are we saying, what are we telling schools? The line of fire is real. I do not know if anybody is getting ready to pull out some nunchucks and fight ICE for their kids. But the reality is it's changing every day. It's now mixed families where before it was just one immigrant family and now it's mixed.

MS. PETERSON:

Within the enrollment, we do have a hold harmless provision that if enrollment declines by 5 percent or more, the school district is paid on the prior quarter of the prior year's counts. So that way, there is not a significant decrease in funding due to the loss of students. There is a mechanism in place, and we are looking at similar mechanisms for the weighted funding as an alternative option as well.

SENATOR NGUYEN:

I will share my frustration with some of the things we are going to now have to wait on to see whether and how much the impact is. It seems like inflation has not been accounted for in this budget at all. I imagine we will see forthcoming amendments that address that. Is that correct?

MS. PETERSON:

Within the statute, there are different provisions for how to address the application of inflation and or enrollment. Because the Economic Forum projected higher revenues within the General Fund, the increase in the General Fund appropriation within this recommended budget was higher than the enrollment and inflation. That was the number that was utilized in place of an increase in inflation.

SENATOR NGUYEN:

Hopefully this is more optimistic. I know we had that \$2 billion increase last session and hope that puts us ahead of schedule when it comes to where we are in progress on the CSF ten-year proposals. I was wondering if you could give an update on where we are in that proposal.

MS. PETERSON:

Because we are going through the additional review within the budget, we are still working through that analysis and what that overall improvement looks like. The work of the CSF over this last biennium has shown progress towards that. We are hoping that the recommendations from the CSF do move forward and assist in moving those dollars forward every day.

ASSEMBLYMEMBER ANDERSON:

There had been discussion last time about the cost adjustment by counties. Is that reflected in this area of the budget? I know the CSF had not recommended

using that. Are there any recommendations currently in what has been presented so far that are coming from the CSF?

MS. PETERSON:

The CSF did make the recommendation to continue implementing the Nevada Cost of Education Index as a fixed value of 1.0 for everyone because they are continuing to investigate and research the methodology for determining that. That recommendation is included within the Executive Budget. We did not go to the line item detail of showing the Nevada Cost of Education and the attendance area adjustment within this presentation, but it is reflected within the Executive Budget.

ASSEMBLYMEMBER ANDERSON:

Were there any other areas that have been presented so far based upon information coming from that body? Those individuals are intimately aware of the school districts' issues because many of them are actually from school district personnel.

MS. PETERSON:

Yes. The CSF did make a recommendation to maintain the current definition and metric for the grad score on the at-risk student population. They recommended to continue using that metric, researching it and evaluating it. The grad score metric was utilized for determining at-risk students to fund within the model. Within our special education budget there was a recommendation in terms of how to allocate the special education funding, whether on multiplier or continued funding, and that was incorporated as well.

ASSEMBLYMEMBER MONROE-MORENO:

The calculation for the statewide per-pupil amount normally has calculated in it an inflationary increase from one fiscal year to the next. The budget presented to us at the State of the State does not include the inflationary increase in that calculation.

I believe in the calculations that you presented in your original budget to the Governor, it did include those inflationary increases. If those were in the budget given to the Legislature, can you tell us what that final statewide base per-pupil amount would have been if the inflationary increase that we have customarily done was included?

MS. PETERSON:

We can provide you with that number. One thing to keep in mind would be the revenues projected at that time would be different than what is included in the Executive Budget. It could be lower because we had lower predictions on the other revenues incorporated as part of that. But we can provide that number to you.

ASSEMBLYMEMBER MONROE-MORENO:

I would appreciate that because whether it is higher or lower, it would affect what that final number is. We would like to know what that is.

CHAIR DONDERO LOOP:

We are going to transition into your Education Stabilization Account.

MS. PETERSON:

Budget Account 203-2608 is also in the State Education Fund. This serves as the rainy-day account for the Pupil-Centered Funding Plan. It is funded through three possible mechanisms.

The first is any residual revenue from the Pupil-Centered Funding Plan resulting from unanticipated increases in revenue and no additional increases in enrollment. That would result in residual funding flowing through to B/A 203-2608.

Conversely, if we had a decrease in enrollment and revenue stayed the same, we would have residual revenue unexpended within the Pupil-Centered Funding Plan and that would flow to the Education Stabilization Account.

The third mechanism is through school districts which have an end fund balance that exceeds 16.6 percent of their budget. Anything that exceeds that would be transferred to the Stabilization Account with the exception of the grandfather clause put in place when the Pupil-Centered Funding Plan was introduced. Districts which had an end fund balance that exceeded that 16.6 percent amount in that year, so long as they continue to exceed that, but did not decrease, they are able to maintain that level of funding. If it does decrease from one year to the next, and then increase in that second following year, those additional funds above that prior threshold would be transferred. That would continue until such time they fell below the 16.6 percent. Anything after that which exceeds would then transfer to the Education Stabilization Account.

To date, we have not had any districts which have decreased and then increased and therefore warranted a transfer. We are still evaluating the FY 2023-2024 end fund balances just received in November and we do not have that number yet.

Within the Education Stabilization Account, the mechanism is once the amount reaches or exceeds 20 percent, any of that amount above the 20 percent would transfer back to the Pupil-Centered Funding Plan as additional revenue to provide increases for funding within the Pupil-Centered Funding Plan.

For the 2025-2027 biennium, you can see in slide 21 in Exhibit D we have anticipated \$857 million in FY 2025-2026 and \$866 million for FY 2026-2027, or approximately 15 percent of the Pupil-Centered Funding Plan amount at this point in time. We are not currently projecting a transfer. You can see projected interest earned on the account.

SENATOR NGUYEN:

I was wondering if you had the opportunity to reach out to Clark County School District (CCSD) in particular. I sponsored legislation that went into effect regarding those school precinct accounts. Do you have any indication on what the updated balances are on those accounts? Going into the 2023 Legislative Session the balance was around a quarter of a billion dollars collectively. I was wondering if expanding some of the uses that we passed, giving them some more flexibility in utilizing those funds, whether they have gone down or if they have gone up.

MS. EBERT:

Over the biennium, those dollars have increased. Last it was over \$400 million in the accounts at the schools. I do not have that exact number for what it is today, but over the biennium that number has increased.

SENATOR NGUYEN:

Is that \$400 million in addition, or just total now?

MS. EBERT:

[It is] total.

ASSEMBLYMEMBER WATTS:

When you went over that balance, the Education Stabilization Account is not full in the sense that it has met that threshold for a transfer back into the Pupil-Centered Funding formula. Is that correct?

MS. PETERSON:

Yes, that is correct.

ASSEMBLYMEMBER WATTS:

Then, we heard a couple of days ago about a potential proposal from the Governor's Office that would utilize those funds that are supposed to flow back into the Pupil-Centered Funding formula. Under the current budget and projections we have before us, there would not be any revenue to flow into either the Pupil-Centered Funding formula or any other designated diversion of that waterfall, so to speak, under what you have laid out here, correct?

MS. PETERSON:

At this moment in time, that is correct.

SENATOR TITUS:

I need to back up on your presentation to slide 7 in Exhibit D where you were talking about school enrollment. I was wondering if you have included the estimated amount of students being home-schooled. Does that really reflect a decrease in our student population in the State or a decrease of students going to our schools and now staying at home?

MS. PETERSON:

The enrollment trends we are seeing here are only representative of students who are in the K-12 public education system and meet the parameters for being eligible for Pupil-Centered Funding Plan funding. Those would be students who are enrolled full-time in a school.

SENATOR TITUS:

Would you be able to provide the amount of students and what that graph looks like that are now being homeschooled?

MS. EBERT:

Those numbers exist at the individual schools within each school district. We would need to gather those numbers from the school districts to be able to provide it to you.

SENATOR TITUS:

That is really important information, and it is something our State should be looking at and making sure our State has some idea about that. This is a subject I brought up many times. Are we following these kids that are choosing to be homeschooled? How many are there actually? Have they left the school system because of the disenchantment of the education they are getting there?

It is something we, as a State, need. We are responsible for all the children here in our State. I would like to see the State get better accountability of how many children are being homeschooled in our State, and for those that, after the COVID years, we never found that stayed home and we still do not have a good accountability of those kids.

CHAIR DONDERO LOOP:

I believe there are some children being homeschooled or maybe at home and parents do not even know they need to register with their school district. The parents just have them home. They may be homeschooling them, but they do not necessarily know that they need to check in with the school district and say, "Hey, I am going to homeschool."

MS. EBERT:

In the State of Nevada, the parents are responsible to go to their school that they are zoned for and acknowledge that they are homeschooling their student. There is not a statewide campaign of making sure every homeschool parent, and we have people moving in all the time, are aware of Nevada's requirement, but it is a federal requirement, too.

Nevada's process is to register directly with each individual school and then each school district would collect that data. That is not something the NDE has ever tracked.

CHAIR DONDERO LOOP:

I think that is an important piece. If I do not know and move here from California, if I never send my child to school and I do not tell the school in

California that I have gone to Nevada, you can sort of get lost in the system. The reverse happens if I move from Nevada to California and I never tell California I am there.

I just want to be clear that I do not know that it is always the school district's fault. Parents may or may not know. There could be lots of reasons they do not decide to go down to the school district and register. That is an important piece because I am not sure of the accounting. We could have ten kids on home school and really only five are registered. I am not sure the numbers are always accurate.

ASSEMBLYMEMBER ANDERSON:

I am a little bit confused about the balance exceeding 20 percent and how that works. Just to verify, no district has hit the threshold of unexpended funds. Yet we hear often of districts having financial problems. So, I am confused.

Does the Department of Education reach out and say, "Hey, we do have some money to help you," or do the districts have to hit that threshold, for lack of a better term? What is the process?

If we have money that is supposed to go to education and then we find out it can become transferred to something outside of education, as a body, we are not using the money in the way that we thought we would be. If you could clarify that a little bit as to how it has gotten to the level it is at this time.

MS. PETERSON:

Thank you for allowing me to elaborate a little bit more on that. It is a complicated evaluation process. Annually through the *Nevada Revised Statutes* (NRS) 387.303 report we do analyze school districts and fund balances. That is where the grandfather clause comes into place at this time. Districts which end fund balances exceed the amount established in 2020—I am going to try and use some round numbers—so District A had a 22 percent end fund balance in 2020. They are allowed to maintain and keep that level of funding until they drop below. Then if they were to move to 18 percent and then in the following year they move to 19 percent, the 1 percent between the 18 percent and 19 percent is what would transfer to the State Education Stabilization Account until such a time they fall below 16 percent; then that 16.6 percent is the new threshold. Any point going forward they exceed 16.6 percent, that amount would transfer to us.

We do have districts currently which exceed that 16.6 percent. Because they have not decreased below their FY 2019-2020 point and then increased again, there has not been a transfer to date as a result of that mechanism.

We are still evaluating FY 2023-2024 right now, so that could change. But since 2020 we have not had that mechanism come into play yet.

ASSEMBLYMEMBER HAFEN:

I want to make sure I am understanding everything correctly. Enrollment is projected to be down. However, the overall funding in the Executive Budget is increasing by five point something percent. Is that correct?

Ms. PETERSON:

Within the Executive Budget we budgeted for flat enrollment, no enrollment growth.

ASSEMBLYMEMBER HAFEN:

The dollar amount, though, is increasing, correct?

Ms. PETERSON:

The total allocation is increasing.

ASSEMBLYMEMBER HAFEN:

So, this would be an historic amount being funded, highest ever dollar wise.

Ms. PETERSON:

Budget Account 101-2619 is where we have our State Special Education.

This is the second stream of funding we have in addition to federal and local. This is a portion of funding the State provides in addition to the school district or charter school's allocation to support special education. Because it has the same maintenance of effort requirement, meaning we cannot spend any less than the prior year, we do not budget it for inflation.

We provide a 2 percent COLA adjustment on 95 percent of that funding. You can see that reflected in FY 2025-2026 and FY 2026-2027.

Additionally, we have Category 20 which has State required \$2 million for contingency funds for districts which may have students that have exceptionally

high costs above and beyond what they ordinarily are accustomed to paying. These funds are available to them to help offset those increased costs that would have otherwise been funded through adjusted base or some other mechanism.

CHAIR DONDERO LOOP:

We will move to the Department of Education budget.

MS. EBERT:

Most of you that have been here fully understand a multi-tiered system of support (MTSS). For all our budgets over the last biennium, the NDE has been looking internally at our entire system and how we provide support to our school districts and how the resources are allocated.

For those of you not familiar with MTSS, it focuses on identifying our academic and behavioral issues within our system early and it is called a Tier 1. We want to have between 80 percent and 90 percent of our students in a Tier 1 situation at all times, and 100 percent of our students receive Tier 1 instruction. But by investing first in Tier 1 high quality preventative instruction for all students, our schools can reduce the more expensive and intensive interventions in Tier 2 and Tier 3.

This proactive approach can result in a long-term cost savings by minimizing the number of students who require the one-on-one support. If you think about it like the medical field, when you go to the doctor, you are not feeling well, you are greeted first by a practitioner and most often they do an assessment and then you continue on through the medical field. Think about that as we are going through education.

We are providing our students with what they need. We are meeting our students where they are at and then, if we identify there are additional supports needed, we move on to Tier 1 and Tier 2 [*sic*].

The ultimate goal is to ensure our funds, which we are talking about today, are being used effectively to improve our student outcomes. The MTSS provides a framework for monitoring and evaluating our effectiveness on all our interventions, allowing schools and the Department of Education to track progress and adjust spending based on what works best for our students.

This data driven approach can help justify and guide financial decisions ensuring resources are being allocated to programs that produce measurable outcomes and behavioral improvements. The MTSS is designed to support all our students, including those who may need additional help, by ensuring every student receives appropriate support and can reduce the achievement gap and increase overall student success.

Starting with that system, beginning and looking there, how do we make sure our system in Nevada is moving in the direction that we all want to see, excellence for every student? We have aligned four strategies throughout the entire department. Our resources, our human capital, are now aligned to these strategies.

The first one is expanding pre-kindergarten to lay the groundwork for future academic success and social skills. I have worked with many of you over the biennium, and I thank you greatly for identifying this as a priority for all of you.

Support to innovate Tier 1 core instruction is our second strategy. Strengthening Tier 1 support for Tier 2 and Tier 3 is our third strategy. Our fourth is to improve Nevada education systems as a whole.

Our overall budget as recommended for the department and shown visually on slide 4 of our presentation (Exhibit E contains copyrighted material. Original is available upon request of the Research Library.) is over \$7 billion in each year of the biennium. You can see the total by activity: 90 percent going to our K-12 education programs and services, 5 percent special education programs, 3 percent student and school support services, 2 percent early childhood education and 1 percent other activities.

We know by focusing on early education, pre-kindergarten programs help ensure children develop the essential skills such as literacy, numeracy and emotional regulation, which are foundational for lifelong learning and wellbeing. All children should have the same opportunity to enter school with the skills to be ready for kindergarten. We know that research consistently shows high quality early education leads to better educational attainment, higher employment rates and increased earning potential. This investment reduces the need for remedial education and social services and ultimately contributes to more productive citizens and workforce.

In the Executive Budget, we have \$70 million for FY 2025-2026 and another \$70 million for FY 2026-2027. Last biennium we had \$140 million available for the early literacy childhood grants. That system has proven to be very successful. It is the first time as a State we are able to serve three-year-olds. This last set of funding was able to provide almost 1,900 additional seats in our State.

Strategy 2 is to support innovative Tier 1 core instruction. We want to ensure all Tier 1 instruction services are provided, and we have a foundation for our teaching and learning for all students. When high quality Tier 1 core instruction is effectively delivered to all students, it becomes easier to identify those who struggle or do not respond well to our general curriculum.

Focusing on Tier 1 instruction, we have within the NDE started to align and realign all our resources to make sure that we are providing the supports the school districts are asking for.

Personalized learning and mastery is competency-based learning, those components of portrait of a Nevada learner which are the durable skills our children need to become a productive citizen within Nevada. We want to make sure we have the resources that create the environment where students can move at their pace and that teachers have the resources they need to be able to shift from a classroom where everyone is moving at the same pace at the same time, but they have the resources they need and they can move forward at the pace they are ready for.

The typical example I use is Algebra I. Most or all our students across Nevada enroll in that course. Some students can finish that course in a much quicker time than the 180 days provided. Some students need 200 days, or an additional 20 days. They do not need an additional semester repeated to be able to demonstrate their skills in algebra.

