

**MINUTES OF THE
COMMITTEE TO STUDY THE FUNDING OF HIGHER EDUCATION
(Senate Bill 374 of the 2011 Legislative Session)
June 27, 2012**

The Committee to Study the Funding of Higher Education (Senate Bill 374 of the 2011 Legislative Session) held its sixth meeting of the 2011-12 Interim on June 27, 2012, in room 4401, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada and room 121, High Tech Center, 1500 College Parkway, Great Basin College, Elko, Nevada.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Steven Horsford, Chairman
Senator Ben Kieckhefer
Senator David Parks
Assemblyman Paul Aizley
Assemblyman Pat Hickey
Hugh Anderson
Heidi Gansert
Gregory Mosier
Kevin Page
Michael Richards
Spencer Stewart
Michael Wixom

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Mike Dillon
Jason Geddes
Assemblywoman Debbie Smith

COMMITTEE MEMBERS PRESENT IN ELKO:

None

COMMITTEE MEMBERS ABSENT:

Jeff Mohlenkamp

STAFF MEMBERS PRESENT IN LAS VEGAS:

Alex Haartz, Program Analyst, Fiscal Analysis Division

STAFF MEMBERS PRESENT IN CARSON CITY:

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division

Mike Chapman, Principal Deputy Fiscal Analyst, Fiscal Analysis Division
Kristin Roberts, Senior Principal Deputy Legislative Counsel, Legal Division
Patti Sullivan, Committee Secretary, Fiscal Analysis Division

EXHIBITS:

[Exhibit A](#) – Agenda and Meeting Packet

[Exhibit B](#) – National Governors Association – Higher Education Performance: Trends and Issues

[Exhibit C](#) – Governor’s Office – Postsecondary Accountability and Performance Funding

[Exhibit D](#) – Nevada System of Higher Education – Implementation of NSHE Strategic Directions

[Exhibit E](#) – SRI International – States’ Methods of Higher Education Funding

[Exhibit F](#) – Fiscal Analysis Division – Memo to the Members of the Committee to Study the Funding of Higher Education (Distributed but Not Discussed)

I. ROLL CALL.

Chairman Horsford called the meeting of the Committee to Study the Funding of Higher Education to order at 9:05 a.m. and the secretary called roll. All the members were present, with attendance in Las Vegas and Carson City, except Mr. Mohlenkamp who was absent excused.

Chairman Horsford said there were several presentations scheduled for the meeting, which would encompass the majority of the time. He intended to adjourn the meeting by 1:00 p.m. and asked the Committee members to have an appropriate level of discussion on each topic, but to reserve deeper deliberation of the issues for the subcommittees.

II. PUBLIC COMMENT.

Chairman Horsford asked for public comment on any agenda item from attendees in Las Vegas, Carson City, and Elko.

Kevin Boyle, English Instructor, CSN, spoke in support of the Chancellor’s proposed funding formula and the importance of providing credit toward completion for course grades A through F. In teaching English composition courses, he estimated putting as much effort into a student who received good grades as a student who received poor grades. Mr. Boyle thought it was fair to recognize the student who completed the entire course, but unfortunately received an F grade, by counting the F grade toward course completion.

Charles Milne, Faculty Senate Chair, CSN, testified at the meeting and provided the following written testimony:

I represent over 500 faculty at CSN, and we overwhelmingly support the Chancellor's proposed funding formula revision. We don't support it because it provides us more funds for our college and remedies the chronic underfunding of CSN. Even if adopted as written, we will still be supported less per student. We support it because it is the right way to fund higher education. Education should be funded equitably for the activities they do - teaching and research. In today's economic climate, it is reasonable to look at the performance of higher education and consider that in its funding, also. These concepts form the basis for the funding proposal you have before you today. It consists of 3 parts or components. The base funding component is the metric that determines the majority of the funding for the NSHE institutions. For each institution, the total weighted student credit hours is calculated. This amount is an input type of measure, and is a measure of course completions - students who completed a course with a grade of A-F, primarily. This is a good metric to use as the base of the formula because it provides funding for teaching students who complete the course. If an institution is able to increase the number of students who complete a course and not withdraw, while maintaining course rigor, they will see increased funding. It is logical that if the course completion rate increases, student success increases. Institutions will be provided incentives to increase course completion rates and improve student success, which benefits Nevada.

The second component of the proposed funding formula is the add-ons for economy of scale and research. These are specific amounts given to institutions that are small or are conducting significant amounts of research.

The third component of the Chancellor's funding formula model is the performance pool. There is a debate as to the source of the funds - a portion of the overall budget for higher education or new funds. If it is a carve out, then institutions will be competing to recover funds they desperately need to function. If it is new funds, this will provide an incentive to improve student success at each institution. There are many performance metrics that gauge the student success at an institution. Graduation rates is an example of an output metric. If that is included in the performance pool, then institutions will be given an incentive to increase their graduation rates. You have to complete courses to graduate, but there are subtle, but substantial differences between these metrics. For course completion, any grade signifies that a course was completed, even if the student failed to learn the material. For graduation, however, many courses of study only count A-C grades.

All of us have heard the saying that 'the devil is in the details'. The choice of performance pool metrics of outcomes is most important. What the funding formula provides an incentive for will increase in the institutions. One of the dangers of this process is unintended consequences. Another is improving several metrics while ignoring others that are important. We ask the committee to seriously consider an institution-specific metric in the performance pool component of the funding formula. This could be some key performance metric related to the institution's mission, such as fall-to-fall persistence, or success of math remediation among first generation, low income students. There are dozens of such performance metrics. Forcing an institution to choose a new institution-specific metric every 5 years, for instance, would encourage each institution to focus every 5 years on a new key measure of performance and seek ways to improve. It would also prevent an institution from 'camping' on one measure that they do well on at the expense of overall performance. This changing performance metric will reduce 'gaming' the system by institutions to increase funding by improving performance on only these few measures, without improving their overall performance. The mathematics of adding an institution-specific component to the formula will be complex, but we believe the benefits outweigh the costs.

CSN has become an Achieving the Dream institution. We will develop a culture of producing data-driven change to improve student success in ways we see that are specific to CSN. We will not let the proposed funding formula dictate how to improve student success. In a few years you will see substantial improvement in student success at CSN. We believe the committee will seriously consider how to promote student success by the funding formula, and make it one that will produce lasting changes. We believe this proposal as presented will go a long way toward producing that change.

Jim Richardson, testified on his own behalf rather than the Nevada Faculty Alliance, who he usually represented at the meeting because the Alliance had not met to develop a consensus on issues the Committee was addressing. However, he noted to be speaking from experience having served on the 2000 Interim Committee to Study the Funding of Higher Education and the Committee to Evaluate Higher Education Programs established by A.B. 203 (2003 Legislature). Dr. Richardson was impressed with the meeting material submitted by the National Governors Association and its inclusion of STEM (Science, Technology, Engineering, Math) and health related courses along with an emphasis on low-income graduates and external research funding. He strongly urged the Committee to consider the recommendations, which would be presented by the NGA in Agenda Item IV. Conversely, Dr. Richardson

expressed his concern with SRI International's recommendation to fund research through the Knowledge Fund, with the funding acquired through a severance tax, because the Knowledge Fund did not contain any money, and a tax would require a positive vote of the people and six years to accomplish. On national benchmarks, he thought it was important for the Committee to include them in developing the funding formula and the performance pool metrics. Nevada needed to have an understanding of how its institutions compared nationally and determine the state's ranking on graduation rates or its percentage of improvement. Dr. Richardson supported utilizing new funding sources for the performance pool rather than funding it from a carve-out of base funding. He concurred with Dr. Milne that new money was needed in order for performance funding to work, especially since the institutions had experienced a 30 percent cut in state support over the previous two bienniums and were forced to increase tuition by 50 percent. Lastly, Dr. Richardson voiced approval for allowing each of the state's institutions to retain their tuition and fees with oversight through the Board of Regents, institution presidents and administration. He thought it was an important issue for the Committee to address, noting that according to SRI International, Nevada was out of alignment with the rest of the country in its current practice on tuition and fees. Concluding his testimony, Dr. Richardson thanked the Committee for their time.