As we move forward with personalized learning and mastery, in our budget request we have two different components: digital learning collaborative, which provides academic content across our State for all students and our digital learning management system (LMS). We are aligned with higher education so we have a system now in the State of Nevada where all content PK-20 can be delivered within one system. That allows us to be able to have access across

our entire State for students to be able to learn material where they might not have a teacher that is licensed in that area.

Computer science is one [area] Nevada is known for leading the nation. But not every single high school in our State has a computer science teacher. Since we have been able to fund these in the past, teachers across the State can help support high schools so every student has access to that content via the LMS and educators across our State are able to provide that content.

We also have dual credit as one of the great success stories over the last few years in our State. Assembly Bill (A.B.) No. 428 of the 82nd Session created the Teacher Academy College Pathway. We want to grow educators here in the State. Research has shown across the United States that when students graduate from college, if they come back, they are more likely to stay within ten miles of where they grew up. We want to make sure we have students in our classrooms today that understand they can become an educator. They can become a school psychologist. They can be in human resources or finance, but they understand there is a pathway for them to join the education system.

The funding request here, the \$283,000 each year of the biennium, is to fund supports for dual credit to make sure students can see themselves moving on to college and career.

The next item is our SafeVoice Platform. This was previously funded out of Elementary and Secondary School Emergency Relief (ESSER) funds, and it actually started with grant funds. The Legislature had asked us as a department to prove this is a tool we want to use and many school districts and students use quite frequently.

What is important to note here is that research was just provided, and I can provide to staff so that all of you have it as well, specifically for SafeVoice in Nevada from school years 2018 and 2019. There is a skip time frame because of the pandemic.

What was found is in the rates of violence against staff there was an estimated 32 percent reduction across those two school years. The possession of weapons was also a 32 percent decrease. Comparing the annual data over time during that time period, when you look with cost savings, it is a cost savings of

roughly \$34 million; an investment of \$129,000 each year returning a possible \$34 million. We would like to see SafeVoice move forward within our State.

For Strategy 3, we want to be able to strengthen the support once it is provided. Targeted intensive support, Tier 2 and Tier 3 interventions, are designed to provide a more focused and intensive support for our schools, educators and our students who are struggling despite receiving Tier 1 instruction. Tier 2 typically involves small group interventions and targeted strategies while Tier 3 provides highly individualized support.

This targeted approach helps address specific learning or behavioral challenges and supports students in overcoming barriers to success. By offering these additional layers of support through Tier 2 and Tier 3, educators can more effectively address and mitigate learning gaps and behavioral issues. This personalized attention and intervention helps students achieve better academic performance, improve their social emotional skills and increase their chances of success in the general education setting. Under Strategy 3, we have two projects we are requesting funding for.

For Nevada Pathways, we work very closely with Workforce Connections. Since July 2021 we have had over 22,438 educators access these tools with over 230,000 students using it as well. Students engage with over 700 Nevada-based professionals and 60,000 industry professionals nationwide, so students have an understanding when they leave our classrooms the path and opportunities they have available to them.

We are, in spring 2025, working with Brightline to video the work there so students can see the engineering, all the construction and all the opportunities they will have in the future. The students have access to live chats with the partners and we work both with our academic part of our team in the NDE and our career and technical education.

The second part of our budget request is the school and district performance plans which are required within the State and federally.

This is the tool that allows the school districts to enter their plan. We now have the ability using this tool to analyze those plans more quickly. As you can imagine with over 750 schools in our State and the few staff members we

have, it has been a yeoman's task to do that by hand. Having access to this electronic tool makes us more efficient in the work we do.

For Strategy 3, we also have our incentivizing pathways to teaching, which has been another extremely successful program.

We work collaboratively with NSHE to make sure those that want to enter the teaching profession have access to these funds that cover tuition costs and the clinical field experience expenses. The program offers financial assistance to help ease the burden of the tuition fees and provides stipends to support candidates during their clinical practices, which is an integral part of their teacher preparation.

For the interstate mobility compact costs, we joined the compact from the last legislative session. You approved S.B. No. 442 of the 82nd Session, now recorded as NRS 391B.

This membership allows teacher reciprocity across the jurisdictions and easier transfer of a teacher's license from one state to ours, so we can get them into the classroom more quickly.

Our last strategy is to improve Nevada education systems. We have our student achievement outcomes. Moving forward, we want to leverage our data we have in the State of Nevada having a single student information system. We have a lot of data, and we need to make sure it is not about just collecting the data, but we use the data to drive our decision making, we analyze the data making sure we are providing the resources specifically to where they need to go.

Our system efficiency and effectiveness outcomes and our teaming among our state staff has been coming out of the pandemic and continuing in our work.

Along with our public partnership with higher education, our partnership with Nevada Department of Training and Rehabilitation (DETR) has set aside funds to make sure our teacher candidates are supported going through. Our partnership with Nevada Department of Health and Human Services (DHHS) coming out of the pandemic makes sure we are leveraging our Medicaid ability with the school districts for reimbursement. We are tightening up the white space, if you will, between the different organizations we have within our State and filling in and

making sure our funding is braided and used strategically to support our constituents.

Increased accountability and transparency is making sure we not only collect the data, but that it is analyzed and used appropriately. Targeted resource allocation, I spoke to as well.

In our budget request is what we started with our MTSS. The NDE has prioritized MTSS statewide. Many of your school districts and individual schools—we have almost 40 percent—work directly with UNR, inclusive of our colleagues in the State Public Charter School Authority. We started this initially ten years ago with a grant from the federal government. Since that time, we used the ESSER funds made available during the pandemic to expand this system of support.

Now we are requesting that it be continued and expanded across our State. Allocating these funds provides early intervention and the screening tools. It also allocates the sustainable funding for our positive behavioral intervention supports and technical assistance center, which is at UNR. They have been a wonderful partner here within the State. They are recognized nationally for their work in MTSS.

We are asking for these positions. The deputy administrator is to streamline within our own organization. I am going to take the two human resource technicians as well. We are one of the few departments within the State that do not have any human resource staff. We have zero human resource staff within the NDE. With 219 staff members, what has transpired is that individual assistants as well as directors have that responsibility. With having that responsibility with our administrative assistants, whose role across the State and within NDE is a high turnover role because it is an entry level position into state service, we are continually training and retraining our staff on how to submit requisitions to hire staff, to work with benefits, to provide internally the opportunity for growth and on-boarding. This is not effective use of resources.

We are requesting the two human resource technicians along with the deputy administrator. Right now, for the buildings—we have two main buildings with three buildings total—where the NDE staff is housed, that work is completed by the deputy superintendent over finance. We would like to make sure the deputy superintendent is focused on the \$7 billion annually and have the work of

maintaining buildings and human resources in one place where it should be in an organization of our size.

We have one contractor that works extremely hard and is dedicated and does a phenomenal job. Our contracts, our student information system and our assessment system are very large, very lengthy. They need to be scrutinized quite frequently as we add and continue to on- or off-board contracts. We are asking for another management analyst to do this work as the contract unit manager.

We have two people who run the Pupil-Centered Funding Plan. We are asking for a third auditor. This is an interesting area. We go into schools and audit to make sure the enrollment is correct as well as different and various processes. What has transpired over time is that as the Charter School Authority has grown with each of the charter schools their own Local Education Agency, unless they are part of a larger organization. In the past, we would work with the 17 school districts directly for auditing those school districts and schools. But with the added individual charter schools, now almost 70 organizations, we need to go in and audit their books. It is the construct and the growth of the charter schools that have more than tripled the expectation of our staff to be able to audit organizations.

The program officer would provide licensure oversight. We would like to have a faster return time on our services for those receiving their license. We process over 20,000 licenses a year. When all the information is submitted correctly, it goes very smoothly. This last year, I am proud to say, the time to license was ten days, which on the West Coast is the shortest amount of time. I am very proud of that. But, when all the information does not come in and there are variations of information, it gets very detailed with the person trying to apply for their license and our staff to be able to get that licensee across the finish line.

Some of you have called me to ask if I can find out what is transpiring, and we do. It is usually those very complicated pieces. We would like to bring the time down for that type of licensee. It usually takes anywhere from a month to almost two months to get that one person across the line. We need to get teachers into the classroom, school psychologists, everyone else—so we want to be sure that information comes in.

The education and information officer is for early childhood, making sure our school entities, both Nevada Ready Pre-K and our partners that provide support, have the information they need to be successful.

An education program supervisor to expand our Tier 1 core instruction is the position we came to the Interim Finance Committee (IFC) for six to eight months ago. You asked us to put it in our budget request so that is reflected.

Also in the budget requests are integrated projects for one-shot funding. Most of these are self-explanatory, but I can dive into any other ones you may have questions on. I wanted to make sure they are the larger items as I know this is a high-level presentation.

SENATOR NEAL:

I was wondering for the movement on high-quality teachers, where are we at in terms of the data on how many high-quality teachers are now in the classroom? When I was looking at CCSD's Accountability Report from 2023 to 2024, on page 98, all the schools have N/A. There was no data in any of the schools showing these classes or these schools have high-quality teachers teaching. Do you have that data? Do we know what is going on, so we know that as we move in investment, we actually have the required staffing to do that work?

MS. EBERT:

We have 1,200 more teachers in the classroom this year than we did last year. I am proud to say it is a correlation for the historic funding you passed for last biennium. We have seen an historic increase in the number of staff remaining within the State of Nevada as well as those staff we are able to hire. So, 1,200 more teachers are in our classrooms today because of the work you did than were last year. Huge celebration.

We have a long way to go. We are not there yet.

Leaning in this last biennium, for the partners within higher education, when I sat here before you and said we need 2,400 teachers annually, NSHE was producing 800. [That is a] massive gap. That gap is closing for many different reasons. One is the funding of teachers earning a wage they deserve, and NSHE and K-12 are thinking differently about how we support those that want to become teachers. [There is] a lot of work to do, but there is celebration as well.

SENATOR NEAL:

How many of the 1,200 have five years or more experience that are in the Tier 1 and Tier 2 schools?

MS. EBERT:

I would need to get that data for you. That is not something I have available right now.

SENATOR NEAL:

Different question but in the same vein on Strategy 3, Strengthen Tiers of Support. I brought this up, I think maybe in one of the IFC meetings in the summer. But then I dug into the historical data and trends around kids, specifically Black children. I went all the way back to the Prime Six Report. You were not here, but there was data showing in 2006, Black children were 10 percent to 13 percent behind in math when you compare them to white students. I went to the 2015-2016 school year and Black students in math were only 14.8 percent proficient. In 2023-2024, Blacks in math were only 15.2 percent proficient compared to white students in math that were at 46.5 percent in 2023-2024.

I broke it down between English language arts and math trying to figure out this historical trend. Somebody brought this up to me when we were doing the superintendent search for CCSD. What is concerning and what I am trying to figure out in the strengthening of tier support, is when do we go back and do historical evaluation on particular demographics and then start asking ourselves: although we have this money, although these children should have a high quality teacher with more than five years of experience, what are we getting ready to do when one group is showing a consistent trend of not performing, not because they are not intelligent, but because the system itself is not set up to strengthen them?

You can go back to 2006 and still see 10 percent to 13 percent lower achievement, yet we are having this conversation over and over and over again. We are doing all of these things. What truly is going to be the gain or the strategy that the Governor is anticipating to move this needle? We can do high pie in the sky, we can talk about rainbows, but there is real work. So, what really is the plan here?

MS. EBERT:

At the NDE what is in our purview is working with the school districts and the funding. The data, not only the academic data, but the expulsion as well as suspension rates play into this as well. The last legislative session, the Governor's bill A.B. No. 400 of the 82nd Session, requires the State Superintendent to collect, besides the academic data—because that is only one piece of the puzzle—also the expulsion and suspension data. We just received that data six to eight weeks ago and have been analyzing that data.

We can tell now not only the schools where there is academic underperformance, but also higher expulsion and suspension rates for Black children. Now, having that data in addition to the academic data at the state level driving the resources made available to those schools with the accountability piece is where we are moving.

However, it cannot be just a top down. It also has to be the community making sure the State, the community and the school district are working alongside each of those individual schools. In one context of our State, it is not a solution that automatically ports over to another school that has the same data points and resources.

I would add the public component of how we work as a state is critical as well. Conversations that were not had in the past are happening now with DHHS on making sure we have the resources in behavioral resources, our academic resources, our community resources. I fully expect that any county and city resources need to be added in. It is no longer treating the system as a whole but treating the system as individual components and making sure those resources are targeted in that way and having that data.

SENATOR NEAL:

So, you are referencing—because I want to dig in just a small bit on that expulsion—the Governor's bill that he wanted to move last session that was going to kick eight-year-olds out of school. That's the one we're talking about?

MS. EBERT:

That component was in A.B. No. 400 of the 82nd Session.

SENATOR NEAL:

Knowing what you know now with that report, is there on the Governor's side a conversation saying, although you were thinking and considering removing eight-year-olds from school, that now expulsion and race there is a correlation in how they achieve? So, in your banner under education, that now you may have had to either recalculate, rethink and reexamine your strategy. Because on one hand, eight-year-olds might need to be in school and educated and it's going to impact your larger goal of trying to strengthen at-risk communities. And on top of that, community—because Victory is still in statute which allows nonprofits to go in schools, which also allows parents to go into schools to a certain degree, working with the principal to get fingerprinted, etc.—was in law in 2013.

What the district is currently doing is not allowing the nonprofits in the school at all. They are actually charging them. For parents, the fingerprinting is I think six to eight weeks to even go in and work with the students. What are we doing in that broad scope to mitigate some of the characteristics or symptoms going on which you now know are factors, and why is there no holistic achievement for this particular group?

If we are not going to mitigate any of these factors this session, I do not care if you or if he walks around with an "I love education" t-shirt, it's not going to change the Tier 1 schools. It's not going to change at-risk schools ever because you refuse to acknowledge that you may have been wrong in your theory about kicking eight-year-olds out of school. Actually in that bill, I think it was as young as six, and then we intervened and said, absolutely not.

I want to know, are we having these conversations because this is real, we are not playing anymore? Apparently, he is not playing either in a bipartisanship call, but these are things that actually have to happen, and he has to adjust a position he took in 2023. Okay, I'm done; but answer that.

MS. EBERT:

There was information you just shared regarding access specifically for partnerships which are in law, but you stated the school district is not following. I will follow-up on that. There is information you just provided me that I would need to investigate to make sure it aligns with what we have presented here today and also it aligns with the statute.

ASSEMBLYMEMBER MOSCA:

Under Strategy 3: School and District Performance Plans, the \$964,000 you had mentioned being an electronic tool, what do we do currently for these plans? Is the purpose to use those as supports for schools and to have transparent data for our communities to know where the gaps are and what we are doing about them?

ANN MARIE DICKSON (Deputy Superintendent, Student Achievement Division, Nevada Department of Education):

We utilize the school performance plans (SPP) and district performance plans in different ways. For our schools that receive funding for more rigorous intervention, those schools receive direct support from the NDE. For other schools, we have our staff that work with district accountability folks.

As far as the transparency, those reports would be available through the districts, and we know our districts and schools do share those reports with their families and communities.

ASSEMBLYMEMBER MOSCA:

What would this \$964,000 for the tool do now? What is new with it?

Ms. DICKSON:

We are working closely with the district accountability folks to gain their feedback on how we can ensure that tool is used in a way that is going to be most beneficial to schools and districts. We look at how we are looking at the goals, how we are updating and how we are utilizing data. Schools are determining what those goals are within the platform.

We also have assistance from the vendor to come in and create new reports districts might find valuable. If they are looking at disproportionality and different behavior, if they are looking at academic type things, we are able to customize those reports so they can utilize them at different levels.

In a larger district like CCSD the access to a school plan would be starting at a school leadership team level. It would go up to the principal supervisor, up to the district accountability and throughout the different levels, allowing all members within a district to have the opportunity to look at individual school plans.

We are working to improve our district performance plans by gaining feedback from our districts as to what we need to have in place to best support them in their work.

ASSEMBLYMEMBER ANDERSON:

I wanted to verify on slide 4 in Exhibit E about the funding. Sixty-eight percent is Other. Is that where the licensure fee is coming from, or what exactly is Other? I recognize it was just a few months ago that we increased that license fee. If you could, clarify where that 68 percent is coming from.

MS. PETERSON:

As you can see on the right side, 90 percent of Other is associated with the Pupil-Centered Funding Plan. That does also represent the local portion of funding and local school support tax, sales tax, hotel taxes, things like that.

ASSEMBLYMEMBER ANDERSON:

But is the licensure fee part of that?

MS. PETERSON:

I would have to double check, but I believe it is part of that calculation.

ASSEMBLYMEMBER ANDERSON:

If we could get information about how much the licensure fees for all the educators, whether it's administrators or teachers, is part of your budget that would be wonderful because there has been a lot of different discussion about that.

My second question has to do with slide 17 in Exhibit E where you speak about the other educators that are coming in. One way is the Incentivizing Pathways to Teaching and the Interstate Teacher Mobility Compact. There is no discussion, however, about the J-1 visas.

I know that is more of a district decision. However, I would like to know if the NDE has been involved at all with any of that work with our J-1 visa educators and that very alarming information we had a few months ago in one of our interim committees on education.

MS. EBERT:

Yes, you have colleagues that have been very instrumental in working with us with J-1. I personally have worked with our congressional leaders. We know it is not within the State's control to be able to change that; it is federal. Our congressional leaders are aware every time I see them. We have the conversation with the shift at the U.S. Department of Education. We had the conversation with the prior administration. What we offered is to consider educators under the H-1B visa as opposed to J-1. We know that allows people to stay in high needs positions for a longer period of time. The J-1 visa is a cultural exchange visa.

These people are coming here and working in our schools. It is not cultural exchange. There is cultural exchange which is very positive. However, they are filling a vital role in our education system which needs to be expanded.

ASSEMBLYMEMBER ANDERSON:

There has been a large amount of discussion about J-1 at the national level. I am looking forward to hearing more about some of these items as to how to help our fellow educators in this way.

ASSEMBLYMEMBER WATTS:

In the Executive Budget there is an elimination of about \$7 million in expiring federal grants and several million dollars of those grants are related to mental health and school safety. Some of those are competitive grants and are not necessarily guaranteed. Could you speak to the overall outlook currently for continued federal support and overall support from the State for mental health and school safety? At least one of these grants is aimed at increasing the number of mental health professionals in our schools.

CHRISTY MCGILL (Deputy Superintendent, Educator Effectiveness and Family Engagement, Nevada Department of Education):

Yes, you are correct. Those expiring funds are discretionary. Much of our school-based mental health has been based on discretionary grants. We will continue to work as a team with the NDE and our districts to get as many of those discretionary grants as possible. As you said before, it is a revolving door of funds.

We got another grant with our DHHS partner, Medicaid, to look at expanding the billing system so when schools are implementing Tier 2 and Tier 3 services

in mental health, they have the ability to bill for those services utilizing money slated for medical interventions for those and not using educational dollars.

We are looking at how to strengthen that workforce. We have been very lucky to work with our NSHE partners, both UNLV and UNR, to strengthen the pipeline. We are also working with our School of Medicine at creative ways of putting interns into our school system.

It is a problem we are still working on together, but we have made a few steps forward.

ASSEMBLYMEMBER WATTS:

It is certainly an issue all of us are interested in and concerned about potential challenges with loss of that discretionary federal funding.

SENATOR BUCK:

Along the lines of student achievement, have you had any schools serving that population, that demographic, of disadvantaged children who are moving the needle in those various subgroups? Please get that to us, to the Senator from District 4 and me, so we could work on a bipartisan measure to replicate these best practices. A lot of times in that holistic number it is awesome to be able to see and dissect exactly the schools that are moving the needle so we can replicate best practices.

MS. EBERT:

I would love to be able to provide you with that information. We have been looking at the latest data published and can provide you and your colleague and the entire committee that information.

SENATOR CANNIZZARO:

I have a question on special education services. It sounds like in the Executive Budget there are reductions of \$3 million for categorical funding for pupils with disabilities that exceed 13 percent of total pupil enrollment in their schools or charter schools. For that particular fund, my understanding is that fund has typically been utilized and is being recommended to be removed.

Please talk to us about that. We might need some clarity on how that will operate if that is a place where there has historically been funds utilized and if those funds are not going to be reserved, then what else you might access.

MS. PETERSON:

Those funds were established to provide additional funding when a district's or charter school's IEP population exceeds 13 percent of the entire population for that district or school.

The funds are treated as part of the funds awarded to those districts and schools and become part of the maintenance of effort which has contributed to the State's ongoing maintenance of fiscal support. Because of that continual increase in costs for that extra support, we are evaluating how best to incorporate and stabilize that funding because of the ongoing obligations to the overall budget. That is something that is being evaluated.

Schools still do have access to the \$2 million in the contingency account for costs above and beyond the typical costs that are seen.

SENATOR CANNIZZARO:

Do you know what effect not having the availability of those funds has on maintenance of effort? I do not know how that works together.

MS. PETERSON:

When we look at special education in B/A 101-2619, the main category funding of \$250 million, every year we are funding that \$1.5 million, that is increasing that \$250 million minimum threshold. There is a decision unit that took the funding from, I believe, category 19 and moved it to category 21 to maintain that level of funding because it is an ongoing cost for the school districts and charter schools. The decision unit was included to reduce that funding for that specific category. That way we are not continually increasing our maintenance of effort.

SENATOR CANNIZZARO:

By removing it with that decision unit, does that impact the maintenance of effort ongoing?

MS. PETERSON:

It will not continue to add to that at this time.

SENATOR CANNIZZARO:

Do you anticipate there needing to be another source of funds since it will no longer be available in that fund, or do you think moving it should be sufficient, or at least that is the thought?

MS. PETERSON:

That is the understanding, yes.

SENATOR CANNIZZARO:

We can talk more about it through budget hearings and offline, but I wanted to just make sure that was something we can get some more conversation on.

ASSEMBLYMEMBER TORRES-FOSSETT:

You talked a little bit about the SPP in this presentation of school performance plan and the previous presentation we talked a little bit about the weights. Can you explain how we are holding school leaders and schools accountable for using the funds to support those subgroups whether it be English Language Learners (ELL), at-risk or special education populations. How are schools demonstrating those funds are linked to achievement?

When we have any other type of a federal grant money, you would submit that request. We do not do that for state funds. With the federal grant, you would go into the grant management system, and you would say, "I am using my funds for this" and then it would be approved, or it would not be approved because it does not meet the requirements.

With this type of weighted funding, we do not do that. How are we holding schools accountable? How are those schools demonstrating the way we are using that funding is linked to student achievement?

MS. EBERT:

We have not done an analysis on the individual schools related to their plan. We have not linked those two pieces. We did work with our vendors, and we broke up into three different tiers: those schools that received the most of weighted funding, those schools that received the middle tier and then the third tier, the least amount of funding.

Those schools that received the most weighted funding had the highest growth, which is what we want to see—those with the steepest climb to see the most

growth. Those that did not receive as much funding did not grow as much. However, there was growth. Of the two groups, the group that received the most funding is still not proficient where we want them to be.

The funding you provided during the last biennium; we are seeing making a difference by driving the funds. As the Senator had asked, "Are you going to specifically direct funds for those most in need?" That is what has transpired over the last two biennia, and we are seeing now because of the historic investment that is making a difference.

Regarding the linkage specifically to their plan, we have been monitoring the plans and having people rewrite plans based on our work with Deputy Superintendent Dickson. However, that direct link we have not had. We do not have the staff to do that direct analysis. If there are funds made available to do that specific analysis, [we are] more than happy to do it. But we are operating within the resources we are allocated.

ASSEMBLYMEMBER TORRES-FOSSETT:

Within the testing programs that are used, are schools able to then pull to see how they performed on those tests? They can pull our ELL students to see specifically; that is a little bit easier information for them to pull to see how they performed on those tests.

How about these other subgroups we are serving? Specifically, I am thinking about the at-risk population so they can identify how just those students have performed. Are they asked to then provide some type of action when those subgroups are not performing or at least upon considering them?

MS. EBERT:

That is part of the analysis we are doing for the State Board. [We are] in process on that piece.

CHAIR DONDERO LOOP:

We will move to Nevada System of Higher Education (NSHE).

PATRICIA CHARLTON (Chancellor, Nevada System of Higher Education):

I am going to start today with providing a quick overview of our system and the recommended funding formula revisions that resulted from the recent study of the NSHE funding formula, which several of your members participated in. Chief

Financial Officer Chris Viton will present highlights from the Governor's recommended NSHE budget.

Let us begin [the budget presentation] (Exhibit F contains copyrighted material. Original is available upon request of the Research Library.) with an overview of NSHE and our institutions. The purpose of this overview is to provide some context of who we are and where we operate. The Nevada System of Higher Education is governed by a 13-member governing board that serve for six-year terms. It is soon to be a revised board with nine members. That size of that body was reduced in the 2023 Legislative Session, and we are in that transitional phase.

We have seven teaching institutions. This fall, we exceeded enrollment of over 110,000 students throughout our system in our teaching institutions: UNLV, UNR and Nevada State University; and our community colleges: College of Southern Nevada, Great Basin College, Truckee Meadows Community College and Western Nevada College.

We have, what I and others, consider the gem of our system, which is very unique, and that is the Desert Research Institute which operates both north and south, and I would say globally as well, providing solutions to our global environment.

Our Board of Regents are represented by the members you see before you. The 13 members include Amy Carvalho who serves as chair and represents District 12. Jeff Downs from District 11 serves as vice chair. We had a recent addition with Pete Goicoechea who formerly served in the Legislature and is now serving as a regent replacing Michele Cruz-Crawford who is now a member of the Legislature. We have a current vacancy as we had a recent passing of Lois Tarkanian, and we are waiting the appointment from the Governor for that vacancy.

Each of our institutions is led by a president, many of whom are here or will be when we get to questions. Our presidents are also listed here as well.

I will not read our mission statement, but our core mission is to graduate students that support and benefit the State of Nevada. This mission statement is guided by six strategic goals of the Board of Regents and those include: graduating students; closing the achievement gap; research and development;

workforce development and coordination; accountability; and very important, transparency.

Access guides the work we do in increasing participation in postsecondary education and prioritizing success by supporting our students in achieving their educational goals, whether it be from a training certificate through a doctor of philosophy, or to a professional school, either one of our medical schools, the law school or the dental school. We are focused on closing the achievement gap, ensuring all students have access and the opportunity to be successful and to graduate.

Through workforce development we support the needs of our employers, both current and projected, and to future industries coming to Nevada.

I focused a bit on research in the Desert Research Institute, but we do have two Research 1 (R1) institutions, both UNLV and UNR. Research is important to developing solutions to the critical issues that face the twenty-first century Nevada and raising the State's overall research profile.

Coordination, accountability and transparency promote openness through the use of data for transparency and our accountability to you, to our community, to our public, to our State and to our students. This refers in part to the extensive data you can find on the NSHE website, which we recommend you go in and play along with some of our data dashboards.

I want to look a bit more on where we have been and our access. You can see on slide 8 in Exhibit F the System's enrollment going back to 2010. We had a high mark in 2010. At that time, this was technically, for us, still on the heels of the Great Recession. Even though the Great Recession was termed as being from December 2007 to June 2009, Nevada had a slower recovery during that time. Our enrollment was just under 115,000 throughout the State.

During that time, many individuals returned to the workplace. Our institutions saw some continued growth in enrollment until 2019. At that time, we had the pandemic hit which impacted overall enrollment throughout the System. What you cannot see from the slide is it impacted primarily our community colleges. We are inching up again from fall 2024 and we are just over 110,000 students.

I want to show how this looks across the institutions within the System. Our largest enrollment-based institution is UNLV. In fall 2024 enrollment was just under 33,000 head count enrollment and full-time equivalent students is just a bit over 23,000 students, representing 33.6 percent of the total system.

Previously, our largest institution was the College of Southern Nevada. As I mentioned earlier, we have seen some challenges with our community colleges particularly in the enrollment decline. Great Basin College, our jewel in our rural community, is just over 3,500 students. As we get into the session, you will hear some of the exciting growth Great Basin College is seeing, and they have seen some significant growth in this academic year.

I want to show a bit about doing a deep dive on our enrollment. Slide 9 in Exhibit F highlights the very rich diversity of our student population. It is quite significant. For over a decade, NSHE has served and has been a minority majority system. Today, 65.4 percent of our students come from historically underrepresented populations. You can see that shift particularly where the axis occurred in FY 2013-2014.

[Data shows] 31.3 percent of our students, or 31,000, are low income and are recipients of federal Pell Grants.

I want to show and highlight some of the student success. Slide 10 in Exhibit F shows the continued improvement of graduation rates. This highlights our universities. When we look at graduation rates, the standard for us is Integrated Postsecondary Education Data System (IPEDS). This indicates the percentage of first-time, full-time degree-seeking students that earned a bachelor's degree after six years, or 150 percent of a normal time.

You see significant growth across our universities. It says in 2003 N/A for Nevada State University; they were not up and going and did not exist at that time. The University of Nevada, Reno, is just under the national average. We are very proud of the work of our presidents and our institutions and every faculty member and mostly our students for their commitment and reaching this attainment.

Now moving on to the community colleges, this is the same data for the community colleges also using IPED's graduation rates. Wow, what a story this shows over the last two decades in particular. Great Basin College is reaching

soon double the national average and is a huge success story. For the College of Southern Nevada in particular, while the numbers may look lower, in 2001, graduation rates defined by that IPEDS cohort were 1 percent. Today they are just under 18 percent. We are very proud of this progress, but we know there is more work to be done to continue to increase these rates.

I would like to highlight our work on the pipeline to the workforce in a couple of specific areas. Slide 13 in Exhibit F shows the number of graduates for the most recent academic year which is 2023-2024 and those graduates from 12 years in a prior comparison. We are increasing the number of people completing and moving into the workforce. Like the graduation rates, these numbers are growing at a significant rate.

We are also very focused and aligned with your priorities in supporting a strong Nevada through increasing our graduates in teachers and in nursing, which has been a top priority of this body. We want to highlight from the last ten years where we have seen growth which is because of the investment and support we have gotten from the Legislature and in our partnerships. We are grateful for all the work we do with our K-12 partners.

When we look at nursing, we know there is a deep need for nurses throughout the State of Nevada and we pledge our commitment to supporting those efforts.

While our core mission is to graduate students, research is a very key and important part, equally as important and significant to the State of Nevada. Our Desert Research Institute was established through legislation in 1959 and has a world-renowned reputation for research in areas such as air quality, astrobiology, ecological engineering, geology, geochemistry, groundwater and geo-statistical analysis, just to name a few. They do cloud seeding as well.

With over 140 faculty and over 40 disciplines, Desert Research Institute has been extremely successful in securing over \$52 million in sponsored research projects. They operate facilities both in northern Nevada, southern Nevada and have scientists deployed throughout the world to solve some of our biggest challenges.

Slide 16 in Exhibit F denotes some of that significant growth in our research expenditures for our research universities and Desert Research Institute. In just

a three-year short period they have been very successful in that work and continue to mine that space.

I would be remiss not to mention how proud we are of the fact we have not one, but two, R1 universities. This shows and exemplifies how the State supports research endeavors throughout Nevada.

I want to provide some highlights and a summary of changes of the funding formula and how a portion of them have been included in the Executive Budget.

In the 2023 Legislative Session under A.B. No. 493 of the 82nd Session, \$2 million was appropriated for a study of the NSHE funding formula. At that time, it had been about a decade since the last formula study was done by the Legislature. The bill was a bit unique in that it provided those funds to NSHE to complete that study while in the past, those studies had been done by the Legislature. I want to thank those Legislators and folks that participated in that process. It was a lot of time and a lot of work.

When I entered into the role of interim chancellor in September 2023, one of my first tasks was to begin that study of the formula. Slide 18 in Exhibit F notes the charge that was put in place by the study committee. That committee was representing 14 voting members including 4 regents, 4 legislators, 4 members appointed by the Governor, 1 of whom was the committee's chairman, retired Supreme Court Justice James Hardesty, 2 community representatives and I served as vice chair.

In addition to the voting members, the committee included seven non-voting members that served in an advisory capacity representing our presidents, business officers, students, faculty, our classified staff and a representative from the GFO. The work of the committee was supported by an external consultant, HCM Strategists and as recommended by the consultant, the committee ultimately recommended what is referred to nationally as a balanced approach to funding allocations.

The primary difference between the old funding formula and the new formula recommended by the committee and included in the Executive Budget is an allocation of State funds that considers attributes in addition to the weighted student credit hours (WSCH). Weighted student credit hours is essentially a measure of successful course completions of a student's progress. This

balanced approach allocates funds not only based on the WSCH, but also adds additional factors of student attributes which recognizes that many of our students are part-time and low-income, replacing the performance pool of the old formula.

Why is the balanced approach an important improvement over the old funding formula? Slide 19 in Exhibit F shows the impact of the old formula that has provided support for our four-year institutions recognizing the importance of research in the Research Facilities Operation and Management (O&M) carve out and an additional 10 percent weight in the WSCH for our universities. The public appropriations per full-time equivalent (FTE) for the four-year institutions is close to the national average, but it is showing a decline over time.

Our community colleges who serve a majority part-time students, often that are low income, have not fared as well, falling below the national average for public appropriations per FTE.