Santos Martinez, Vice President of Student Affairs, CSN, told the Committee he was new to Nevada and had been employed in his position at the college for one month. He said CSN's faculty, staff and administration were committed to student success and continually sought ways to improve student services and support services. In a two-year process, Dr. Martinez said CSN intentionally became an Achieving the Dream (ATD) institution, joining a national network devoted to student success. He explained that as part of the ATD network, CSN aligned itself with an organization that targeted community college student success and completion, especially low-income students and students of color. Dr. Martinez said ATD was evidence-based, student centered and built on the values of equity and excellence. The ATD guiding principles were as follows:

1. Committed leadership to help students succeed.
2. Use of evidence to improve programs and services to secure broad engagement.
3. Systematic institutional improvement to align policy, initiatives and processes.

According to Dr. Martinez, for many years CSN had provided student support services such as tutoring, advising, supplemental instruction, counseling and psychological services, career exploration, and financial aid packaging. However, he said it was key to connect the students needing those services with the services offered by CSN. Historically, the students that took advantage of those services were typically the students that did not need the service. He thought CSN could learn and acquire information from the more than 200 colleges that were engaged in the ATD concept, which would help CSN to refine its services and focus its efforts in line with the data. Dr. Martinez indicated that CSN was in the process of developing several initiatives and one targeted recruitment effort to help potential students and their families navigate through the complex admission and financial aid process. Part of the recruitment

involved working with high schools and other agencies to connect students interested in college with an advisor or “success coach,” as he thought they should be named, who could help the students explore their options, choose a degree plan of study and keep them on course. Although it would be a challenge, Dr. Martinez envisioned the student and success coach relationship extending from admission to graduation. He acknowledged to only having 14 success coaches at CSN, but planned to add more. Dr. Martinez wanted to develop a team approach for helping students to succeed comprised of faculty, success coaches, counselors and staff, which translated into an intrusive case management model to connect students needing services at CSN to the available services.

Chairman Horsford thanked Dr. Martinez and looked forward to his ability to move some of the initiatives forward at CSN. He noted that at the May 2012 Committee meeting there was extensive discussion about Hispanic-Serving Institution designation and how important that federal funding was to the community colleges, and CSN in particular. Chairman Horsford indicated he would be looking for some very specific action steps because it was one of the foremost priorities of the Committee. He said President Richards was committed to focusing on the issue in the Community College Funding Subcommittee, but he also looked forward to input from Dr. Martinez and others working on that initiative.

Dr. Martinez said he would be sure to provide the requested input.

James McCoy, Associate Vice President for Academic Success, CSN, elaborated on Dr. Martinez’s comments on the college’s Achieving the Dream (ATD) status and new initiatives CSN was exploring through data-driven decision making. He said CSN’s participation in Complete College America and ATD would help lay a foundation of additional innovative student success initiatives and practices to put the institution in an excellent position to apply for grants from federal, private and nonprofit sources. As CSN approached the one-year mark of its ATD status, Mr. McCoy indicated it was a “top-down” initiative and an institutional effort. The college would spend the next year analyzing data and planning student success initiative strategies in order to apply for external grants. He said 15 other ATD institutions including Gilford Technical College in North Carolina and Sinclair Community College in Ohio had been very successful at being awarded grant money to support student success initiatives. Both institutions had been given grants to participate in the Developmental Education Initiative program. With that grant funding, Gilford Technical College provided intensive advising and case management for developmental education students, which began with orientation and registration processes culminating in a learning assistance center that targeted specific student groups who needed the most help. Sinclair Community College used its grant funding from the Developmental Education Initiative for policy and practice reviews that would guide the design of a module pathway for developmental students. Sinclair proposed to expand its student success plan initiative to nine area high schools in Sinclair Operating College and Career Resource Centers, which would include individual learning plans, coaching, case management and online math modules with diagnostics. In addition, he noted that 15 ATD community colleges had been awarded

\$100,000 grants from the Walmart Foundation to support faculty and staff engagement strategies aimed at improving student completion rates. Mr. McCoy said CSN hoped to be successful in applying for grant funds, which would help to provide wraparound support for students. The funding would also be used to assist more students through remedial education to effectively complete college level courses and consequently complete meaningful degrees and certificates. He said graduating more students would also benefit Nevada's need, as well as federal need, for college-educated workers.

Chairman Horsford asked how much funding CSN was receiving for the ATD initiative and if any of the other 15 institutions had received grants.

Dr. Martinez answered that CSN was paying to be part of the ATD network, which provided an avenue to compete for grant funds such as those offered by Walmart or the Bill and Melinda Gates Foundation.

Mr. McCoy added that other ATD institutions had received grant funding and he cited the Developmental Education Initiative as an example he had shared during his presentation. The Lumina Foundation and the Bill and Melinda Gates Foundation also provided opportunities for grant funding.

Chairman Horsford probed further about why CSN had not been eligible for the grant funding that other ATD participants received. He asked what barriers, challenges and impediments CSN encountered in its pursuit of the grants.

Dr. Martinez said the concept of ATD had changed since it began in 2003 when institutions received funding for applying and being accepted as part of the initiative. He explained that CSN applied for two years for ATD status, was accepted into the network in the second year and paid to belong to the network. Being accepted into the network put CSN in a select group of institutions able to compete for additional grant funding that would not be available otherwise.

Chairman Horsford asked if any of CSN's efforts as an ATD institution aligned with becoming a Hispanic-Serving Institution.

Dr. Martinez answered that through the ATD initiative CSN was focused on the success of students of color including the Hispanic and African-American population. He said CSN was trying to reduce or eliminate the gaps in achievement, participation and graduation rates between ethnic groups and the White population at the institution. Dr. Martinez explained that CSN wanted to emulate each ethnic group's population in the community with the student population at the institution. For example, he said if the Hispanic population in the community was 30 percent then the institution's goal would be to have 30 percent Hispanic student population participation and graduation at CSN.

Chairman Horsford recounted the presentation at the May 2012 Committee meeting regarding Hispanic-Serving Institution designation where the members learned about specific eligibility criteria that prevented CSN from the designation. He asked what the

ATD initiative would do to help, hinder or distract from CSN's goal of becoming a Hispanic-Serving Institution.

Dr. Martinez responded that part of the Hispanic-Serving Institution designation required the institution to have a 25 percent full-time equivalent enrollment of Hispanic students for two consecutive years. He said CSN was shy of that number to date despite making a concerted effort to recruit Hispanic students. Since the recruitment approach was not as effective as hoped, CSN decided to try other methods of working with Hispanic students. Dr. Martinez reported CSN was in the process of building partnerships with high schools consisting of a high minority enrollment in an effort to get the students interested in college. He indicated CSN was also considering shaping the course schedule to promote student success by offering block scheduling to help the students align their workday with attending school. He said these approaches and others were being enlisted in order to meet the 25 percent Hispanic student enrollment for the Hispanic-Serving Institution designation. Dr. Martinez noted that CSN had already met the other criteria for the designation in terms of low-income students.

Chairman Horsford thought meeting the criteria for a Hispanic-Serving Institution designation was very important with immediate action taken in order to take advantage of the grant funding available from the federal government. He looked forward to some very specific written action steps as part of the work of the Community College Funding Subcommittee. It was a priority of the Committee and a recommendation would be in the final report.

Michael Spangler, Dean, School of Advanced and Applied Technologies, CSN, testified before the Committee and provided the following written testimony:

I would like to address the full committee in support of the proposed NSHE Funding Formula that has been discussed. I support a model that encourages course completion, rigorous academics and degree completion – all of which I think will help us diversify Nevada's economy.

Many people don't understand what the Associate of Applied Science Degree can do for economic development. This degree prepares students for high wage, high demand careers, such as biomedical equipment electronics, fiber optics installation, networking or server technicians, central plant operations, cyber security, and e-commerce specialists. It's the second most popular degree at CSN. Additionally, most AAS degrees include preparation for industry certification or licensure.

These are programs with 100% or close job placement. These fields all have high growth potential and would yield annual incomes around \$50 K with several earning considerably more.

In fact, I have trouble keeping students in these programs long enough to graduate because they frequently are nabbed up by industry. While the degree is of value to the student, and the student frequently returns at a later date to the institution to obtain the degree, I support a funding formula model that rewards course completion (grades A-F) along with emphasizing degree completion.