You will hear in the overview of the Executive Budget a recognition of the importance of our universities' R1 status with the phased approach recommended to implement the new formula that will effectively provide additional support to the community colleges and Nevada State University without a direct offset to the universities.

On the next slide I want to add as part of the formula recommendations included is that we have two institutions we consider our small institution factor, Great Basin College and Western Nevada College and a continued recognition of the research mission of our universities. The small institution factor is a set-aside that occurs before the formula is run, allocating additional funding for Great Basin College and Western Nevada College based on a separate calculation that recognizes the importance of funding a fixed overhead cost for the small institutions.

The Research O&M addresses the higher cost of dedicated research space for the universities with a similar funding set aside. These two items are maintained in the formula recommended in the Executive Budget and from the committee.

The formula study recommended the small institution factor be increased from \$30 to \$40 per credit hour and the threshold for the small institution factor be increased from 100,000 to 125,000 WSCH.

Slide 23 in Exhibit F is a side-by-side comparison of the difference in the allocation methodology of the old formula to the current funding formula and the newer recommended. The old formula allocated all the State appropriation to the teaching institutions based primarily on WSCH after those set asides for the small institution factor and Research O&M. Once those funds were allocated based on WSCH, 20 percent was then set aside from each institution's allocation to fund the performance pool.

I will not get into the performance pool here. I can say that it is complicated and was not a very popular topic as we have had conversations. The committee and the institutions all strongly opposed the performance pool carve out that effectively required institutions to earn back 20 percent of their state appropriations, once through the WSCH and a second time through the performance metrics. The new formula allocates 75 percent of the state appropriation based on the WSCH, 10 percent on student attributes such as low-income and full-time or part-time, for example, and 15 percent on performance outcomes.

Accountability is very important, and we still maintain that. The last 15 percent basically replaces the old performance pool and the new formula, although not clearly noted on this slide, still maintains the small institution factor and the Research O&M.

This is a quick summary of what running the new funding formula looks like with the updated factors and drivers. While you can see it effectively shifts funding from the universities to Nevada State University and the colleges, the Governor recommends and supports our approach that we do not harm the universities in that important research mission, but effectively recognizing the importance of maintaining the R1 status and a phased approach of funding the shift to Nevada State University and the community colleges.

The committee recommended the Chancellor begin immediately an adequacy study that would determine the funding level necessary to fulfill the NSHE mission at its highest quality level. That is particularly important given the access mission of our community colleges and given their enrollment declines. Despite significant improvements in our student outcomes incentivized by the old formula, we still have much more work to do. This adequacy study will also look at our student fees and that contribution.

CHRIS VITON (Vice Chancellor, Budget and Finance, Nevada System of Higher Education):

Slide 27 in Exhibit F is a summary of revenues included in the Executive Budget. The Nevada System of Higher Education receives state appropriations in 29 budget accounts that include the formula budgets for the seven instructional campuses, the law, medical and dental school budgets and the Desert Research Institute. Other nonformula appropriations include the Agriculture Experiment Station, Cooperative Extension, statewide programs, business centers and system administration.

In addition to state appropriation, the NSHE budget includes other revenues consisting primarily of student registration fees, nonresident tuition and federal revenue in the Agriculture Experiment Station and Corporate Extension budgets and other minor revenues.

The next few slides cover the maintenance and enhancement adjustments that account for the increase from the FY 2024-2025 legislatively approved budgets to the FY 2025-2026 and FY 2026-2027 recommended budgets.

Slide 28 in Exhibit F summarizes those maintenance and enhancement adjustments that account for the large increase from FY 2024-2025 to FY 2025-2026 and FY 2026-2027 in the Executive Budget. With this summary, you can see there is included an adjustment for utility inflation, several adjustments for case load growth and an adjustment for the statewide fringe benefit rate adjustments such as Public Employees' Retirement System (PERS) and PEBP.

Enhancements include to request additional funding to maintain the 2023 authorized COLA adjustments and funding to phase in the implementation of the new formula for funding.

Slide 29 in Exhibit F is our maintenance decision unit M-104 which is agency specific utility inflation. This adjustment reflects the actual difference between our FY 2023-2024 utility expenses and the budgeted utility expenses incurred. Our institutions noted the rise in utility costs early in the biennium, and through conversations with colleagues statewide, we realized this was a common concern.

EDUCATION

NEVADA SYSTEM OF HIGHER EDUCATION

NSHE - System Administration — Budget Page NSHE-15 (Volume I)
Budget Account 101-2986

M-104 Agency Specific Inflation — Page NSHE-16

NSHE - System Computing Center — Budget Page NSHE-26 (Volume I)
Budget Account 101-2991

M-104 Agency Specific Inflation — Page NSHE-27

NSHE - University of Nevada, Reno — Budget Page NSHE-32 (Volume I)
Budget Account 101-2980

M-104 Agency Specific Inflation — Page NSHE-33

NSHE - Statewide Programs - UNR — Budget Page NSHE-41 (Volume I)
Budget Account 101-2985

M-104 Agency Specific Inflation — Page NSHE-42

NSHE - UNR School of Medicine — Budget Page NSHE-44 (Volume I)
Budget Account 101-2982

M-104 Agency Specific Inflation — Page NSHE-45

NSHE - Agricultural Experiment Station — Budget Page NSHE-49 (Volume I)
Budget Account 101-2989

M-104 Agency Specific Inflation — Page NSHE-50

NSHE - Cooperative Extension Service — Budget Page NSHE-52 (Volume I)
Budget Account 101-2990

M-104 Agency Specific Inflation — Page NSHE-53

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NSHE - University of Nevada, Las Vegas — Budget Page NSHE-57 (Volume I)
Budget Account 101-2987

M-104 Agency Specific Inflation — Page NSHE-58

NSHE - UNLV School of Medicine — Budget Page NSHE-63 (Volume I)
Budget Account 101-3014

M-104 Agency Specific Inflation — Page NSHE-64

NSHE - Intercollegiate Athletics - UNLV — Budget Page NSHE-67 (Volume I)
Budget Account 101-2988

M-104 Agency Specific Inflation — Page NSHE-68

NSHE - Statewide Programs - UNLV — Budget Page NSHE-70 (Volume I)
Budget Account 101-3001

M-104 Agency Specific Inflation — Page NSHE-71

NSHE - Desert Research Institute — Budget Page NSHE-82 (Volume I)
Budget Account 101-3010

M-104 Agency Specific Inflation — Page NSHE-83

NSHE - Great Basin College — Budget Page NSHE-85 (Volume I)
Budget Account 101-2994

M-104 Agency Specific Inflation — Page NSHE-86

NSHE - Western Nevada College — Budget Page NSHE-91 (Volume I)
Budget Account 101-3012

M-104 Agency Specific Inflation — Page NSHE-92

NSHE - College of Southern Nevada — Budget Page NSHE-97 (Volume I)
Budget Account 101-3011

M-104 Agency Specific Inflation — Page NSHE-98

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NSHE - Truckee Meadows Community College — Budget Page NSHE-102
(Volume I)
Budget Account 101-3018

M-104 Agency Specific Inflation — Page NSHE-103

NSHE - Nevada State University — Budget Page NSHE-108 (Volume I)
Budget Account 101-3005

M-104 Agency Specific Inflation — Page NSHE-109

Slide 30 in Exhibit F starts the slides that cover five maintenance adjustments associated with the System's caseload growth, which is the growth in student activity in the formula instruction budget accounts. These caseload adjustments are based on the components of the funding formula that has been in place since 2013.

Maintenance decision unit M-200 covers the set-aside for the two research universities referred to as the Research O&M set aside.

M-200 Demographics/Caseload Changes — Page NSHE-34
M-200 Demographics/Caseload Changes — Page NSHE-59

This set-aside is intended to recognize the higher cost of maintenance on dedicated research space and the fact that the current formula which distributes the appropriations on the basis of completed WSCH, those WSCH are not generated in the dedicated research space because those are research space rather than instructional space. The Research O&M set-aside is intended to recognize that need on the research space.

The M-200 adjustment is calculated in a manner consistent with the approach in prior iterations of the formula using actual O&M expense incurred at the two research universities, their actual maintained square footage and their actual maintained square footage and dedicated research space.

In developing the adjustments for the current biennium, we noted in the calculations that neither the formula budgets nor the nonformula budgets addressed dedicated research space in accounts or in space that was not part of the formula budgets. You will see a second decision unit for M-202 [in

B/A 101-2980] that is applying the same logic, the same adjustment to dedicated research space and nonformulas. Particularly this is the UNR Medical School, Agriculture Experiment Station and Cooperative Extension.

M-202 Demographics/Caseload Changes — Page NSHE-34

This approach was looked at consistently at both research institutions. Because UNLV does not have dedicated research space that is outside their formula account, that is the reason there is only an adjustment for UNR. This is to recognize the same purpose of the formula adjustment for dedicated research space on that nonformula dedicated research space. It was calculated using the same approach of actual expenses and actual space in those facilities.

Slide 31 in Exhibit F is the maintenance adjustment related to the small institution factor for Great Basin College and Western Nevada College. This adjustment is the current formula approach using the 100,000 WSCH threshold and the \$30 per weighted student credit hour value that has been in place since 2013. This is measured each year using the even year enrollment data and the even year WSCH, the same basis we use for the primary caseload adjustment being those overall WSCH.

This is the first cycle where Western Nevada College has risen above the 100,000 threshold so their small institution factor falls to zero. This was something anticipated at the time that the committee was reviewing the formula and discussing this budget adjustment. That drove concern regarding the elimination of this for Western Nevada College, given that the campus is still a small institution, and it still has the same need to fund a fixed cost which is challenging to fund when the entire allocation is based on WSCH completions. So, you will see an adjustment recommended for the small institution factor.

Slide 32 of Exhibit F is the NSHE primary caseload adjustment related to those WSCH completions. To give a quick overview on WSCH, resident students completing courses receive credit hour credit for those courses. Those credit hours are then classified using the classification of instructional program groups, or you might hear the term CIP [Classification of Instructional Programs] codes. Those categories' weights are then applied in a way that recognizes the difference in the cost of instruction based on the different types of the academic program.

For example, the cost of teaching an English class is understandably different than the cost of teaching an engineering class. Undergraduate programs versus graduate programs similarly require different costs. Those weightings are to recognize those differences in costs.

In addition to just the CIP code classifications, the two research universities receive a 10 percent additional weight on the upper-division courses to recognize the higher cost inherent in delivering instruction at the research campuses.

The figures on slide 32 are what NSHE has in the current iteration of the formula using the WSCH completions as the basis for the caseload. We do this on a look-back basis. In our current budget, the caseload adjustment is based on the actual WSCH completions for the academic year ending June 2024 and that is compared to the WSCH completed in the academic year ending June 30, 2022, the last time the formula was reviewed for the last session's biennial budgets. That results in an increase of 131,333 WSCH, or a little over 4 percent.

For comparison purposes, the last iteration included a dip in enrollment and looked quite different. There was a decline of over 90,000 WSCH, or 3 percent. In this iteration, there is an increase which represents the recovery of enrollment between 2022 and 2024 after the decline in 2022.

The funding in decision unit M-203 represents the caseload adjustment derived using the same approach that has historically been taken in applying the formula.

M-203 Demographics/Caseload Changes — Page NSHE-35
M-203 Demographics/Caseload Changes — Page NSHE-59
M-203 Demographics/Caseload Changes — Page NSHE-87
M-203 Demographics/Caseload Changes — Page NSHE-93
M-203 Demographics/Caseload Changes — Page NSHE-99
M-203 Demographics/Caseload Changes — Page NSHE-104
M-203 Demographics/Caseload Changes — Page NSHE-110

The budget closing for NSHE the last session stopped short of using the WSCH value as a basis for reallocating the budgets among the institutions. As a result, there was not a calculated value from the Legislature at the end of last session.

Following direction from the Legislature in closing the budget, NSHE did calculate WSCH value following the approach had the Legislature closed the budget using WSCH distribution. That calculation is what you see in M-203.

In preparing the adjustment we noted the prior method to calculate the WSCH value was performed prior to legislatively approved COLA adjustments. The appropriations used to derive that WSCH value did not reflect the COLA adjustments approved by the Legislature in that same budget cycle. In working with the GFO, we discussed the impact of that on the calculation.

What you see in M-204 is an additional maintenance adjustment that represents the WSCH value of the legislatively authorized and funded COLA adjustments in those instructional budgets that are part of this same WSCH population.

M-204 Demographics/Caseload Changes — Page NSHE-35
M-204 Demographics/Caseload Changes — Page NSHE-60
M-204 Demographics/Caseload Changes — Page NSHE-87
M-204 Demographics/Caseload Changes — Page NSHE-93
M-204 Demographics/Caseload Changes — Page NSHE-99
M-204 Demographics/Caseload Changes — Page NSHE-104
M-204 Demographics/Caseload Changes — Page NSHE-110

This represents the fully loaded FY 2024-2025 legislatively approved appropriations and the FY 2021-2022 WSCH that would derive the overall per-credit hour value. The combined maintenance adjustments represent that caseload adjustment for course completions that occurred in FY 2023-2024.

The most important enhancement for ongoing additional funding is support of the COLA adjustments authorized by the 2023 Legislature for FY 2023-2024 and FY 2024-2025. Those adjustments have been very important to NSHE, and they have been very effective in helping address recruitment and retention and employees' ability to maintain cost of living.

The approach taken in funding the COLAs for NSHE used the overall proportional state appropriation to the entire state budget. The COLA was funded for the state appropriation portion, but not the balance of the state budget. That led to NSHE having to cover approximately 34.1 percent of the COLA adjustments, which for FY 2024-2025 the ongoing cost translates to about \$62.7 million annually.

We appreciate the Legislature allowed the Board of Regents the authority to approve the COLAs up to the rates authorized by the Legislature for all state workers for NSHE, staff and faculty. The Regents considered alternatives to address the 34.1 percent NSHE portion necessary to cover the ongoing cost.

With overwhelming support from the students, faculty and staff, the Regents at their December 2023 quarterly meeting adopted a three-part strategy that included approving the full rate of FY 2024-2025 COLAs but delaying the implementation for System faculty and staff from July 1, 2024, to October 1, 2024. They also implemented a 5 percent increase in student fees specifically to fund the COLA with overwhelming support by the students for that purpose.

The campuses had to absorb the balance and did so through a combination of freezing positions in their state operating budgets and other budget adjustments to balance the difference. That three-prong approach covered NSHE's 34.1 percent for FY 2024-2025 funding approximately \$19.3 million through the delayed implementation; another \$16.2 million through the 5 percent fee increase; and the ongoing \$27.2 million was covered in FY 2024-2025 through position freezes and other budget adjustments.

This enhancement request provides the funding necessary to approximately replace the portion that resulted in position freezes and budget adjustments on behalf of those campuses. The campuses continue to absorb the \$19.3 million portion resulting from the delay in the implementation.

We are aware of the significance of this request, and we are grateful for the support we received by including this item in the Executive Budget. We felt this request reflects a balanced interest of providing NSHE faculty and staff with the same COLAs provided to all state workers while sharing the cost among the students and the institutions.

These COLAs have been very helpful with regard to staff recruitment and retention. We respectfully request your consideration of this enhancement to be able to support the ongoing cost of those COLAs.

Slide 34 in Exhibit F includes in the enhancement request a recommendation from the committee to phase in components of the new funding formula. The approach taken in the Executive Budget is to implement 20 percent of the calculated allocations to the community colleges and Nevada State University

without an offset to the research universities. Then again in FY 2026-2027, the same approach with 40 percent of the cost being phased in.

The small institution factor adjustment is demonstrated on slide 35 in Exhibit F. We have talked about the 100,000 WSCH threshold in the prior formula in recognition of Western Nevada College's rise above 100,000 WSCH and loss of the small institution factor. The committee considered alternative thresholds to recognize that Western Nevada College was still in fact a small institution and still suffered from the challenge of the economy of scale to fund fixed costs. The committee looked at alternatives and settled on a threshold of 125,000 WSCH.

The other factor that was a concern was the WSCH value had not changed since 2013, not recognizing inflation over that time. The committee recommended raising the per credit hour rate to \$40 per credit hour, which is not arbitrary—that is actually what you arrive at if you apply the higher education pricing index inflation from 2013 to 2025—and then recommended applying a higher education price index inflation factor to the fiscal years following. This mirrors the approach taken in setting registration fees for students in the Board's predictable pricing model which publishes student fees, registration fee and nonresident tuition rates out four years at time of application so students have a predictable expectation of their registration fees and tuition.

You see on this slide the impact of that calculation is the enhancement decision unit E-145.