CSN's contribution to economic development also includes introducing new technologies. An example is our GHP-Gas Heat Pump project with Southwest Gas and Intellichoice Energy. The technology uses natural gas to power commercial air conditioning. As you know, the U.S. is the Saudi Arabia of natural gas. This GHP technology allows us to power an air conditioner that would handle much of this building with the size of gas line that goes to your house and the electricity that powers your blender. CSN, through a \$250,000 congressional grant is the nation's sole source for training in this technology.

I support the NSHE proposed funding formula model and believe it will encourage CSN and other NSHE institutions to produce highly skilled, employable workers who earn a family sustainable wage. Thank you all for taking the time to serve this committee on such a critical issue to our state and our future. I am happy to answer any questions you have.

There was no further public comment.

III. APPROVAL OF MINUTES OF THE APRIL 25, 2012, MEETING.

SENATOR PARKS MOVED TO APPROVE THE MINUTES OF THE APRIL 25, 2012, MEETING. ASSEMBLYMAN AIZLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

IV. PRESENTATION AND DISCUSSION BY NATIONAL GOVERNORS ASSOCIATION'S CENTER FOR BEST PRACTICES REGARDING STATES' USE OF PERFORMANCE CRITERIA IN THE FUNDING OF HIGHER EDUCATION AND RECOMMENDED PERFORMANCE FUNDING PRACTICES.

Travis Reindl, National Governors Association, Center for Best Practices

In his role with the National Governors Association (NGA), Mr. Reindl said he advised governors around the nation, including Governor Sandoval, about best practices in

various segments of education policy. Beginning his presentation entitled *Higher Education Performance: Trends and Issues* ([Exhibit B](#)), Mr. Reindl intended to discuss how other states addressed allocation of scarce public resources for post-secondary education and the use of those resources as a means to advance broader statewide goals, particularly economic vitality. He also wanted to convey current and available information on other states' practices as it related to the Committee's review of NSHE's funding allocation model. Mr. Reindl said the NGA had the privilege of working with a team from Nevada over the last year through a process named the Policy Academy. The NGA was impressed by the level of commitment, focus and cooperation of Nevada's team and Mr. Reindl thought that was a credit to the Governor's Office, the Chancellor's Office and the other constituencies. He believed the group deserved credit for how they approached the difficult issues.

Referring to [Exhibit B](#), page 2, Mr. Reindl reported that state governors had been discussing alternative ways of financing post-secondary education because of the economic, fiscal and demographic aspects of what he called the triple threat or triple opportunity. He said the national economy demanded more educated workers with meaningful education beyond high school, including short-term certificates to post-doctorate degrees. There was evidence of a global phenomenon of a mismatch between jobs and skills and according to the McKenzie Company, in the subsequent 15 years there would be shortages developing of individuals beyond secondary education and surpluses of individuals with just secondary education. If action were not taken, those imbalances in educational attainment would cause economic consequences throughout the nation, including in Nevada. However, taking action in an environment where public resources were more in demand and less in supply became a difficult task. Mr. Reindl said although there were some indications of recovery of revenue and economic activity for many states, including Nevada, it would be a long climb before public resources rebounded. He stated that demographics also posed a serious challenge for governors and legislatures because of the aging of the population and the aging of the infrastructure. Over the next 20 years there would be in excess of 78 million "baby boomers" exiting the workforce. Those jobs had to be backfilled with a skilled workforce, not solely made up of 18 to 24-year-olds, but with 25 to 35-year-olds who either never went to college, or went and never finished. Therefore, it became important for states to get older adults to obtain a certificate or degree. Mr. Reindl indicated it was essential for states to determine the amount of available funding and its best utilization because the economy demanded more educated workers, colleges and universities were competing for fewer resources, and a more diverse population would put pressure on public colleges and universities. In addition, he said states had to engage questions about investment priorities and return on investment in post-secondary education. States needed to decide if they were getting as much as possible for the investment made in post-secondary education and if that investment were aligned with the priorities and the needs of the state. Mr. Reindl said the NGA worked with the Complete College America organization, which had an alliance with 30 states, including Nevada. One of the founding premises of the joint effort between the NGA and Complete College America was that states needed to get better at measuring performance in higher education and defining the measures. Page 3 of

[Exhibit B](#) entitled *Measuring Performance: Common Completion Metrics* showed types of progress metrics and outcome metrics. Mr. Reindl explained that progress metrics were measures of interim achievements strongly linked to student success, and included remediation entry and success; success in first-year college courses; credit accumulation; retention rates; and course completion. Outcome metrics such as degrees awarded; graduation rates; transfer rates; and time and credit to degree were indicators of successful outcomes. He thought it was important for states to research what increased the odds of having more completers and more graduates as that information would help the institution know whether a student was on a course of successful completion. Page 4 listed efficiency and effectiveness metrics, which included meeting workforce needs; student output relative to input; return on investment; and quality of student learning. Mr. Reindl said the NGA thought it was important for states to enter into management discussions about the return on investment made by students and taxpayers, especially how each dollar of spending translated into the number of certificates and degrees awarded in a particular year. He noted that the quality of the education was also very important; however, it was difficult for systems to determine if the institutions were producing graduates that the state's economy needed to be successful, not only as workers, but as citizens. Mr. Reindl said one of the most impactful ways that a state indicated its values was through funding; therefore, the idea of connecting performance to funding in post-secondary education was enacted. Performance funding had been around for about 30 years, with the idea that there should be a tighter connection between outcomes and actual public funding. The movement was led by the state of Tennessee, with many other states following. The early initiatives labeled Version 1.0 did not go far, but the NGA was seeing a second wave or what Mr. Reindl called Version 2.0, which was an interest in a relationship between money and priorities and performance. He indicated that more than 50 percent of the states were considering allocating some portion of their public revenues to post-secondary education on the basis of performance, or were at varying stages of implementation of a new funding formula. There were seven states presently using base appropriations for post-secondary education, with a combination of performance indicators. Mr. Reindl noted in Version 1.0, performance funding was supplemental, bonus money on top of base funding; however, performance funding in Version 2.0 originated from the base allocation. Many of the design principles of Version 2.0 shown on page 5 ([Exhibit B](#)) resulted from what was learned from the implementation of Version 1.0. Mr. Reindl thought the concepts and structure of performance funding that Nevada was contemplating was aligned with the design principles on page 5. He said it was important to determine the state's goals reinforce mission and to place premiums on populations who were difficult to reach and serve. Also vital to the process was making sure to treat research universities, comprehensive universities, community colleges and specialty institutions appropriately, without grouping them together. Mr. Reindl stressed that states needed to focus on critical priorities with a clear sense of measure, and clear metrics that were not dense or multi-layered for easy conveyance to leadership teams, policymakers and other stakeholders on what was expected to be accomplished. He said one of the limitations of Version 1.0 was there were too many priorities. One state had 37 different goals and more than 100 metrics, which was unmanageable with no clear sense of what was being

accomplished. Another limitation of the early version of performance funding was not making it to be significant enough for stakeholders to take notice; therefore, it was easy to discontinue the program when money was limited. Mr. Reindl emphasized it was important to make the performance pool worth the time and effort.

Moving to page 6 ([Exhibit B](#)), Mr. Reindl identified the implementation principles for performance funding Version 2.0. He stated that having a “glide path” into a new funding model was important, but it required balance, and states needed to be able to plan from both a financial and engagement standpoint. As seen in the states of Arkansas, Ohio and Indiana, structuring a transition or phase-in into performance funding was also helpful, because it was essential for institutions to work with faculty and staff to understand the implications, talk through concerns and have a chance to correct any unintended consequences. Mr. Reindl said the second implementation factor was to use “stop-loss,” which was a graduated movement into the full impact of performance funding, rather than “hold harmless.” Not suspending the policy when revenues fell was the third point of implementation and he noted that both Indiana and Pennsylvania had resisted that instinct. Both states felt it was important to continue performance funding even with diminished revenues because the outcomes of course completion, credential completion and progress toward a certificate or degree was important.

Mr. Reindl provided some illustrative examples of performance funding models starting on page 7 ([Exhibit B](#)). He said Tennessee was one of the first states to implement performance funding and had been through a number of iterations, with a recent sweeping change to the entire base allocation model in 2010-11. Tennessee’s categories were divided into 2-year and 4-year institutions, with inclusion of different weights within the 4-year institution category for research and non-research universities. The categories also included intermediate measures, such as student progression (accumulation 12/24/36 credit hours); ultimate outcome measures, such as degree awards and employment in the 2-year category; and relational measures, such as degree productivity and completion per 100 full-time equivalent students enrolled. Mr. Reindl pointed out that Tennessee’s model included differentiation, including mission differentiation for each type of institution, and its scope applied to the entire base. He was often asked if Tennessee’s performance funding destabilized the institutional funding base and thus far, it had not. Another case example was the state of Pennsylvania (page 8), which had one of the longest continually running programs in the nation, although changes to the program had been made over its more than ten year duration. Pennsylvania’s system had 14 state-owned institutions, which were primarily teaching institutions that did not have an extensive graduate research portfolio. Mr. Reindl said the most interesting factor was the combination of common indicators that all 14 institutions were required to track, including measures in the categories of access, success and stewardship. Other measures were by institutional choice from a predetermined menu in which the state expected for each institution to make its selections to cover all of those core areas. He noted that Pennsylvania had seen appreciable gains in their graduation rates, particularly among non-White students as well as other key indicators. The state had to modify the amount of the funding because

of sharp reductions in state funding for post-secondary education, but did not abandon the program. The board in Pennsylvania made a commitment to stay with the performance funding approach and only modify the amount of funding when necessary. As revenues recovered in the state, the program would be reevaluated and funding increased accordingly. Mr. Reindl's final example was the state of Ohio (page 9) where tying the entire base allocation to a performance oriented allocation system was planned. The state's approach included three different models, one each for community and technical colleges, university regional campuses and university main campuses. He said Ohio's performance funding incorporated a combination of intermediate and final outcomes, credit accumulation, course completion and degree completion. Another significant point to Ohio's plan was the accounting for non-White students and at-risk students, as well as the academic and financial component based on a student's ACT score and eligibility for federal student aid.

Turning to page 10 of [Exhibit B](#), Mr. Reindl said there would be deliberations on what type of performance-oriented model would work best for Nevada. He suggested for the Committee to ask the four questions listed on page 10 during the discussions. The first question was regarding the state's vision and whether there was a clear sense of where the state wanted to be in terms of an educated workforce, and at what levels (above or below baccalaureate) or in what fields. Mr. Reindl said an important part of the vision was knowing if the state had high priority workforce areas such as science, technology, engineering, math (STEM) and health care. The second area to discuss was economic need and if there was a clear connection between university system outcomes and the needs of the state's economy, both presently and toward the future. He noted the third piece was capacity, which was critical in making a performance funding model sustainable, with models built with the appropriate staffing and technology to make the program actionable. The last question involved urgency and if there was enough of a sense among the business community that change was needed among all of the key stakeholders to better serve the students the system had presently and in the future. Concluding his presentation, Mr. Reindl reiterated that the NGA had worked with both the Governor's Office and the Chancellor's Office. He expressed that the NGA had been heartened to see that both offices had a respect for mission differentiation, there had been a clear statement about interim and final outcomes, and the needs of the economy were clearly stated and prioritized. Mr. Reindl told the Committee that design principles that had successfully been utilized in other states were at work in Nevada.

Chairman Horsford said he appreciated Mr. Reindl's presentation.

Mr. Anderson noted under the NGA's design principles for performance funding (page 5, [Exhibit B](#)), the first criteria noted that all funding was performance-based. He asked if that meant 100 percent performance-based.

Mr. Reindl responded yes, but clarified that the NGA did not recommend that every state should put 100 percent into a performance funding model. It was important for states to determine what type of performance should be funded when a new allocation model was designed. He said when funding performance many states utilized a

combination of enrollment and other criteria. Although enrollment was a legitimate performance component, states needed to decide how much funding was desired for enrollment versus how much for outcomes.

Mr. Anderson noted that the state of Tennessee started utilizing 100 percent performance funding in 2010-11, but inquired about their initial percentage in 1979 when the model was introduced.

Mr. Reindl said Tennessee's program started small, as did all the first generations of performance funding, with a supplemental equivalent to 5 percent of the overall base appropriation. He explained that the state awarded the base and then the institutions competed for a smaller supplemental pool of 5 percent or less. Mr. Reindl indicated that in the late 1990's when funding was scarce, institutions were pleased when the states discontinued the program because it was data intensive without reaping much funding for all the work involved.

Referring to the implementation principles for performance funding 2.0 (page 5, [Exhibit B](#)); Mr. Anderson inquired how long a glide path the NGA recommended.

Mr. Reindl said it varied from state to state and one of the material considerations was whether the state had a biennial legislature because the decision-making often worked on a different schedule. Arkansas was using five years and other states as few as two years. He thought Nevada should definitely give itself two years.

Chairman Horsford asked Mr. Reindl to provide information on the percentage of budget cuts the states utilizing performance funding had experienced since 2008. He thought that Nevada was unique in that higher education had been singled out for much higher-level budget cuts compared to other states. Furthermore, Chairman Horsford thought that some of the states had provided flat funding or even increased funding for higher education, even though they were going through a budget crisis.

Mr. Reindl said he would provide the information. He indicated that Tennessee had experienced a loss and Pennsylvania had a 30 percent proposed loss. Although Pennsylvania's actual loss had not been as high as 30 percent, it was in the double digits.

Senator Kieckhefer asked if there was an identified threshold that the NGA recognized as an effective percentage of funding to incentivize preferred behavior.

Mr. Reindl said most states utilizing the base plus model of performance funding were in the low double-digit numbers up and to 100 percent performance funding in the case of Tennessee.

Dr. Mosier asked to what extent national benchmarks were incorporated into the performance funding criteria. He used the performance metric of quality, as an example, which he noted was typically relational.

Mr. Reindl indicated national benchmarks could be included in performance funding criteria. However, he said while states existed in a national labor market and higher education existed in a national enterprise, states needed to balance the institution's performance relative to students and the state's economy. If national benchmarks were utilized, a state might look good in some, but not good in others. It was an area where states had difficulty in performance funding Version 1.0, because certain parties only wanted national benchmarks when it looked good for the state. Mr. Reindl stated the NGA had seen national benchmarks work well when there was an institutional choice dimension or if there was an institutionally defined metric that supplemented the core measures. He thought the national benchmarks were better utilized in this way rather than inside the core of the performance measures.

Among the states highlighted in the presentation, Dr. Mosier asked if the NGA had data on whether they ignored or incorporated national benchmarks into their performance funding.

Mr. Reindl said national benchmarks were not shown in those states' core measures, but rather, the benchmarks were referential toward the institution and how it was performing. He noted that in other states not highlighted in his presentation, the institution used some kind of benchmark or an externally referenced metric in a self-developed measure.

Dr. Mosier said he did not understand how that concept worked. He wondered if institutions started with a "low bar," if they would then get better relative to their low bar and not necessarily where they were at the beginning.

Mr. Reindl said continuous improvement should be the focus. The ultimate goal was to have more certificate and degree holders in Nevada; therefore, at some point the institution should be referencing performance to themselves rather than if the performance was on par with California State Sacramento, for example.

Dr. Mosier questioned whether the national labor market was important.

Mr. Reindl indicated the national labor market was a consideration, but it needed to be balanced against other features. He was not arguing against national benchmarks, but thought they should be used judiciously in that type of setting.

Dr. Stewart asked if the state of Pennsylvania was unique in its use of nationally normed quality assurance vehicles or if other states and systems were using them as well.

Among the pool of states that incorporated a learning item within its performance measurements, Mr. Reindl said Pennsylvania was unique. Pennsylvania had a 14-institution system, consisting of regional comprehensive universities, which all had similar characteristics in mission outlook. All of the institutions had agreed to operate

using nationally normed instruments, such as Collegiate Learning Assessment (CLA), Collegiate Assessment of Academic Proficiency (CAAP) or the ETS proficiency profile. Mr. Reindl explained that a multi-campus system like Nevada would not have that common denominator as a basis; whereas, states with like campuses had an opportunity to measure performance and focus on quality using direct assessment and indirect assessment. He noted that many states had utilized indirect assessment by measuring licensure and certification exam pass rates such as the NCLEX for nurses, or PRAXIS for teachers, as an indicator of the quality of the graduate.

At institutions where performance funding had been in place for at least five years, such as the Tennessee system, Mr. Aizley asked if the NGA had gotten feedback from faculty and wondered if they were happy with the model.