E-145 Education & Workforce — Page NSHE-88

E-145 Education & Workforce — Page NSHE-94

The final column demonstrates what is included in the Executive Budget which is 20 percent of the calculated adjustment in year one of the biennium and 40 percent in year two of the biennium. Had the full adjustment to the small institution factor been implemented in the first year is [shown in] the change column that precedes that final column, which is the reduced 20 percent and 40 percent.

Slide 36 in Exhibit F is the committee recommendation for the distribution component of the formula which revises the allocation from being based solely

on WSCH to also having a component that focuses on student headcounts. This recognizes that there are student support services and other needs for low income students which are not variable and not represented adequately in a WSCH distribution model.

As noted on the slide with the per-FTE funding, that impact is primarily more noticeable on the two-year institutions where their enrollment tends to be more part-time, resulting in a higher head count to FTE ratio.

While the committee approved the balanced approach recommendation that incorporates the WSCH and replaces the performance pool carve out with a performance-based upfront distribution, in recognition of the impacts of the prior formula on the community colleges, we also heard loud and clear concerns about the impact of redistributing base budget funds away from the two research universities.

The first two columns demonstrate the impact of running the allocation model which incorporates the student attributes and the student headcount and reduces the WSCH distribution. This demonstrates the impact if it was done in a way that reallocated the existing base without new funding. It would result in a \$20 million and \$22 million reduction to the two research universities to fund the allocations to the two-year institutions and Nevada State University.

As a result, NSHE recommended and the GFO supported the request to offset and reduce the universities to fund the two-year institutions and Nevada State University using the methodology derived from the formula but applying a phase in approach of only 20 percent in year one and 40 percent in year two. This results in an enhancement request for this biennium of \$12.9 million.

Slide 37 in Exhibit F is a one-shot appropriation for safety and security funding.

FY 2026 One-Shot: This request funds one-time security expenses.

Nevada System of Higher Education NSHE-System Administration
(BUDGET OVERVIEW-23)

The Executive Budget includes \$11 million in one-shot funds to support equipment, infrastructure and technology investments in campus safety and security. While the need for this investment is understandably felt most strongly for the UNLV community following the tragic incident in December 2023, we

are working in collaboration across NSHE to ensure all our institutions are focused on campus safety, leveraging the resources of the northern and southern university police commands and our campus colleagues. I would note this funding request is not to suggest campuses have delayed making investments in safety. This request is to allow the campuses to accelerate those investments.

In slide 38 of Exhibit F we have a one-shot recommendation to continue the nursing expansion funds initially approved in the 2023 Legislative Session for FY 2023-2024 and FY 2024-2025. The Executive Budget includes \$10 million per year to continue that investment. We have been very successful in the goal of producing youth nurse graduates for the State of Nevada. The nursing expansion funds authorized last session have been invested in expanding those programs at all seven of our institutions in their nursing programs.

FY 2026 One-Shot: This request funds the nursing program expansion.
Nevada System of Higher Education NSHE-System Administration
(BUDGET OVERVIEW-23)

I would highlight that while the campuses started making these investments and expanding their programs immediately following the close of last session, it takes time to implement new programs and recruit the staff to deliver that instruction. We are not seeing the initial new enrollment and graduates until we are getting into the spring 2024 and more heavily in the fall 2024. Our FY 2023-2024 credit hours, which are the basis of the caseload and other adjustments, do not yet reflect those enrollments. Those enrollments have started up and we do have enrollments in the pipeline to lead new graduates in this coming biennium.

Ms. CHARLTON:

We have representatives from each of the institutions here should you have any direct questions of them.

I would be remiss if I did not thank the members of the Interim Finance Committee for their support of NSHE and, in particular, for UNLV following the tragic events of December 6. Your appropriation made a big difference to the actual safety on that campus. We continue to be steadfastly dedicated to ensuring all of our campuses are open, accessible but safe.

SENATOR NEAL:

On page 13 for the NSHE adequacy study, it had student support services for one of the components. Where is student support services funded?

MR. VITON:

Each of the instructional institutions fund student services from their state operating budgets. They also have some support services they are funding through other fees, but they are allocating it from their existing base budgets.

SENATOR NEAL:

We have talked about caseload. But I am interested offline in the pie that is going to show what is paying for student services and instruction.

MS. CHARLTON:

We can provide that information of the allocation of the state supported operating budget each institution has dedicated to student services. Part of the recommendation of the committee was specifically to look at those institutions, the community colleges and Nevada State College in particular, with very high part-time attendance rates and some of the other student attributes. We would be happy to provide the percentage of the budget allocated to those areas.

ASSEMBLYMEMBER JAUREGUI:

My first question is on slide 27 in Exhibit F, Other Revenue. The legislatively approved budget in FY 2024-2025 was \$1.7 million and then it is shooting up to over \$29 million in FY 2025-2026 and FY 2026-2027. We received information saying that it was academic support payments from Renown within UNR School of Medicine. Could you explain what that is?

MR. VITON:

The UNR School of Medicine has affiliate agreements with clinical partners that provide support to the academic programs. That is revenue being returned to the state operating budget for the UNR medical school to support the academic programs. Those revenue contracts were increased in FY 2023-2024 and FY 2024-2025. This budget reflects the legislatively authorized budget in FY 2022-2023. Those contracts and the revenue you are seeing in FY 2025-2026 and FY 2026-2027 are actually consistent with those items that have come to the Interim Finance Committee for both FY 2023-2024 and FY 2024-2025.

ASSEMBLYMEMBER JAUREGUI:

Does the UNLV School of Medicine have the same academic support agreements?

MR. VITON:

The UNLV School of Medicine does have similar support agreements. There is a difference in scale between the northern school's programs and the southern school's programs, and it has to do with their clinical partners and where some of that revenue is directed. The clinical partner in Southern Nevada is the University Medical Center of Southern Nevada. Because of the difference, some of these support agreements are different for the different sizes and the different purposes.

ASSEMBLYMEMBER JAUREGUI:

My second question is on the one-shot recommendation for the nursing expansion. There is a request for \$10 million annually for the expansion of the nursing program. My colleague carried S.B. No. 375 of the 82nd Session to help with the nursing seat expansion, but I also carried a bill to remove the restriction to help with the nursing seat expansion.

The program was capped at 8 students per nursing teacher, and we removed that limit last session to allow classes to go up to 12 students per nursing teacher. Has NSHE taken advantage of that? Have you been able to increase nursing seats using that?

MS. CHARLTON:

I would like to ask President Amber Donnelly from Great Basin College, who happens to be a nurse, to answer that question.

AMBER DONNELLI (President, Great Basin College):

Even though you increased that number to 12, there are several times in different cases in different clinical settings where that is not appropriate.

The level of care that one faculty would have in not only taking on patients but also 12 nursing students at one time could potentially put a patient at risk. It is not a guarantee it is always a 1-to-12. Each one of the nursing programs is unique and different. Capacity clearly in places like rural Nevada does not necessarily mean that there are 12 patients to care for at the Northeastern Nevada Regional Hospital or at Humboldt General Hospital in Winnemucca.

If you look at the urban areas, it could just be the relation of how many nursing faculty you have and what kind of environment it is. It could be critical care. You are not going to want 12 students just because you increase the ratio. There are different components that go into that.

It does allow for us in different settings like simulation to increase those changes, and we can work in a safe environment. But there is a lot going into that rather than just saying 1-to-12 and being consistent about it.

ASSEMBLYMEMBER JAUREGUI:

Are 100 percent of your full-time employees 100 percent General Fund funded?

MR. VITON:

A very simple answer is no; 100 percent of NSHE employees are not General Fund funded. The state operating budgets we have summarized include those employees that are funded from these budgets. We do have budgets, grant activities and other activities that are funded outside the state's operating budget, so they are not all 100 percent. Approximately half of the full-time faculty and staff are funded through the state supported operating budget. The System is covering more employees outside the budget as well.

ASSEMBLYMEMBER JAUREGUI:

So about 50 percent, you said, are General Fund funded.

MR. VITON:

And they are state supported, including the fees that are in these budgets. It would be best if I take that as a follow-up. The 50 percent is a rough estimate. I would be happy to provide the details in terms of the number of positions funded out of state funds versus nonstate funds.

ASSEMBLYMEMBER JAUREGUI:

That would be great if you could send us the information. I was looking at the increase in the COLAs that are requested. Other state agencies are required to let us know how their full-time employees are funded. That is because if a state agency has an employee or staff that is 25 percent federally funded and 75 percent General Fund funded, then we only give them 80 percent of the 75 percent for the COLA. We do not give them 80 percent of the 100 percent because 25 percent is federally funded.

It has been indicated to us, the Legislature, that you cannot let us know how your full-time employees are funded. You just want us to fund 100 percent of your employees as if they are 100 percent General Fund funded, and that is why the increase to 80 percent. I do not think that is fair to the other state agencies who are required to tell us how their employees are funded, and we would be funding them less than what we would be giving NSHE for their COLAs. We are dealing this session with a budget sent to us that is structurally deficient, so we are looking at these budgets with a fine-tooth comb.

Even after Monday with the budget amendments, the GFO let us know we are still going to be \$85 million deficient. I just do not think it is fair that if you cannot tell us exactly how 100 percent of your full-time employees are funded, we are just to assume and treat them like they are 100 percent General Fund funded when we do not treat every other state agency that way.

MS. CHARLTON:

We can provide additional information. The enhancement request you have before you is for those state supported budgets. For example, Desert Research Institute has a number of positions that are 100 percent solely funded from federal grants. That number and that cost is not born in the enhancement that you have before you today. We would be happy to provide the breakdown of that information—FTEs, the amount of money—and then also the positions that are absorbing all that cost of living outside, which is not a part of our request.

I want to clarify that we absolutely will be transparent with you about the information you are asking for.

ASSEMBLYMEMBER WATTS:

You went through in the items the funding for campus safety and security. We heard in some of the public comment, and I also saw in NSHE's original proposal, the amount in the Executive Budget is less than what was requested. What is going to be cut from the original request to meet the amount in the Executive Budget?

MS. CHARLTON:

Yes. Our original request was significantly larger, more in the tune of the \$40 million to \$50 million range. We will work closely with the institutions to use the funds we have available. The needs are deep. I will be honest—it is a very high priority.

We have also established a Chancellor's Public Safety Council that will continue to meet and to prioritize those needs. We leverage resources as best we can, but I will tell you, we will be back to ask. We have to for the betterment of our students, our community and our campuses.

ASSEMBLYMEMBER WATTS:

That sounds like it is something you are still working through. We look forward to getting some additional information as we move forward.

About the Capital Improvement Program, NSHE had several potential projects and prioritized those for consideration. I did not see those in the slide presentation. I want to confirm there are some maintenance related, but it does not look like there are any new capital projects included in the Executive Budget for any of the institutions. Is that correct?

MS. CHARLTON:

We did receive the HECC/SHECC [Capital Construction Fund for Higher Education/Special Capital Construction Fund for High Education] recommended amount we typically get historically through the budget. We do have a significant list of capital projects including maintenance, planning, funding and one construction item. We would be happy to bring forward the entire deck of those requests to you. But yes, we did not receive any consideration from the Executive Budget for what I would say is very critical maintenance projects for our institutions, and we did not have planning projects. One thing we know is the longer these requests go on, the constant is the increased cost for planning, design and construction.

SENATOR TITUS:

On slide 8 in Exhibit F, you have the head count and the enrollment that is going down. Over the many years I have sat on these committees, we have increased slots for students, and we have expanded programs and we have expanded universities. I am looking and we have more slots but less enrollment. Do you have any idea how many of our potential slots for students are going unfilled?

MS. CHARLTON:

The pandemic had a significant impact on all our institutions and the impact on students in particular. Our institutions are making huge grounds very fast. If you look at the difference between fall of 2023 to fall of 2024 you see a significant growth.

President Kyle Dalpe is here who realized significant increases in his enrollment. All the institutions are experiencing growth. We are maintaining. One of the things we had happen during this current biennium is we had to freeze faculty positions. With freezing positions there are fewer course offerings we can do to support the budget that we realize. We did freeze positions both in FY 2023-2024 and in FY 2024-2025 to fund those very much needed and very appreciated COLA awards. But that has had an impact as well.

The institutions are increasing enrollment across the board. There is a great story, and the best people to tell that is the presidents. I would love to ask President Dalpe to come forward and share what that meant to his institution to see such historical growth realized last fiscal year.

J. KYLE DALPE (President, Western Nevada College):

When you look at the enrollment increases on the WSCH, that represents a nearly 20 percent increase at Western Nevada College since fall of 2022. From 2022 to 2023 we went up 17 percent. We compounded that with a couple more percentage points from 2023 to 2024.

A significant amount of that enrollment is in our dual enrollment program with the high schools. We serve nine county high schools and partnerships with the counties, and we have a large growth of dual enrollment students.

I do think that creates a pipeline to our programs if they do not finish the associate degree in the college [*sic*]. But it also creates a pipeline to our four-year institutions. I have a number of students we have handed two-year degrees to before they finish high school, and they graduated from Western Nevada College. They do not come to our campus anymore, but they will go to UNR.

We have seen significant growth and that is how we have had to manage it. It is a lot of the high school students.

SENATOR TITUS:

My next question is on slides 11 and 12 in Exhibit F, and I am looking at university graduation rates. I am going to commend you for Western Nevada College's significant percent graduation rate in three years of students on the list we have on slide 12 in Exhibit F. Great Basin College is doing well. That is important. My question revolves around university four-year degrees and what

those graduation rates are. It was clearly stated in the community college over a three-year period what those graduation rates are. There is not a clear list on what time it takes for those graduation rates with a bachelor's degree. It does not say in four years I got it done, in five years I got it, it takes 10 years to get it done. Do you have anything to that?

MS. CHARLTON:

Those graduation rates are determined by 150 percent of the type of degree. For example, a bachelor's degree is six years and for an associate's it would be 150 percent of that, a normal two-year degree, 3 to 4 years. We can certainly provide that information.

All our community colleges also offer bachelor's degrees, so that does impact the graduation rate. We would be happy to provide follow-up specifics and definitions regarding the cohort and how the graduation rates are calculated.

What is not included in that is the number of students that transfer. We have a very high success rate in transfer students. Some students get just to that finish line of the community college, and they are already anxious to go over to UNR UNLV or Nevada State University. They may not actually get their credential, but we still measure that as a success, and we continue to monitor and track that data of the transfers over to the universities.

SENATOR TITUS:

You mentioned transfers. Are 100 percent of the certificates or degrees and credits earned within our university system transferred to the other schools within our university system?

MS. CHARLTON:

This may not be the right answer that you want to hear, it depends.

We have workforce degrees, for example, that are not transferable. It may be a welding course and there is not a corresponding course for them to go to at a university. We have transfer agreements between our community colleges and our universities, but not 100 percent of the credits. Part of that is the alignment and part of it is also the program of study that a student has taken. We can provide much more comprehensive information on that because it will depend on the type of program they are taking.

SENATOR TITUS:

Years ago, we were talking about stackable credits when folks are working within the community college system, whether online or however. We wanted to make sure those credits are stackable so that student maybe did not have that welding class, but they got so many credits, so that credit counted towards when they did enroll in a four-year program. Is that not happening?

Ms. CHARLTON:

That does happen. We can get you specific examples of those stackable credentials where you can go from a skill certificate, to a certificate of achievement, to an associate's degree, all the way up. Those milestones matter. That is important for the student. It is important when they are going into the workforce as they are going through their higher education. We would be happy to give you an inventory of what that looks like for our programs. It is great work that our colleges have done with the universities.

SENATOR TITUS:

You mentioned multiple times the increased cost of doing research. On slide 30 in Exhibit F, UNLV and UNR receive some funding for dedicated research space square footage. Many times research is funded by grants, outside sources and companies asking you to do certain things. Do you have a figure on how much of the research is either supplemented or supplanted via outside funding? I see nothing in your presentation about any of that funding.

Ms. CHARLTON:

We certainly can get that information for you. But to talk about the scope of the research and the types of partnerships, either President Brian Sandoval or President Kamud Acharya might be the best people to give a perspective. We will get for you the information on the proportion and the percentages.

SENATOR TITUS:

I certainly do not want the research for these industries to be carried on the backs of our students.

BRIAN SANDOVAL (President, University of Nevada, Reno):

We will get you those figures, but I can assure you, we do not subsidize third parties on the backs of students.

SENATOR TITUS:

I just wanted to make sure that was clear.

KAMUD ACHARYA (President, Desert Research Institute):

We get roughly 15 percent to 17 percent of our funding from the State and 80 plus percent of our funding comes from grants and contracts. We have over 600 faculty and staff. I would say about 54 positions are funded by the State. The rest all are funded by grants and contracts.