Mr. Reindl said there was a range of responses from faculty and thought anytime a directional change was instituted there would be some degree of concern and wariness on the implications. He indicated the most common concern the NGA heard from faculty had to do with quality. There was no doubt that the faculty wanted the students to get the needed courses to achieve certificates and degrees and were vested in student success. However, the faculty was concerned with the impact on how instruction and programs would be delivered and how those could be measured to determine and preserve the type of quality the state needed and deserved.

Mr. Aizley agreed with the overall picture, but wanted to know if there were winners and losers and if there were departments that fared better than others did, realizing that it would be different for every campus. Noting that the teaching research faculty were the performers, he wondered if they were performing better with a performance funding model in place.

Mr. Reindl said Pennsylvania had seen improvements in graduation rates including those graduation rates from students historically finishing at lower rates. Those types of results stemmed from a faculty who were engaged in the process. He added that when Tennessee built its model much time was spent on the campuses working with faculty from different disciplines on the design of the program. Responding to Mr. Aizley's question regarding winners and losers, Mr. Reindl said yes there would be both and if an institution was not showing improvement it may be considered a "loser."

Chairman Horsford thanked Mr. Reindl for his presentation and continued participation through the NGA.

V. PRESENTATION AND DISCUSSION REGARDING NEVADA'S PARTICIPATION IN THE POLICY ACADEMY ON PERFORMANCE FUNDING IN HIGHER EDUCATION SPONSORED BY THE NATIONAL GOVERNORS ASSOCIATION.

Heidi Gansert, Governor's Office

Heidi Gansert, Chief of Staff, Governor's Office; Crystal Abba, Vice Chancellor for Academics and Student Affairs; and Travis Reindl, National Governor's Association

(NGA) presented information on Nevada's Work with the NGA. Referring to page 1 of [Exhibit C](#) entitled *Postsecondary Accountability and Performance Funding*, Mrs. Gansert said Nevada was one of six states (Nevada, Colorado, Connecticut, Kentucky, Missouri, Utah) fortunate to have received a \$30,000 grant from the NGA. The grant period was from October 1, 2011 through July 31, 2012 and Nevada participated in two NGA led workshops and multiple meetings of the state working group. The state working group was formed and consisted of the Grant Leadership Team (page 2) members along with additional key project participants (page 3) representing the Executive Branch, the Legislative Branch, the Nevada System of Higher Education, the Board of Regents and the private sector. Mrs. Gansert said it was important to have different stakeholders involved in the decision-making process while considering all of the objectives for an outcome-based funding model. There was a growing demand for an outcome-based funding model partly in response to fiscal challenges faced by Nevada and other states across the nation. She indicated it was essential for Nevada to use its funding wisely, which prompted applying for the NGA grant and forming the group to work on the issues. The committee members initially discussed accountability metrics (page 5) in the context of Complete College America (CCA) and what measures were important for Nevada. Mrs. Gansert related the group arrived at metrics concerning the significance of degree and certificate completions, the number of completions and the quality of completions.

Chairman Horsford asked if the NGA working group replaced the initial advisory group the Chancellor selected when CCA was first developed.

Ms. Abba said the NGA members were a separate and distinct group from the CCA group.

Mrs. Gansert said when the team first met with the NGA and other states' teams in Atlanta, Georgia the discussion started in context with CCA where states shared what they wanted to achieve and their different goals. Nevada's team was interested in changing institutional behavior by linking performance to dollars and incentives. Initially the members discussed the performance pool in broad terms of what the state wanted to accomplish (page 6) identifying degree production, efficiency, and at-risk populations as selected measures, which related to critical outcomes. She said the team had the benefit of studying what other states such as Tennessee and Ohio among others had previously done on performance funding. Nevada was fortunate to be in the 2.0 Version grouping, as Mr. Reindl had discussed in his presentation, learning from those other states' experiences. Mrs. Gansert identified the model Nevada's team decided upon, which recognized certificates, degrees, and transfer of completed work; focused on workforce needs and alignment with economic development goals; and focused on access for low-income and at-risk students. The model also emphasized research for the universities and the Desert Research Institute, and measuring efficiency as completions for 100 full-time equivalents. As shown on page 8, key concepts of the proposed performance pool reflected the state objective of graduating more students who would serve Nevada's new economy; making sure the outcome measures were easily understood and communicated; and focusing on having a few significant

measures, rather than a lot of measures. She noted that in Mr. Reindl's presentation he said one state had 37 different measures and 100 objectives. She indicated the team thought it was important to have an incentive pool that was understandable in order to really affect change. One of the elements of the proposed performance pool (page 9) was accountability, with objective measurements used for comparison. Mrs. Gansert said the team spent much time with Ms. Abba, whose expertise was data, to find out what data was available, how it could be utilized and making sure the data was consistent. The team also looked at two more elements including better performance for efficient instructional delivery focused on completions, and collaboration between the two-year and four-year institutions on transfers. It was desired for students to move from the community college system into the university system, but for the university system to accept credits from other Nevada institutions and institutions outside of the state. Having all those credits count toward completion numbers was an important outcome.

Turning to page 10, Mrs. Gansert cited the development of the performance pool included a collaborative process, and as previously noted the team consisted of representatives from the Governor's Office, the Legislature, NSHE and the private sector. The chart on page 11 denoted the performance pool model for consideration and she acknowledged that the hardest part of development of the proposed model was turning the concepts into numbers. The performance was divided into four different pools: university (University of Nevada, Reno and University of Nevada, Las Vegas); state college (Nevada State College); community college (Great Basin College, Western Nevada College, Truckee Meadows Community College and College of Southern Nevada); and research (Desert Research Institute). Mrs. Gansert said that in the university pool the team tried to give significant weight to degree completion including bachelor's, master's and doctoral degrees. An incentive for research, transfers, and low-income graduates were also included in the university pool. There was special consideration for economic development with the chosen proxies of science, technology, engineering and math (STEM) and Allied Health graduates incorporated into all of the pools (except Desert Research Institute) with a weight of 15 percent. The chart showed a higher weight for low-income graduates in the community college and Nevada State College pools because they were considered access institutions. Mrs. Gansert noted the community college pool also included a 10 percent weight for Gateway course completers (first college-level course completed after student completed remediation) for the purpose of incentivizing the outcome of completion of a Math 101 or English 101 course as a first step toward certificate or degree completion. She pointed out on the community college pool model there was a weighting for workforce recognized certificates that may be given by different types of organizations or entities and not necessarily granted by the institutions themselves. The certificates mattered to students and the team wanted to recognize them as an important part of the community college system. Mrs. Gansert noted the certificates were typically transferrable or portable giving them meaning from state to state. Although a method for identifying that information was not yet in place NSHE was trying to make sure that data would be verifiable and consistent. Concluding her presentation, she said page 12

consisted of outcome terminology and their definitions, which was important in interpreting the draft performance pool model.

Chairman Horsford noticed the proposed model was labeled Version 17 and noted the group must have gone through many iterations. He understood all the guiding principles Mrs. Gansert discussed in her presentation as they reinforced the NGA best practices and many had also been discussed by committee consultant SRI International. However, in order for the Committee to gain a full understanding of the performance pool concept he asked how the team arrived at the percentages shown on the draft model (page 11). He wanted an explanation of the weights and the calculations and how it translated into actual dollars.

In response to Chairman Horsford's questions, Mrs. Gansert said she would address how the team chose the weights and then Ms. Abba would follow with an explanation of the calculations.

Mrs. Gansert said there were many discussions surrounding what to incentivize. Certificate and degree (bachelor's, master's and doctorate's) completion was deemed the most important and the weighting ranged from 50 percent to 60 percent in the various pools. Research was incentivized in the university pool at 15 percent and in DRI's pool at 100 percent. She also noted that transferring out of the community college with 24 credits or with an associate's degree was given a greater weight than transfers into the university system. Mrs. Gansert pointed out there was a higher weighting for access in the community college pool versus the universities because the team thought the mission of the community colleges was to provide access. The low-income graduates weighting was higher in the community college and NSC pools because of access and economic development was weighted equally in each of the pools.

Ms. Abba addressed the raw outcomes in the draft performance pool model and how the team determined the points associated with the assigned weightings. She stressed for the Committee to refer to the detailed definitions on page 12 of [Exhibit C](#) for a complete understanding of the terms on the proposed performance model chart rather than just reading the subheadings. For example, in the university pool, she explained that the bachelor's degrees were the total number of degrees awarded during the course of an entire academic year. Low-income graduates were defined as the total number who were Pell Grant eligible who graduated during an academic year with a certificate, associate's or bachelor's degree. Pell Grant eligible was chosen over Pell recipient because the team wanted to incentivize the institutions to get students to fill out the Free Application for Federal Student Aid (FAFSA) to determine whether they were Pell eligible and then to count them for purposes of the pool. Ms. Abba noted that to the greatest extent possible externally validated sources were used for the degrees and awards. The information primarily came from the Integrated Postsecondary Education Data System (IPEDS), which was a database maintained by the National Center for Education Statistics. However, as robust as that data system was it did not include all of the data elements that the team believed were appropriate for a

performance pool. She indicated that some of the data elements were calculated by NSHE's systemwide data warehouse. Each raw outcome was multiplied by the weight and those weighted points were added up for the total weighted points. She provided an example of how UNLV's weights were applied to the raw outcomes for a total of 2004.0 points, which was 59.1 percent of the total for that pool. In response to the Chairman's question on how the points translated to dollars, Ms. Abba explained was the next part of the process that the team was grappling with, but that piece was still being discussed. Although that process was undecided, she mentioned that one obvious way was if an institution earned 59 percent of the points then it would get 59 percent of the pool.

Chairman Horsford asked if the weighted percentages were based on the approach taken in other states as referenced by the NGA, or were they derived by another calculation set forth by NSHE. He questioned whether the NGA agreed with the weighted percentage based on the item that was being weighted.

Mr. Reindl said the NGA did not recommend a specific allocation of the weights that added up to the 100 percent mark. The position taken by NGA was that a state needed to decide and come to terms about its own priorities. He remarked that the states priorities were a statement of the value placed inside the pool. He thought Nevada's approach was consistent with what the NGA had seen in other states, such as Tennessee, where there was a significant emphasis on credential completion carrying the bulk of the weight. Mr. Reindl reiterated that the NGA did not recommend an allocation approach for all states.

Chairman Horsford agreed with Mr. Reindl that Nevada had to decide for itself what made sense for the performance pool, but he wanted a comparison of how the proposed weighted breakdown compared to other states. Chairman Horsford noted that the definitions for each of the outcomes as referenced on page 12 ([Exhibit C](#)) had policy underpinnings. He asked Ms. Abba if she could provide the Committee with the policy questions that the team discussed and decided upon in order to determine the categories on the chart (page 11). He emphasized it was important not to make policy before the Governor and the Legislature decided that policy. Chairman Horsford thought the Interim period between legislatures was to identify policy considerations and to weigh the pros and cons resulting in a recommendation, but with the performance pool there were multiple underpinnings of policy considerations. His last question concerned low-income graduates and why first-generation or just minority were not expressly utilized similar to the case study examples by the NGA. Chairman Horsford stated that low income did not always encompass all students across all categories, particularly first-generation or non-traditional students, who could be a majority of the student body at a given institution.

Ms. Abba said for each decision that was made on the outcome definitions the team had a policy discussion and some definitions yielded a discussion that was easier than others. Using degrees and awards as an example, she said there had already been a number of statewide discussions through the Board of Regents and the Governor's

Office concerning Complete College America so decisions on those initial pieces, which had the greatest weight were easy. However, the issue of Gateway course completers was more involved as the team tried to incentivize a specific behavior that it believed to be most beneficial for the state based on the state's policy goals. The definition placed emphasis and reward in terms of the allocation of the points on those students not necessarily completing the remedial course, but completing the Gateway course defined as college-level Math or English.

Chairman Horsford thought those policy decisions should include a justification, with the pros and cons, and then the recommendation proposed to the Legislature, rather than assuming that everyone would agree with the definitions. He thought most people would agree with the definitions, but if the policy underpinnings were not explained then there could be "push back." The Chairman asked Ms. Abba to identify the list of policy considerations for each of the weighted definition areas that the team deliberated in order for the Committee to understand those decisions.

Ms. Abba appreciated the feedback and said her office could easily produce a written document with the list of policy considerations for the weighted definition areas and provide it to Legislative staff. Next, she addressed the Chairman's concern on the identification of low-income graduates and assured him that the team had considerable discussion on that topic. Ms. Abba said there were limitations on the available data, for example, there were no indicators at Nevada's institutions whether a student was first-generation. Part of the discussion included whether that indicator should be based on a student's ethnicity and the team chose not to use that basis because certain institutions centered on their geographic service area would be disproportionately advantaged compared to others. The pool of students that Great Basin College accessed was very different from the College of Southern Nevada; the team felt it was a better policy decision to base the definition of low-income graduates purely on Pell eligibility, which encouraged the institutions to get students to complete the FAFSA.

Chairman Horsford appreciated Ms. Abba's honesty, but would fight against some of those policy decisions and emphasized those decisions were the role of the Governor, the Legislature and the Board of Regents. The policy decisions should not be embedded into a formula that had consequences and he had a problem with saying that CSN, NSC and UNLV would be advantaged and should not benefit because they happen to be in a geographic location that serves minorities. Chairman Horsford contended that was an area that needed to be further discussed.

Mrs. Gansert added that the team discussed Ohio, which used the Pell Grant eligibility, and had non-White students with ACT scores less than 17. She said it was important to have access and during the discussion it was brought forth that low income covered many minority groups so it might need to be added. Mrs. Gansert noted an outcome that was not on the chart was time to completion, which the team, after conferring with SRI International and Mr. Reindl, thought was extremely important. Unfortunately, time did not allow for that adjustment on Version 17, but the draft was a work in progress.

Mrs. Gansert also thought the Committee should be provided some of the policy reasoning for the outcome definitions.

Senator Kieckhefer wondered if the performance pool model was fully integrated into the seven targeted industry clusters of the state's economic development plan. He said the inclusion of STEM and Allied Health graduates captured some of the targeted areas, but not all, and he wanted to make sure that was a consideration when developing the model. Senator Kieckhefer asked if the team working on performance funding had made any decisions regarding the implementation and whether it was going to be a carved out percentage of the base, or added funding. In addition, he was unclear how DRI was weighted in the model, who they were competing with to access the performance funding dollars.

Mrs. Gansert said the team thought the inclusion of STEM and Allied Health graduates captured many of the targeted areas for economic development; however, in conversations with SRI International it was suggested that UNLV Hotel College graduates could be incorporated, as well as other ideas. In addressing implementation, she indicated the team discussed 15 percent for performance funding. Mrs. Gansert thought there would be some growth in the budget and in order to have an impact the percentage had to be in at least in the low double digits and be carved out of current funding versus adding on funding. She indicated the team was unsure how to treat DRI since it was different from the other institutions, but wanted to incentivize them somehow to perform more research. SRI proposed for DRI to have a base formula and she thought Mr. Reindl might have some suggestions for a purely research institution. Mrs. Gansert also said NSC was different from the universities because research was performed at the universities.

Mr. Reindl said Nevada was unique in it that had NSC, a comprehensive four-year institution and DRI, a specialty purpose research intensive institution. There were different ways performance funding could be approached with each institution. He explained one possibility would be to have the four sub-pools with the broader performance pool. If there was an institution in any one of the sub-pools that did not net higher points, leaving money left unused, there would be a means by which the funds could be swept elsewhere inside the performance pool, or inside the overall higher education allocation. Mr. Reindl indicated it was a tricky question because Nevada had single institutions that fell into very discreet mission categories, which was not a situation many states faced.

Mr. Anderson recognized the team put a lot of thought into the proposed performance funding pool weightings going through many iterations before arriving at Version 17. He asked if the state was making a distinction between the research institutions and the access institutions because as he perceived it, the research component was relatively low at 15 percent and the low-income graduate at a very low 10 percent. He wondered how the team came to those percentages.

Mrs. Gansert said the team worked on the percentages for a long time. She thought research was an important component of the university (UNR and UNLV) system and since a significant part of their mission was research a higher weighting was given. The team tried to compare the different pools, but was really working to assign weights within each category. Mrs. Gansert said she would not have compared low-income graduates in the community college to the weight of research, but noted it was relative within the separate pools.

Mr. Anderson said he recognized that, but was questioning why an access institution would only be given a low rating of 10 percent for low-income graduates if one of the states focus was getting the lesser served population into the institution. He pointed out that from a statistical standpoint, 10 percent was the bare minimum and thought a 15, 20 or 25 percent weighting would have been more appropriate.