KEITH WHITFIELD (President, University of Nevada, Las Vegas):

There is another component to understand of what the benefit of generating research is. It is not for the research itself but getting those grants and contracts which typically come with indirect cost recovery, or IDCRC. What we do is take that money and those dollars are meant to cover things like keeping the lights on and write into it positions and things.

There was an earlier question about the funding of positions. Some of those positions are funded through research. That is something that is going to be a follow-up to show another source of the manpower we have at our universities.

Keep in mind that research influences our students. Our students get an opportunity to be able to be supported from them. For example, our graduate students many times are written into grants, which is the other level of complexity.

I wanted to add that piece about the indirect cost recovery. It depends on the institution. I do not want to say it wrong because it is slightly different. It is a contractual agreement we make with the government about what that rate is. I would believe UNR and UNLV are probably pretty close. I want to guess, maybe I would hope, that it is as high as 62 percent, but it may be 57 percent and that is a total percent of an individual grant award. Those dollars institutionally go towards supporting the activities of research.

SENATOR TITUS:

I am not against research. It is important that the research was being held, and I benefited from it as a student myself. But it is really important when we are talking about budget, we see a whole budget, and that is such a major component. I know we are at the 40,000 foot view here. When you get into those subcommittees, it is important to look at all resources. When you are

talking about research space and the cost of research without that other component of who else funds that research, I wanted to make it clear there are other funding sources that promote our resource.

ASSEMBLYMEMBER ANDERSON:

About the buildings, I know that science building where I suffered through a lecture class in the nineties has not changed at all. What is the process that NSHE and possibly even the universities and our community colleges would go through to try to figure out how to get some more money to help these infrastructures? I had a meeting the other day with Truckee Meadows Community College and members of Desert Research Institute about very similar information. Not having any of that information here is very concerning. What is the process you go through to try to figure out how to renovate some of these buildings?

MS. CHARLTON:

Our institutions have an allocation of their student fee that goes to what we call capital improvement. The capital improvement fee is used to supplement some of the maintenance issues related to buildings, but it also is to do renovations as necessary. Those funds do not go very far in many cases. Typically, we come with a very long laundry list of capital needs. We have been very constrained for a number of years on receiving funds.

Each of our institutions leverages every available dollar either through a student fee or we plead our case to Public Works to the State. They go after philanthropic dollars, and those are tough to come by. We rely on every source of funding that we can, but it is not enough. We need to sustain the buildings we have and ensure they are safe and they are functional, and then look at the needs we have, especially when you get into very specialized areas.

For example, Truckee Meadows Community College has a theater project that after many years of trying to get funding, they have had to scrape and put pennies together and get external funding to support that. The Life Sciences Building is on tap for the University of Nevada, Reno, I think this is the fourth session they are coming back. They are asking for planning.

Both of our universities come forward with a substantial amount—typically upwards of 50 percent—of a match to provide the necessary construction and

planning for those buildings. All our presidents can attest to the deep needs they have for their projects.

I will give an example of Western Nevada College. They came forward with one project. It is a \$1.5 million project, and it did not make the priorities of the list. We will be very diligent in hope that we can get your support for those high needs for those campuses.

ASSEMBLYMEMBER ANDERSON:

When was the last time there has been an Americans with Disabilities Act (ADA) investigation as to whether all of these buildings are in fact compliant? I am very reluctant to ask that because I am scared what some of the answers will be.

Ms. CHARLTON:

Our campuses do look at ADA all the time; that is a top priority. I can get the information on the last time a comprehensive analysis was completed. I would like to have time to respond back to you with data on that.

ASSEMBLYMEMBER MOSCA:

The adequacy study was a big thing the committee asked for as well as reviewing the formula more frequently, not just every ten years. What is going to happen with the adequacy study? What do you hope to accomplish knowing that if we were not held harmless our universities would lose money? What are we looking to do with that? How are you thinking to implement that for the future?

Ms. CHARLTON:

The adequacy study was a priority of the committee. We immediately launched an RFP [Request for Proposal] process and included institution representatives in that process to evaluate respondents of that study. That is underway right now. We anticipate that it will be completed mid-to-late spring 2025.

We know it was a large ask for us to request through the Board of Regents, but also be considered before the Governor and before this body to ask for additional funding to support our community colleges and Nevada State University. It is essential for the viability of NSHE. Our universities and the work they have done to accomplish their R1 status is a direct outcome of the work of

this Legislature. We want to ensure we maintain because we know the State is dependent on the work that they do.

We would come back to the table if we cannot get some funding because this is very difficult for those universities that are already freezing, actually all of our institutions are freezing, vacant positions which means that would impact our access.

We are also very sensitive to the pricing we do for students. To be honest, we would have to come back to this body with a recommendation.

I am very appreciative to the work of the committee for ranking that recommendation that we do not leave a funding formula on the shelf, that we continually—if we need to every biennium—relook at what this looks like and to make recommendations to meet the needs of higher education.

I would have to come back to the table with my colleagues to present a solution if that was not something that was afforded to us.

ASSEMBLYMEMBER HAFEN:

I look forward to and appreciate the fact you are willing to be transparent with us and get us the information Assemblymember Jauregui asked for because I have some questions. Specifically, how many employees do you have total and how they are funded?

I want to touch on slide 33 in Exhibit F to make sure I understood it correctly. On the E-685 account, there is \$57 million for COLAs, but of that \$57 million, if I understood correctly, about \$20 million is a repayment of the previous biennium salary increases that you guys already gave. Is that correct?

MR. VITON:

This would only be prospective funding to cover the ongoing cost of those COLA adjustments. There is no reimbursement request in here. This is just for the positions funded in the state operating accounts on a prospective basis.

ASSEMBLYMEMBER HAFEN:

As part of Assemblymember Jauregui's request, will you be providing us with a breakdown of how that is going to be distributed through the employees?

MR. VITON:

We can definitely provide the follow-up.

ASSEMBLYMEMBER HAFEN:

Going to slide 27 in Exhibit F, there was the category line item that said Other Revenue and I noted it was going from \$1.7 million to \$29.1 million. It is a big increase. What was that?

MR. VITON:

The increase is primarily academic support agreements from clinical affiliate partners under the University of Nevada, Reno, School of Medicine.

ASSEMBLYMEMBER HAFEN:

I believe the last audit done of NSHE was in 2022 and there were a number of findings. Were all those findings addressed, and have they been resolved? There were questions of whether General Fund monies were used appropriately. It is important we have an understanding if that has been addressed and corrected, and an understanding some of those things will never happen again.

MR. VITON:

We can provide follow-up and would be happy to confirm the follow-up to those audits has been substantially completed, [and were] underway immediately following the release of those reports. At the most recent audit subcommittee hearing they presented an update to those. There were two outstanding items at the time, and we have been working to close those.

ASSEMBLYMEMBER TORRES-FOSSETT:

I got my start advocating for policy when I was in student government at the College of Southern Nevada. One of the things student government was really proactive about was advocating against the tuition hikes. I am wondering if you have the information over the last couple of years how much tuition and fees has increased at each institution here in the State of Nevada.

I also wanted to know how universities are leveraging the reserves, endowments or whatever funds they are receiving to prevent those tuition and fee increases. As a student who worked full-time and went to school full-time, it is a challenge for working students. The number one reason most students are not going to a college or university is the cost. I have a lot of concerns with the tuition increases that I am seeing today.

MS. CHARLTON:

We would be happy to bring back to you some history of fee increases and additional information you asked for about leveraging of other sources. We do have what we call predictable pricing which gives a student a more consistent manner in which they can expect fee increases to occur. The 5 percent asked for in December 2023 was a one-off because of the COLA. Our students advocated across the board for that because of their concerns about recruitment and retention of faculty which would directly impact their time to completion. We will be bringing back all that information for you.

We have also tied our fee increases to the higher education price index, so it is a meaningful adjustment and not just an arbitrary number.

ASSEMBLYMEMBER TORRES-FOSSETT:

I just want to be clear while students might have supported it in support of their professors, I do not think there was any student that supported that actual increase to their tuition. There are also the cost-of-living increases for those students.

I want to know what we are doing as a state, as a community and as institutions to prevent that. I want to make sure we see that come to fruition just because I feel for those working students. We are going to continue to see less students from working families here in the State of Nevada if we continue to increase the cost of tuition.

MS. CHARLTON:

We are definitely sensitive to the impact on students, and I think our institutions leverage, to the point that they can, philanthropic dollars also to bring in for financial aid and financial assistance. In fact, a portion of every student registration does go into access, but it still is not enough. It is a decision that students make because of the cost of education.

SENATOR BUCK:

I am on slide 10 in Exhibit F and I am looking at the different institutions and the Pell Grant recipients.

We are upwards of 31,000, and we had spoken three or four months ago about the potential fake student enrollment accounts and potential Pell Grant fraud that was impacting the College of Southern Nevada and its 10,650 students at

the time. At that time when we spoke, it was like \$7 million to \$10 million in fraud. I was wondering if you can update us on what is happening with that, how it is impacting the various NSHE institutions and what is being put in place to fix the issue?

MS. CHARLTON:

One of the challenges we often have is bad actors performing things that are inappropriate. I do have representatives from the College of Southern Nevada I would ask to step forward. That was a situation unique at that institution. They immediately implemented measures to mitigate the impact on what was occurring, and they did move that forward. They have implemented changes moving forward and each of our institutions leverage those kinds of information together. One of the things we watch for is if we see a sudden spike in enrollment and there is a very meticulous process where institutions go through that.

ROLANDO MOSQUEDA (Interim Vice President, Finance and Administration Division, College of Southern Nevada):

The dollar figure you stated, the \$7 million to \$10 million, is accurate. We calculated the total fiscal impact from the ghost student issue—and I can explain a little bit more briefly about what ghost students were—is about \$7.5 million impacting the College of Southern Nevada.

That amount sits as outstanding student balances on our sheets, which is essentially bad debt. The institution is not prepared to reconcile that amount at this time. We are looking at a multiyear approach and the appropriate funds to do that. But we are actively working on that pay down plan and I would be glad to come back and share the specifics of how we are going to address that amount. It is significant and it was unexpected. It certainly has disrupted some of our plans in terms of how we are going to be investing some of the revenues that we have.

The ghost student issue was a phenomenon that was new to the College of Southern Nevada. What it boils down to is these were bad actors who used real credentials, social security numbers, addresses, etc. to enroll in the College of Southern Nevada. As Chancellor Charlton stated, we have implemented several remedial measures to prevent that from occurring, and the data we have right now indicates that those remedial measures have been effective.

CHAIR DONDERO LOOP:

I appreciate the work on that because those are lost dollars.

SENATOR CANNIZZARO:

We are looking at a budget that obviously has some pretty significant increases. This is a larger conversation for some of the subcommittee work and then the Joint Assembly Ways and Means and Senate Finance Committees. There are concerns about the allocation for the COLA amounts because that is not historically how we have done things. It is a significant increase for us and puts some of those positions in a different place than other state agencies as Assemblymember Jauregui was alluding to. We are going to have to continue to have those conversations because I do think that is a concern for many members of this committee and myself.

Seeing that when coupled with increases in the tuition and fees for students is also very concerning. We are going to need a lot more information on that. Asking for the State to put in a lot of additional funds and then also saying we are also going to ask students for a lot of funds, that is something we have to explain to our constituents and to students. It is something that I, as a graduate of both UNR and also UNLV, am very sensitive to and pretty passionate about.

We are looking at a big budget here. This entire week we have been talking about a budget that was presented to us that has some very serious structural deficits that have to be accommodated and a litany of other errors in this budget as presented to us is not something that we can simply just pass. We would not be doing our job.

Have you been asked by the Governor's Office to suggest any potential cuts? I recognize it is a different situation than with other state agencies, but we are looking at a budget that is going to have to be significantly rewritten and balanced. So, have you been asked for any of that? Have you thought about any of that? If so, what would those look like?

MS. CHARLTON:

At this time, we have not been contacted by the GFO for any changes. We do recognize there are challenges with the budget that has been presented to you, and we look forward to working with this body and with everyone across the State on what that might look like as we move forward, but we have not been contacted at this time.

KARIN HILGERSOM (President, Truckee Meadows Community College):
Speaking on behalf of Truckee Meadows Community College, we really are seeing enrollment growth. We are up approximately 10 percent this year, which is truly amazing, the access we are providing.

The capital continues to concern me. We have partnered with Desert Research Institute and Nevada State University. We requested \$5 million for planning. The facility we would love to build together will be home to the only Bachelor of Architecture degree offered by a predominantly two-year college in the country. The accreditors are very excited about this. This is a grand experiment for them. Nevada should be very proud of this program. I am very proud of the faculty and the staff and the management team who really began this program.

They are happy with what they are seeing, and they have shared with us that the only deficit you have is space. You need good space for architecture. I wanted to put a plug in for capital planning, and I also wanted to share with you how exciting it is to be in a state where we can be innovative. This is one of the most innovative programs I have had the privilege to work with.

AMBER LOPEZ LASATER (Chief of Staff and Strategy, Nevada State University):
I want to convey on behalf of President DeRionne Pollard we appreciate the opportunity to be here today. As many of you know, Nevada State University is the mid-tier institution. We have been here for 22 plus years. Our primary students we serve include first generation students and first students.

CHAIR DONDERO LOOP:

As a state we should be proud of all our institutions. They serve a variety of students for many different reasons, and I think we do a great job.

We will hear from the Nevada Department of Public Safety.

GEORGE TOGLIATTI (Director, Nevada Department of Public Safety):
I will give you a list of our divisions in no particular order because I do not want to show any favoritism. We have our Office of Traffic Safety, Office of Records Management, Communications and Compliance, Office of Criminal Justice Assistance, Capitol Police, State Fire Marshal, State Police Training Division, Dignitary Protection, Director's Office, Office of Professional Responsibility, Parole and Probation, State Police Investigation Division and the Highway Patrol.

Before we begin our budget presentation, I would like to highlight some items of interest I hope we will discuss in detail at some of our committee meetings in the upcoming session. We are very excited about a growing relationship we have with the UNLV Greenspun School of Urban Affairs and its Tourist Safety Institute as well as Truckee Meadows Community College and their programs for first responders.

We have not only engaged in educational benefits including college credits for first responders and our employees to continue their education, but we have established a wellness and mindfulness program for our employees. Our wellness program centers on the care for the mental health of our employees, but we also have a mindfulness program which is how they adapt and interact when they return back to their positions in their work environment. The program is specifically targeted depending on what their profession is, whether it is a firefighter or whether it is someone on the Highway Patrol, Parole and Probation, or dispatchers, etc. It is a win for the employee, in our opinion, and it is also a win for the community.

As a result of our community outreach with UNLV, we have enhanced our effort in child trafficking. We are combating child trafficking. Over the last two years our folks at the Highway Patrol, our partners and community advocates since July 1, 2023, have recovered 40 juveniles through this operation and have now partnered with UNLV. These efforts have attracted various nonprofit foundations who are committed to joining us and the University in developing best practices for the prevention of child trafficking.

Our Office of Records Management has recently successfully completed a Federal Bureau of Investigation (FBI) audit of operations. Our Office of Traffic Safety has almost completed a similar audit, a successful one by the National Highway Traffic Safety Association.

Our State Fire Marshal's Office has entered into an agreement with the FBI to facilitate requests for fire services from our tribal leaders. They have added three arson detection canines with a fourth coming later this year.

Our Capitol Police have established a civil disturbance unit to provide enhanced response to possible issues in any of our state buildings.

Our Division of Parole and Probation partners with the Hope for Prisoners program to assist in the reentry of parolees. The division has dedicated an officer who checks weekly to ensure staff and parolees have the necessary information and documentation for their transitions. In addition, Parole and Probation officers facilitate a law enforcement workshop every other week and speak with the participants to break down the barriers between justice involved individuals and law enforcement folks.

The division obtained a Supervision to Success grant in 2023. With this grant, the division hosted five job fairs and two community resource events for its probationers and parolees. The division also partnered and hosted numerous state agencies to allow parolees and probationers immediate access to DETR, Nevada Job Connect, Nevada Department of Health and Human Services, Nevada Department of Motor Vehicles and Opportunity Village streamlining the offender access to their resources. In addition, the division implemented the Bridging the Gap journaling program which allows individuals in remote areas of the State to access training in preventing substance abuse, financial planning and impulse control.

Our Investigative Division remains fully occupied with narcotics investigations, investigative support in local counties, mainly rural and digital data support.

Our Highway Patrol continues to work tirelessly to keep our roadways safe and save lives. Sadly, we see too many accidents and fatalities on our roadways, and we continue to mourn the loss of our own troopers who died on our roadways in service to our State.