Mrs. Gansert stated the most important factor in all of the pools was completion of a certificate, associate's or bachelor's degree.

With respect to research and degree completion, Mr. Reindl added that the University of Tennessee, Knoxville, which he likened to UNLV or UNR, utilized a research weight of 15 percent and their completion across bachelor's, master's, graduate and professional degrees was 40 percent. He said it was a question of setting policy and priorities for the research universities to determine how much emphasis would be placed on credential completion relative to the further development and enhancement of its research function. Mr. Reindl noted that the University of Tennessee, Knoxville, also utilized degree productivity (awards per 100 FTE enrollment) as a metric, weighted at 30 percent. Degree productivity was a reflection of their policy agenda, which looked at their completion of the credentials, but also the rate of the completion. He said in determining the weights within a 100 percent allocation for a performance pool there were naturally embedded tradeoffs in the model.

Referring to page 11 ([Exhibit C](#)), Chairman Horsford questioned the reasoning behind naming the metric entitled Sponsored/External Research Expenditures in \$100,000's, instead of using awards or other terminology.

Ms. Abba stated it was the measure used in other states and Nevada's team thought it was important for continuity to measure the extent at which an award was expended over a number of years. Otherwise, she explained there would be a large award in the first year when actually an institution would spend the award over the period of the grant.

Chairman Horsford asked why bachelor's degrees were weighted in the community college performance pool when that was not the mission of the community colleges.

Ms. Abba said Nevada had three community colleges that offered niche baccalaureate degrees and the programs were important, especially at Great Basin College (GBC), which serviced a large rural area. The team struggled with the decision to include

bachelor's degrees and considered different ways to incorporate the weighting including adding them to the associate's degree metric. That method was decided to be inappropriate and the team kept the two degree levels as separate categories.

Chairman Horsford agreed that GBC should get a weighted benefit and be recognized for awarding bachelor's degrees because they were a small rural college with a unique niche. However, there was not weighting in the performance pool proposal for community colleges with a minority serving focus. He thought institutions that served first-generation, minority students should receive an advantage for degree completion, which should be a policy goal based on information from the NGA.

Mrs. Gansert concurred with the importance of bachelor's degrees at GBC due to its rural location. She thought recognition for minority students at the community colleges had been overlooked however and should be included in the performance pool. She reported that data for first-generation students was not available.

Chairman Horsford knew the Board of Regents had debated mission creep and expressly asked Regent Wixom to comment on his perspective. Chairman Horsford thought incentivizing community colleges through the performance pool with its weighted advantages might shift an institution's focus from their primary mission, which was access.

Ms. Abba indicated the team had an extensive conversation on the topic of mission creep. She explained that the Board of Regents had very clear policies regarding required discussions when a community college considered adding a baccalaureate program. There was a protocol established by the Board that provided a right of first refusal for the four-year institutions, including checks and balances, to determine if it was appropriate for that institution to pursue. Those policies were intended to protect from mission creep.

Mr. Wixom appreciated participating on the Grant Leadership Team and the efforts of the Governor's staff, Mrs. Gansert and Ms. Abba. He was glad to be part of the deliberative process and it was his understanding the group was never making policy, nor operating under the assumption the proposed model would be policy. Mr. Wixom noted there were discussions about the fact that the entire process would need to be fully vetted through the Committee to Study the Funding of Higher Education and the Legislature. He acknowledged the Board of Regents had struggled with the subject of mission creep and policies were enacted for institutions to stay within the mission that had specifically been identified by the Legislature, the Board and the Governor's Office. However, there were some limited circumstances, such as at GBC where a baccalaureate degree was offered for a very specific and narrow reason. He thought those instances should be reflected and recognized in the performance pool.

Mrs. Smith noted Mr. Reindl stressed the need for strong data systems when a state utilized a performance funding pool model. She said the Committee learned at its May 2012, meeting, from the Latino student college completion forum the importance of the

compilation of data and being able to use it to properly to increase student achievement. Since those two seemed to be interrelated, she asked Ms. Abba if Nevada had the infrastructure in place to fully implement a performance pool and if there was anything more NSHE needed to make sure that the state was collecting the pertinent data to be utilized for student achievement.

Ms. Abba indicated NSHE had a data warehouse in place and available external data sources. She said NSHE was well positioned to be able to provide the data outlined in Version 17 of the proposed performance pool. However, she wanted to make the distinction between having the data and using it for policy decisions. Nevada had a lot of data, although she said it was considered data rich, but information poor. Ms. Abba thought as a state we could probably do a better job at using the data and steps were being taken in that direction. In regard to the Latino forum, where Western Interstate Commission for Higher Education's (WICHE) project was discussed, she said data was used to essentially identify areas where students were failing in the process of degree completion. The data enabled protocols or student services to be developed to ensure student success.

Mrs. Smith said she was actually referring to the general conversation at the conference regarding using data and working with staff in professional development so the data was used efficiently. She wanted to make sure Nevada continued to have those types of conversations.

Chairman Horsford asked if NSHE had data that showed how many students were within one year of completing their degree by level of degree, and by institution. He wondered if the performance pool should have a targeted approach to start the effort of finding students who were close to completing their credits, a concept started in the Complete College America initiative, and could help Nevada improve its graduation rates.

Ms. Abba said the data was available and it had been used for specific projects. For example, about two years prior there was a project with WICHE where Nevada's institutions identified adults residing in their service area who were close to having their degree. The institutions sent letters, essentially creating a recruiting campaign, to those adults stating they were a certain amount of credits away from earning their degree. Ms. Abba commented those types of programs were in effect and thought it was an example of the type of behavior the performance pool would incentivize and behavior the team hoped to change through the performance funding pool process.

Chairman Horsford thanked Mr. Reindl, Mrs. Gansert and Ms. Abba for their presentations and work. He asked Mr. Aizley as the Chairman of the Performance Pool, Economic Development and Research Funding Subcommittee to discuss the issues surrounding performance funding and arrive at some recommendations for the final Committee report.

VI. PRESENTATION AND DISCUSSION REGARDING THE BOARD OF REGENTS OF THE UNIVERSITY OF NEVADA'S STRATEGIC INITIATIVES FOR THE NEVADA SYSTEM OF HIGHER EDUCATION.

Jason Geddes, Chairman, Board of Regents

Daniel Klaich, Chancellor, Nevada System of Higher Education

Jason Geddes, Chairman, Board of Regents, provided an overview of the Board of Regents strategic initiatives for NSHE. He said the Board, instead of developing a new strategic plan, decided to examine the strategic plan adopted in 2003 to determine where it aligned with the System at its current funding level and current activities, and focus on the core mission of student success. Dr. Geddes pointed out that the Board was often criticized for not aligning the System's goals with those of the state; therefore, the Board decided to define those goals before taking action and utilized the September 2010 report prepared for the Nevada Vision Stakeholder Group by Moody's Analytics entitled *Envisioning Nevada's Future, Goals and Strategies for Advancing our Quality of Life*. In addition, the Board used the 2011 report from Brookings/SRI International entitled *Unify, Regionalize, Diversify, an Economic Development Agenda for Nevada*, which identified the seven state sectors for economic development. Dr. Geddes indicated that the reports, plus the individual campus master plans and the Board's 2003 Strategic Plan, were reviewed by the Board. He explained through a series of town hall meetings, campus meetings, regents meetings and a day long retreat, the NSHE Strategic Initiatives were developed (page 43, [Exhibit A](#)), including the following four key initiatives:

1. Increase Student Achievement, Retention and Success
2. Increase Transparency, Accountability and Performance
3. Continuous Review and Revision of Programs to Support Innovation and Responsiveness
4. Ensure that Higher Education is Accessible and Affordable for All Nevadans

Continuing, Dr. Geddes said the NSHE Strategic Initiatives (page 43, [Exhibit A](#)) were adopted at the January 2012, Board of Regents meeting for use by the System and its institutions to meet the Board's various goals and initiatives. He directed the Committee to [Exhibit D](#), Implementation of NSHE Strategic Directions, which identified the 18 projects, a summary of each project, a timetable for completion of the projects, and the primary staff person at the System assigned to each project. Dr. Geddes explained that the Board asked the Chancellor and the campuses to focus on student success using available resources and if a proposed idea did not fall into one of the 18 projects to stop and contemplate it before moving forward.