Kristi Defer, our management analyst, will now present our budget and has some slides for us (Exhibit G contains copyrighted material. Original is available upon request of the Research Library.).

KRISTI DEFER (Chief Fiscal Officer, Nevada Department of Public Safety):

The Nevada State Police serves as the law enforcement agency across Nevada, coordinating with local, state and federal agencies and community partners to provide the highest level of public safety services for Nevadans and visitors to the Silver State.

The Department of Public Safety (DPS) has struggled with hiring and retention in years past, specifically with our sworn and dispatch classifications. We are

pleased to discuss our progress in these areas and share our proposed plans to build upon this momentum in the upcoming biennium.

We have our organization chart up which you have seen before. As Director Togliatti said, we have outstanding leadership with many years of experience in their respective fields. It is always good to put a face with the name.

Slide 4 in Exhibit G shows our overall vacancy rates. While we have made strides in hiring and retention, our vacancy rates overall to include both sworn and civilian positions continue to be a challenge. It is critical that we continue our efforts, so we do not lose ground.

I would like to point out the high vacancies in our Records, Communication and Compliance Division is largely due to the struggle the division is experiencing in hiring and retaining dispatch positions. We are hearing the pay is just not competitive with the cities and counties, and it puts us in a very unsafe and untenable position as we have the remaining dispatchers working mandatory overtime and burning out with no work-life balance. That is something we are trying to improve upon as we as we move forward.

Slide 5 in Exhibit G is our sworn separated versus hired ratio. We are excited to report for the first year since 2017 we have, to date in FY2023-2024, more hires than separations. We attribute these numbers to the success of our All-Star Talent recruitment campaign that was initiated mid-2024 as a pilot program funded with American Rescue Plan Act of 2021 grant funding.

The All-Star campaign has increased our applicants for sworn positions by nearly 71 percent from 2023 to 2024. This has been accomplished with aggressive nationwide social media advertising and ensuring potential candidates are engaged and guided through that hiring process. The All-Star staff has been amazing in helping us augment the number of applicants we are able to bring in on our own organically, as shown on the chart.

The increase in applicants has resulted in 294 candidates passing both the written and physical examinations. That is a 38 percent increase in candidates passing both examinations. Thirty-nine candidates have been sent offer letters to mean they are going to be offered to start an academy. We are very pleased with the volume and quality of the applicants the campaign has produced for us so far.

Our first budget account is our Director's Office which we have separated into two main topics. The first topic is marketing and recruitment. The first enhancement, E-280 [in B/A 201-4730], funds the continuation of the recruitment campaign provided by All-Star for the upcoming biennium to recruit for our hard to fill positions. We are looking at adding dispatch to that. We have been focusing on sworn, but we want to add dispatch to that as well.

PUBLIC SAFETY

DEPARTMENT OF PUBLIC SAFETY

DPS – Public Safety One-Shots – Budget Page PUBLIC SAFETY-49 (Volume III)
Budget Account 201-4730

E-280 Public Safety & Infrastructure – Page PUBLIC SAFETY-49

In B/A 201-4706, decision unit E-279 is a request to add one additional background technician to our background unit to assist us in expediting our background investigation process for all our incoming applicants.

DPS – Director's Office – Budget Page PUBLIC SAFETY-9 (Volume III)
Budget Account 201-4706

E-279 Public Safety & Infrastructure – Page PUBLIC SAFETY-12

Decision unit E-275 requests to add one new digital media specialist to assist our department with digital recruitment and retention. We have seen the power of social media and the exponential impact it can have, and having a fulltime position dedicated to expanding our social media presence and tracking metrics to measure our success is going to be an enormous assistance to our one dedicated public information officer (PIO) position. Our PIO is amazing, but she is a one person show and it is just not sufficient for a department as large as ours and with the type of specialized challenges we face.

E-275 Public Safety & Infrastructure – Page PUBLIC SAFETY-11

The next focus is regarding our Research Planning and Technology unit. This unit was transferred from the Nevada Highway Patrol to the Director's Office last session in an effort to centralize these critical support operations and have

them available for our entire department. This unit oversees our departmental operation of our CAD software, our citation software, body and in-car cameras and other software and technologies specific to our organization. They also help us to oversee our DPS inventory.

Decision unit E-285 requests to add an IT manager and a new IT professional to assist in supporting all the divisions with their technological needs.

E-285 Public Safety & Infrastructure — Page PUBLIC SAFETY-14

Decision unit E-284 requests to upgrade the existing inventory software we are utilizing to a web-based application.

E-284 Public Safety & Infrastructure — Page PUBLIC SAFETY-13

Decision unit E-282 requests to replace all the taser weapons in the department based on the manufacturer's recommendations.

E-282 Public Safety & Infrastructure — Page PUBLIC SAFETY-12

Our Evidence Vault has statewide vaults to secure and manage the evidence that is seized by sworn staff. Decision unit E-277 requests to upgrade outdated inventory software to bring us into the next century. We have to ensure the evidence is properly cataloged, stored and shared.

DPS – Evidence Vault — Budget Page PUBLIC SAFETY-26 (Volume III)
Budget Account 201-4701

E-277 Public Safety & Infrastructure — Page PUBLIC SAFETY-29

Decision unit E-275 requests to add one evidence specialist to augment the current staff in the day-to-day operations in the Las Vegas vault due to the increased volume and need they have there. The training and level of expertise for these positions is critical to ensure the safety of not only the employees but also the integrity of the evidence.

E-275 Public Safety & Infrastructure— Page PUBLIC SAFETY-28

Decision unit E-276 requests to add one vehicle for the Las Vegas vault to transport evidence to the forensic laboratory.

E-276 Public Safety & Infrastructure — Page PUBLIC SAFETY-29

Our Office of Professional Responsibility is charged with the investigation of complaints regarding an employee's conduct of our policies. Due to the level of responsibility of these officers, the division requests to upgrade the lieutenant position to a captain in decision unit E-277 and upgrade the sergeant positions to that of lieutenants in decision unit E-275 to be commensurate with the job duties and responsibilities.

DPS – Office of Prof Responsibility — Budget Page PUBLIC SAFETY-20
(Volume III)
Budget Account 201-4707

E-277 Public Safety & Infrastructure — Page PUBLIC SAFETY-23

E-275 Public Safety & Infrastructure — Page PUBLIC SAFETY-22

Additionally, decision unit E-290 funds transcription software to help reduce the man hours they are spending in writing reports.

E-290 Public Safety & Infrastructure — Page PUBLIC SAFETY-24

Our DPS Training Division is responsible for the training of incoming cadets and the continuing education and career development of both civilian and sworn personnel. Decision unit E-275 requests to add a major position to more accurately reflect the levels of that chief level responsibility. Decision unit E-277 requests to add two additional sergeant positions to ensure there is appropriate staff to train sworn officers for their recertification requirements.

DPS – Training Division — Budget Page PUBLIC SAFETY-32 (Volume III)
Budget Account 101-3775

E-275 Public Safety & Infrastructure — Page PUBLIC SAFETY-35

E-277 Public Safety & Infrastructure — Page PUBLIC SAFETY-36

There are two decision units requesting to restructure the corporal positions to temporary duty assignments or TDYs. The intent is to ensure staff responsible

for training has relevant and recent knowledge and they are equipped with equipment and vehicles that allow them to be a force multiplier for the department as well.

Decision unit E-276 adds a training officer in Las Vegas. Currently, there is only one training officer responsible for the entire department tracking all the compliance and it is a lot. The goal is to separate that out and have there be one in the north and one in the south.

E-276 Public Safety & Infrastructure — Page PUBLIC SAFETY-36

Decision unit E-278 requests to fund a new Learning Management System to upgrade the outdated software that is currently being utilized to track employee training. The goal is to improve the learning experience for our employees and increase the efficiency and effectiveness.

E-278 Public Safety & Infrastructure — Page PUBLIC SAFETY-37

The Nevada Highway Patrol (NHP) is responsible for the safety of Nevada's roadways and provides law enforcement services to our citizens and visitors to our state. The NHP requests to modernize its operational infrastructure with one-shot monies, which replace end-of-life vehicles and associated equipment.

FY 2026 One-Shot: This request funds replacement fleet vehicles and associated special equipment for Nevada Highway Patrol vehicles which are expected to reach their mileage thresholds of 100,000 miles for sedans, 125,000 miles for pickups and 125,000 miles for police interceptor utility vehicles in accordance with State Administrative Manual (SAM) 1316-Vehicle Replacement Policy.

Department of Public Safety-DPS-Nevada Highway Patrol Division
(BUDGET OVERVIEW-25)

FY 2026 One-Shot: This request replaces 518 portable radios and associated radar certification equipment that are out-of-life.

Department of Public Safety-DPS-Nevada Highway Patrol Division
(BUDGET OVERVIEW-25)

Decision unit E-280 funds the Telematics system to integrate real-time fleet tracking to optimize asset use and improve response capabilities.

DPS – Nevada Highway Patrol Division – Budget Page PUBLIC SAFETY-55
(Volume III)
Budget Account 201-4713

E-280 Public Safety & Infrastructure – Page PUBLIC SAFETY-61

The Nevada Highway Patrol Division requests one-shot monies to sustain its fleet and ensure equipment reliability to replace aging fleet maintenance equipment to ensure that the staff is safe, and the vehicles are mission ready.

FY 2026 One-Shot: This request funds replacement of two vehicle hoists used in the Nevada Highway Patrol (NHP) Northern Command fleet garage and an obsolete forklift in the NHP Reno Command fleet garage. This request also replaces two Southern Command trailers that are out of useful life.
Department of Public Safety-DPS-Nevada Highway Patrol Division
(BUDGET OVERVIEW-25)

One-shot monies are requested [in B/A 201-4713] to replace law enforcement equipment that has come to its end of useful life to include drones, scales and body worn cameras.

FY 2026 One-Shot: This request replaces current drones to comply with Senate Bill 11. It also requests replacement of current scales needed to enforce overweight commercial motor vehicles as is required by NRS and Title 23 Code of Federal Regulations.
Department of Public Safety-DPS-Nevada Highway Patrol Division
(BUDGET OVERVIEW-25)

FY 2026 One-Shot: This request replaces all body worn cameras for the division in accordance with the manufacturer's recommendations and per NRS 289.830.
Department of Public Safety-DPS-Nevada Highway Patrol Division
(BUDGET OVERVIEW-25)

The Nevada Highway Patrol Division looks to expand its training and readiness with decision unit E-282 which funds specialized training to ensure that the staff is prepared for the evolving changes and is response ready.

E-282 Public Safety & Infrastructure – Page PUBLIC SAFETY-62

The Parole and Probation Division protects our communities by monitoring parole defenders statewide. Decision unit E-283 requests to adjust caseload ratios to account for statutory and case law changes. The goal is to provide the most effective offender supervision, reduce recidivism and be an overall more efficient use of the division's resources.

DPS – Division of Parole and Probation – Budget Page PUBLIC SAFETY-85
(Volume III)
Budget Account 101-3740

E-283 Public Safety & Infrastructure – Page PUBLIC SAFETY-92

Decision unit E-286 requests two Parole and Probation managers as part of an overall structuring effort of the Court Services Unit. The restructuring looks to incorporate nonsworn personnel into supervisory and management positions.

E-286 Public Safety & Infrastructure – Page PUBLIC SAFETY-94

There are requests to upgrade and replace outdated equipment and software in multiple decision units. These requests will ensure that the Parole and Probation Division is utilizing the most modern technologies.

Some major decision units of interest are decision unit E-285 which funds mobile data plans for our officers. Currently, they are utilizing hotspots on their work phones and it is just not a consistent and reliable connection for them.

E-285 Public Safety & Infrastructure – Page PUBLIC SAFETY-93

Decision unit E-293 funds the acquisition of software to support the division's extradition unit.

E-293 Public Safety & Infrastructure – Page PUBLIC SAFETY-95

The final enhancements offer support to offenders as they transition. Decision unit E-277 increases funding for the Going Home Prepared program to assist inmates with residential planning. Without a viable plan, offenders must wait to be released resulting in longer stays in a correctional facility.

E-277 Public Safety & Infrastructure – Page PUBLIC SAFETY-90

Decision unit E-281 funds the state-funded house arrest program to get it back on track after a three-year hiatus due to the pandemic.

E-281 Public Safety & Infrastructure — Page PUBLIC SAFETY-91

Decision unit E-278 requests additional funding for psychosexual evaluations due to the increased contract cost.

E-278 Public Safety & Infrastructure — Page PUBLIC SAFETY-90

The Investigation Division provides criminal and administrative investigatory response to local, state and federal law enforcement and criminal justice agencies throughout the State of Nevada.

Decision unit E-275 requests additional staff and equipment to support digital forensics and cold case operations around the State.

DPS – Investigation Division — Budget Page PUBLIC SAFETY-104 (Volume III)
Budget Account 101-3743

E-275 Public Safety & Infrastructure — Page PUBLIC SAFETY-110

Decision unit E-288 requests to create an illicit cannabis unit to combat the illegal and dangerous illicit cannabis trade with support from the Cannabis Compliance Board.

E-288 Public Safety & Infrastructure — Page PUBLIC SAFETY-111

Decision Unit E-285 requests software for the digital forensic unit to allow the Investigation Division to extract and analyze data from various electronic devices.

E-285 Public Safety & Infrastructure — Page PUBLIC SAFETY-111

Next is our Records, Communications and Compliance Bureau. Dispatch provides critical support services to the sworn divisions of the DPS and outside criminal justice and user agencies. As I mentioned earlier in the presentation, staffing for Dispatch is at critical levels. The Communications Bureau has

created administrative positions to handle call taking, warrants and other duties that have fallen on dispatchers over the years. That not only assists the dispatch positions and reduces their workload, but it also creates a path to be able to train and onboard new staff that may be interested in the job field. The bureau in decision unit E-225 requests to continue these positions into the biennium.

DPS – Records Communications and Compliance – Budget Page PUBLIC SAFETY-131 (Volume III)
Budget Account 101-4702

E-225 Economic Growth & Business Development – Page PUBLIC SAFETY-133

Our State Fire Marshal Division's mission is to protect life, property and the environment from fires and hazardous materials in the State of Nevada. Decision unit E-278 in B/A 101-3816 requests one additional fire & life safety inspector II position for the north.

DPS – Fire Marshal – Budget Page PUBLIC SAFETY-147 (Volume III)
Budget Account 101-3816

E-278 Public Safety & Infrastructure – Page PUBLIC SAFETY-153

The position was approved by the Interim Finance Committee as a temporary overlap, and the division requests to make that a permanent full-time position to handle the additional workload of inspections for childcare centers, private residences and group homes.

Decision unit E-300 requests an administrative assistant III position to handle clerical duties for the staff at the division's new location at the McLeod Building in Las Vegas, allowing officers and inspectors to focus work time on position specific duties.

E-300 Government Support Services – Page PUBLIC SAFETY-154

Decision unit E-302 requests to restore a training officer II position that was one of several positions the division lost during budget reductions back in 2009. If approved, this position would be in the new Las Vegas location to provide training and coverage for the south.

E-302 Government Support Services — Page PUBLIC SAFETY-155

Decision unit E-276 requests a DPS Officer II position for Carson City to meet growing demands of the division for 24/7 coverage throughout Nevada.

E-276 Public Safety & Infrastructure — Page PUBLIC SAFETY-152

The Capitol Police Division B/A 710-4727 ensures the safety of all the state employees and visitors through proactive law enforcement, community engagement and strategic partnerships.

DPS – Capitol Police — Budget Page PUBLIC SAFETY-166 (Volume III)
Budget Account 710-4727

Decision unit E-278 requests to outfit all Capitol Police officers with body worn cameras to increase transparency and serve as evidence when needed. Capitol Police respond to calls both in and around state facilities and it is critical they are outfitted with the appropriate equipment to ensure both theirs and the public's safety.

E-278 Public Safety & Infrastructure — Page PUBLIC SAFETY-169

Decision unit E-276 requests five new officer positions to provide full-time law enforcement presence for the Department of Business and Industry offices in Las Vegas.

E-276 Public Safety & Infrastructure — Page PUBLIC SAFETY-169

The Office of Traffic Safety's mission is to eliminate deaths and injuries on Nevada's roadways, so everyone arrives home safely. The Office is the federally recognized Highway Safety Office for the State of Nevada and administers federal and state safety grant funds.

In decision unit E-225 the division requests an additional business process analyst to serve as a dedicated system manager and data analyst for the statewide crash and citation system which will be funded with 75 percent federal and 25 percent state funds.

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DPS – Highway Safety Plan & Admin – Budget Page PUBLIC SAFETY-176
(Volume III)
Budget Account 101-4688

E-225 Economic Growth & Business Development – Page PUBLIC SAFETY-179

In decision unit E-900 the division requests a cost neutral consolidation of B/A 101-4687 into B/A 101-4688 to improve efficiency, streamline processes and reduce duplication of redundant tasks.

DPS – Traffic Safety – Budget Page PUBLIC SAFETY-186 (Volume III)
Budget Account 101-4687

E-900 Trans Frm Safety Plan & Admin To Traffic Safety – Page PUBLIC SAFETY-187

E-900 Trans Frm Safety Plan & Admin To Traffic Safety – Page PUBLIC SAFETY-182

The Parole Board reports directly to the Governor but is provided with administrative support by the Department of Public Safety. The State Board of Parole Commissioners, in an effort to ensure public safety, renders fair and just decisions on parole matters based on the law, impact on victims and the community. The Board's budgetary requests include support for surveillance systems, security systems, travel and equipment.

CHAIR DONDERO LOOP:

Director, do you have the most items under your department?

MR. TOGLIATTI:

We had more. Back prior to COVID, we used to have Emergency Management in the DPS as well. Under the previous administration, we decided the best place when COVID hit for all the services that the National Guard had was to move it to the National Guard from the DPS where it is right now.

We also had the Office of Cyber Defense which would put us at a magic 13 divisions. We also thought it was in everyone's best interest if we move that into more IT friendly ground rather than have separate budgets for us for our technology and so on. So, it went over to Tim Galluzi's group and IT.

ASSEMBLYMEMBER ANDERSON:

I am looking on slide 24 in Exhibit G over the State Fire Marshal Division. I have heard from an individual who is involved in this. There is nothing about new equipment that has been requested. And yet when you look at it, the inspector, just the inspector, is having to average 2,500 driving miles. I was just wondering how the equipment is for the State Fire Marshal Division and if there has been consideration or some other requests for vehicles as part of the State Fire Marshal and trying to get some new vehicles.

MR. TOGLIATTI:

Our State Fire Marshal is available virtually, Mike Dzyak.

MIKE DZYAK (Chief, State Fire Marshall Division, Nevada Department of Public Safety):

I believe when we put in for the budgets, the equipment was wrapped with the positions. We are doing regular vehicle replacement. I would like to remind the committee we did go self-funded, and we are utilizing those funds carefully and succinctly.

ASSEMBLYMEMBER ANDERSON:

So, the equipment is part of that position. This is just your regular everyday vehicles. But then is there any need for some of the more specialized vehicles because of how much you have to drive across the State and how some of these roads are not exactly easy to drive upon if the road even exists?

MR. DZYAK:

We contract with our federal cooperators. We do wild land fire investigations in some of the roughest terrains. We try to stick with the three-quarter ton Dodges. Dodge Rams have seemed to give us the best clearance. We utilize a lot of specialized equipment within those vehicles. We have been working with the GFO and the rest of the financial organizations to try make sure our vehicles are up to the task.

SENATOR TITUS:

Are you involved in the inspection of causes of fires that happen in Nevada, regardless of what land they are on, whether it be public because you mentioned some of the fires that you respond to? Do you investigate all fires potential causes in the State of Nevada?

MR. DZYAK:

I am going to try and summarize a very confusing statute. We do all fire investigations for fatalities and injuries. We do wildland. We do vehicles in [some rural areas]. We do Carson City, Reno and Las Vegas areas upon the request of their fire chiefs or police chiefs. The rest of it, we do if it fits into those certain parameters.

We would not do the cause and origin on, say, a kitchen fire. The local jurisdictions can do that. They can also request if they have a competent personnel, they can request through an interlocal, the ability to investigate those. But by and large there are only one or two counties that have elected to do that. The rest of them we do.

As the Director pointed out earlier, we are cooperating with the FBI. We had a real need on the tribal lands to have fire investigators that are trained and nationally certified ready to go. But we did not have a statute or any kind of law that put us there. So, the FBI put us on a task force. Our investigators were deputized and now they can call us if they need help on a reservation and U.S. Alcohol, Tobacco and Firearms investigators are regional so the closest they have is San Francisco.

SENATOR TITUS:

On the same page, Fire Marshal, that my colleague brought up regarding the vehicles driven, is the statement that Washoe County relinquished the inspection of all childcare facilities, and there are about 300 of them known, and now it is a responsibility for you to evaluate them. I am very concerned about that.

I am wondering, and you are supposed to be required to inspect annually with the personnel that you have, how current are you on this inspection? Is there a potential that we have not—are there facilities out there that have not been inspected when they should have been? I am really worried about possible risk.

MR. DZYAK:

Thank you for your question and concern; I have the same. The statute that requires the childcare inspections on an annual basis came out of the Nevada Department of Health and Human Services. They put into their statute that the fire marshal conducts these. As I explained earlier, Washoe County could do

their own, and they did their own. Then they decided they were not going to do their own, so it came back to us.

We came back last year and asked for two inspectors to try to make sure we are keeping up in the north with the growth. We got one of them on board last year. We asked for an emergency hire. We got that person hired and we got him trained. He is doing great. We are looking for another one to make sure we stay on top of these. It is not my statute to say whether or not and who is going to do these. We all have the same standard. The codes are the codes are the codes.

My team has gone in there. I want to say at the last meeting we had at least 86 [inspections] so there are probably over 100 that we have done now. We have found issues, we are correcting those issues and working with those childcare facilities to maintain a safe environment.

SENATOR TITUS:

Could you then clarify out of the 300 you have been able to do 84 in the last year? I am wondering how big this problem is, and how many potential children are at-risk, and we do not know if they are in safe facilities or not.

MR. DZYAK:

The way they happen is we are requested to do those. They are not something we go out and have a list of facilities to do. We did not know what that list was. They stopped doing these on July 1 of last year. We are not even talking about a full year by the time we realized what was happening. No one let us know. That is when we went into panic mode and asked for another inspector and redirected what resources we do have, which is one full-time inspector and some contract inspectors, to go start picking those up. I am certain we are probably halfway there to making sure we are in each and every one of these that were previously being inspected by other local fire departments.

SENATOR TITUS:

You did not know at the time when they walked away from that responsibility, they did not say, "Here is what we have inspected. Everything is current. Here are the 300. We are not doing this anymore, but everybody is current." You had no idea where they were in the process?

MR. DZYAK:

No one ever discussed that with us until it came down. We started getting these requests and we went to DHHS and said, "These are in Washoe County. Why are they coming to us?" That is when they filled us in and said they are not going to do it anymore.

We are going to make sure it gets done one way or the other. That is why we are asking, in addition to the emergency hire, for an additional fire inspector II in the north.

SENATOR TITUS:

This is an important issue for our children. In my district, one year we did have a school where the students tried to burn the school down. It is a high concern, and it does happen. I appreciate you staying on top of it.

ASSEMBLYMEMBER YEAGER:

In the Investigation Division, I noticed the illicit cannabis unit proposal. Going after illicit cannabis is something we have been talking about for several years in the Legislature. What do you envision that unit doing? What will their focus be, and what do you hope they will be able to achieve?

MR. TOGLIATTI:

We have had a number of conversations with Jimmy Humm, the executive director of the Compliance Board, and his predecessor. We had some conversations with the industry, the licensees and some folks and their alliance.

You may or may not recall last session there was an effort, or at least I was queried about, what we could do in the area of illicit trade of cannabis. We said, "We can do this, we can give you a lot, or we can give you a little, or something in between."

What we prepared here would be a task force which would again, hopefully, engage other agencies and concentrate on the illicit market, as I explained to the licensees, more from a federal racketeering type approach or one where we would go after the main dealers. To try to pick off people who are selling it on the street would take forever and be very unsuccessful. The people who are in the illicit market are not going to be dealing with just competitive marijuana. They are going to be offering other illegal substances and other possibilities, including prostitution and who knows what.

It is important that we would have a task force, if we are going to do it correctly, to start developing an informant base, meat and bones types of investigations that get a little bit tedious, and work our way up the chain to find out who is behind the illicit market. Where is it all coming from? Is it the cartels, most of it coming in from California, or somewhere else? That type of thing. So, we went pretty conservatively on our request with the Investigative Division to have that team.

ASSEMBLYMEMBER YEAGER:

I am not sure how much you have been following the budget hearings, but we were presented last week with a budget from the Governor that had a structural deficit of about \$335 million. We heard a presentation on Tuesday and the Governor's team said they are going to propose some budget amendments, but they still think the budget is going to be somewhere around \$80 million to \$85 million in the red. My question to you is whether you have been asked by the Governor or his team to make any potential proposals to cut the budget, to cut your budget specifically, the one that you presented to us today at a very high level?

MR. TOGLIATTI:

I have [had] no such discussions.

ASSEMBLYMEMBER BROWN-MAY:

My question is specific to the Office of Traffic Safety budget account. I see in the background material it is proposed to eliminate this budget account and transfer all the revenue and expenditure to the Highway Safety Planning and Administration budget account. I am curious to know with the growing number of road fatalities that we face what are the implications relative to this change? Does the division itself move the personnel? Does the Director? Are we just consolidating two budget accounts or are we proposing really to shift focus away from road safety traffic violations in that way? Do you know at this point?

AMY DAVEY (Administrator, Office of Traffic Safety, Nevada Department of Public Safety):

It is an administrative request. Our office is a federal grant pass-through office. Back in the annals of time before any of us, our budget accounts were set up with an account to receive the federal funds and then another account to disperse the federal funds. What that creates is a lot of fiscal administrative duplication to constantly be processing funds through one account, transferring

to another account and then out of that account to either our grantees or to pay for our programs. We do not expect this to have any impact whatsoever on any of our programs or services other than to reduce administrative burden.

ASSEMBLYMEMBER WATTS:

[I am] glad to see some of the improvements in terms of recruitment and retention. Some of this data is extremely helpful and it is good to see we are heading in the right direction. We have seen a significant improvement in the vacancy rate for the Capitol Police.

I think the vacancy rate in the Highway Patrol is a bit of a concern. I definitely heard about some of the recruitment efforts underway and that are planned to continue and expand. My question is, what is your sense of the potential headwinds that could be posed if some of the retention bonuses we put into place last session are ended and the PERS contribution rate goes up as proposed in the Executive Budget, which would reduce the take home pay, particularly for our sworn officers?

MR. TOGLIATTI:

It has always been an issue for us matching PERS, the employee contribution. In most of the counties or other law enforcement agencies, that amount of money is picked up by the county, which is reflected in the employee's take-home pay in their check. We make it very clear to folks and we emphasize the fact that we are lean and mean. We are the place to work, and we are very proud of what we do. We have made other adjustments to try to counter that. But it still remains, if somebody has a family with three or four kids and they look and see the difference in their take-home pay, it is going to affect it. If the rates go up across the board, that is going to have some effect.

SHERI BRUEGGEMANN (Deputy Director, Nevada Department of Public Safety):

If the rates go up, if costs go up and the wages do not, then we are going to be right back in the same boat. The reason we have been successful with our media campaign is we finally had something to sell. We are selling higher rates. We are selling competitive rates. If we do not have that to be able to sell again, even the media exposure will not be as successful as it is right now. It is definitely something that would be very worrisome if the employees' rates went down, net of the PERS increase, medical increase or even the benefits that are associated with the unions. We do not know the results of that yet.

ASSEMBLYMEMBER WATTS:

You mentioned some of the difficulties in the Records, Communications and Compliance Division, particularly with the dispatchers. Has there been any consideration of reclassifying those positions or doing anything else that may assist with helping to fill those vacancies which were identified as particularly hard to fill?

MR. TOGLIATTI:

What makes it extremely difficult for us is, we are very selective in who we hire. We want the best of the best. They go through our training program, and we spend 100 plus each on most of these recruits. At the end of the day, other law enforcement agencies see their ability, see their talent and they will come and cherry pick our employees. That is what really, really can hurt.

I have had some really solid young people working for us and they will come up and say, "we hate to leave, we don't want to go, we like the environment here." I almost equate ourselves with the Marine Corps, a special place to be. But at the end of the day, I have two kids, I've got three kids; I got this and that, I got bills. I have to leave.

The dispatcher issue, I think you are right on target there.

MS. BRUEGGEMANN:

We have attempted to do a number of things. One thing we were successful at is we were able to get the administrative assistants that Ms. Defer spoke of earlier to continue through. These are those quasi positions that help us with new recruits that maybe are not quite ready for radio and telephone but can handle one or the other, and they come into those positions and they have a longer period to adjust. It takes some of the heat off our existing dispatchers who are on forced overtime almost all the time.

The dispatchers are not in the union group with like individuals; they have never been able to get that side of the house going. We have requested a number of times to have our dispatchers reevaluated for wages or reclassified into a different position and separated from, for instance, Taxicab Authority who just call out fares as opposed to dealing with public safety and emergencies and that sort of thing. The timing always seems to be wrong and by the time we got that up and running, the decision to hold back on any new reclassifications came

through. Then we were told, and it was explained the new compensation study would take care of all those issues. We are hopeful that something will be done.

In the meantime, we did find a contract thanks to Erica Souza-Llamas and her research of traveling dispatch agents. This is a new concept, and we are still slowly working with the group to have them established on who can do what depending on what codes they already know, etc. I can have Ms. Souza-Llamas speak to you more about that if you want to know that now, but you will go into that during our specific job budget expectations in the budget presentation.

SENATOR TITUS:

My question is in the same lane as my colleague that just asked about dispatch, but it is related to the equipment you use more than the personnel that is using it.

One of my concerns is communication and when somebody dials the 911 call, where does it go? How does that work with the emergencies that this town has seen? We heard earlier today about the university system, the tragic event there, and we will always remember October 1. One of the things we found out is the radios do not always speak to each other, or you dial 911 and it goes into some location 10 minutes away versus dispatching the closest for folks.

How are you doing with your equipment? I do not see anything revolving around equipment and communications. Your officers at times in my rural area go through areas of no cell service at all. I am wondering how we are doing. Maybe we will hear about it and whether there will be more details about specific needs where the blank areas are. Even driving to Las Vegas there are multiple areas where there is no cell service. I am wondering if we are making any advancement to that end.

ERICA SOUZA-LLAMAS (Administrator, Records, Communications and Compliance Division, Nevada Department of Public Safety):

To answer the first part of your question, we are a secondary public safety answering point. Calls to 911 do not come directly into our dispatch centers. Those will go to the local agencies and then if the local agency determines it is in the State's jurisdiction, they will transfer the calls to our dispatch centers to dispatch the officers out to those.

As far as blank areas, we are working with Nevada Department of Transportation (NDOT), which is taking the lead to replace the current radio systems. I am not real familiar with the details of that, but it is my understanding the radios are being upgraded through NDOT.

SENATOR TITUS:

This is actually not just for public safety, but actually for your own officer safety and for all of us making sure we have that contact when they need backup, when they need help being able to communicate that. I will be interested in seeing how that progress is and how we are working to solve that problem.

MR. TOGLIATTI:

Senator Titus, we will work on the complete full answer for you and do a little deep dive into that whole radio history and who is doing what.

CHAIR DONDERO LOOP:

We will move to public comment.

SARA ADLER (Coalition of Independent Public Charter Schools of Northern Nevada):

I am reading my testimony ([Exhibit H](#)) on K-12 funding and education initiatives.

DORA MARTINEZ:

I would like to suggest that the Nevada Department of Education publish the data. They did publish the data for K-12 reading progress for students kindergarten and up. However, they have not, because I asked this already, and I have not gotten data for kids who are ASL learners, American Sign Language users, and students who are unable to read print, who are blind Braille readers.

We need this data in order to see where our students with disabilities are at this point because we do not want to continue to leave them behind. Some students who are visually impaired and hard of hearing are not getting sufficient and adequate services. I am working with one of the two parents in the rural area, and I would really want that data so we can understand where they are. Their needs are not being met moving forward.

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CHAIR DONDERO LOOP:
Hearing no further public comment, we are adjourned at 3:11 p.m.

RESPECTFULLY SUBMITTED:

Gail Anderson,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

Assemblymember Daniele Monroe-Moreno, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	6	Kent M. Ervin	Written testimony
	D	9	Megan Peterson / Nevada Department of Education	Presentation K-12 Education Funding
	E	31	Jhone M. Ebert / Nevada Department of Education	Presentation Department of Education
	F	49	Patricia Charlton / Nevada System of Higher Education	Presentation Nevada System of Higher Education
	G	85	George Togliatti / Nevada Department of Public Safety	Presentation Department of Public Safety
	H	105	Sara Adler / Coalition of Independent Public Charter Schools of Northern Nevada	Written testimony