Chancellor Klaich added that an underpinning of the discussion of the implementation of a new funding formula transferred a significant amount of autonomy and flexibility to the institutions and the System. He said NSHE's proposed formula was built on an entrepreneurial model that was reflective of an understanding of the current state economy as well as into the future. Chancellor Klaich thought from Dr. Geddes overview of the Strategic Directions that the flexibility, autonomy and responsibility was

being given to the right groups of people. He said the initiatives were directed toward transparency, success, efficiency, reform, utilization of best practices, collaboration, inclusion, accountability, alignment and accessibility, and affordability, all of which he thought the Committee wanted the Board of Regents and the System to focus its efforts. Chancellor Klaich stated the initiatives were a strong foundation for the competence of the Committee, the Governor and he hoped the Legislature in adopting a formula that was more entrepreneurial and granted more flexibility and autonomy.

Mrs. Smith was concerned about what she viewed as the statewide lack of communication regarding certain programs within the higher education system. Regarding the NSHE Strategic Initiatives, she believed a plan to communicate was needed and she wanted to see more information and emphasis placed on communication. If parties within Nevada were not communicating, Mrs. Smith thought information would not be communicated appropriately to outside entities such as other states or companies the state was trying to attract.

Chancellor Klaich stated the Board of Regents expressed the same concerns to the System regarding communication. He said communication was a source of frustration for the Board members so an initiative was incorporated into the Implementation of NSHE Strategic Directions. Chancellor Klaich directed the Committee to Item 13 on page 1 of [Exhibit D](#), a project entitled Government Relations/Communications Plan, which was in development to establish a standard to facilitate the transmission of information within and outside NSHE. He said the project evolved from attending a presentation at the NGA Policy Academy in Denver, Colorado (April 2012), which encompassed Mrs. Smith's exact points. Chancellor Klaich shared the presentation information with Renee Yackira, Vice Chancellor for Administration and Operations, who was selected to be the primary staff person at NSHE. He said Ms. Yackira was working on a project with assistance from the state of Missouri. The project was an outgrowth of the NSHE Communications Plan that would allow an interactive database for the state of Nevada and NSHE that coordinated economic development with the people served, the location of Nevada's graduates and tax impacts. Chancellor Klaich concurred with Mrs. Smith that communication was a critical part of everything the System did, particularly leading up to the 2013 Legislative Session.

Mrs. Smith thanked Chancellor Klaich for the information and she wanted to see better communication because there were great higher education programs already in place and functioning within the System. She commented that during the 2011 Legislative Session there was a focus on what the state of Utah was accomplishing and she thought that Nevada was better at talking about what Utah was doing rather than what Nevada was doing. Mrs. Smith appreciated that NSHE was developing a way to make sure people within the state as well as outside of the state were aware of the programs.

Dr. Geddes said an inventory like one seen from the state of Utah and the Utah Science Technology and Research (USTAR) would be given to the Governor, the Legislature and any other interested parties. He explained that Utah had a full data system, which provided information to students regarding the path and courses needed, taken from

sixth grade through high school, to pursue a career, such as in aerospace. Dr. Geddes stated reports were being prepared for Nevada around the seven sectors in the state plan to encompass the degrees and certificates offered at the various institutions and the associated coursework. He agreed communication issues existed and appreciated Mrs. Smith's comments.

Chairman Horsford asked why the Hispanic-Serving Institution (HSI) designation was not incorporated into the NSHE Strategic Initiatives as a strategic objective.

Chancellor Klaich said information on HSI did not emerge until after the plan was adopted in September 2011. He noted that as a result of the Committee meeting discussions on HSI as well as the forum conducted at the College of Southern Nevada, he tasked Dr. Magdalena Martinez to supervise System efforts to assist institutions in pursuit of the designation and that work had begun. Chancellor Klaich indicated the NSHE Strategic Initiatives was a "living document," which would change over time noting that HSI was an example of a project to be added to the report.

Chairman Horsford said it was regrettable that HSI designation did not reach a level of importance for the Board for inclusion in the Strategic Initiatives because he thought it was a priority before the plan was adopted in September 2011.

Chancellor Klaich reminded the Committee about the Board's emphasis on diversity through the Ethnic, Diversity and Inclusion Council (pages 1 and 3, [Exhibit D](#)). He said the Board understood the need for the System to reach out to the Latino community as a segment of the System's population.

Chairman Horsford indicated that was not his point. His point was that the state needed to start identifying other sources of funding, particularly federal dollars. Having institutions with an HSI designation was one way of obtaining possible funding from the federal government. Three institutions in Nevada were on the verge of getting to the eligibility requirements, which would get the state close to being able to leverage federal dollars. Chairman Horsford thought it was necessary for the System to make it a bigger priority.

Chancellor Klaich said one of the first things Chairman Geddes did when elected Chairman of the Board was to align the committees of the Board and establish a workforce, research and economic development committee. That committee was charged with some of the efforts Chairman Horsford referred to and it was included as a critical part of the performance funding pool. However, he said the System could do a better job of collaborating more among institutions to leverage its talents.

Chairman Horsford asked for a status of Complete College America. He questioned usage of the term "ongoing," which was incorporated into the Implementation of NSHE Strategic Directions (page 1 of [Exhibit D](#)), because it was not a measurable or definitive timeline. He wanted either Chancellor Klaich or the Board members to help him understand what ongoing meant and how the System was being held accountable to meeting an outcome by an ambiguous timeframe.

Chancellor Klaich pointed out that Complete College America was an initiative started by the System under Governor Gibbons and continued with Governor Sandoval. The program was in effect until 2020 and the goal was to have 60 percent of Nevada's population with a post-secondary degree or certificate. The System met its goal in the first year, notwithstanding the fact that it was undergoing severe financial contractions. He said the Complete College America initiative set forth a suite of changes in policy decisions by the Board of Regents. One was to limit the number of credits for degrees to 120 for a baccalaureate degree and 60 for an associate's degree. The System found over time there had been some "creep" in credits and with that students were in college longer, students' costs were higher, and students accumulated more debt. The longer it took a student to obtain a certificate or degree the less likely they were to graduate. However, there were exceptions for institutions if more credits were required for a specific degree. In addition, a regular degree review process was enacted so that degrees that might be stale were reviewed and removed from the offering. Regarding, Chairman Horsford's question about the use of the term "ongoing," Chancellor Klaich thought it was probably a poor choice of wording, but some of the projects on the Implementation of NSHE Strategic Directions were never going to be finished. He thought the System could determine better dates on some of the projects.

Dr. Geddes added the Board received reports from the committees at every meeting on the progress of the projects from the committees, such as the Cultural Diversity Committee and the Workforce, Research and Economic Development Committee. For example, he said the Board had set a goal of 10 percent or more of federal funds in workforce grants and research grants; the committee in charge of that topic produced reports on the progress of grants throughout the System along with methods of streamlining and improving the process to be more successful in getting research grants. He noted that all of the projects had deadlines and goals to keep them moving forward.

Like Mrs. Smith, Chairman Horsford thought there was work being done in the System, but the information was not being communicated effectively. He believed a strategic planning document should reflect the plan policy objectives as well as a tactical plan to carry out the objectives. Chairman Horsford recognized it was an evolving document and understood that ultimately the Chancellor and the Board had to carry out the plan and wished them well in that process. He hoped Chancellor Klaich and Dr. Geddes took the Committee's comments as input and thanked them for their presentation.

Chancellor Klaich appreciated the Committee's time, interest, constructive comments and questions.

VII. DISCUSSION REGARDING THE PROVISION IN THE CONTRACT WITH COMMITTEE CONSULTANT SRI INTERNATIONAL RELATING TO THE REPORT ON STATES' METHODS OF FUNDING HIGHER EDUCATION (CONTRACT DELIVERABLE #4).

Alex Haartz, Program Analyst, Fiscal Analysis Division, provided information on Committee consultant SRI International's contractual requirements concerning Deliverable D, States' Methods of Funding Higher Education. He said there were seven requirements, with the first to provide a matrix which identified whether or not a state utilized a formula for funding higher education. The second aspect was to indicate the primary determinate factors and components of the funding formula for the budgetary functional areas, such as instruction, including remedial instruction; research; public service, academic support; student services, institutional support; operations and maintenance of physical plant and scholarships, as part of the matrix for those states which utilized a funding formula. Of the states not using a funding formula, Mr. Haartz said SRI's third requirement was to provide information that highlighted the primary determinate factor of how those states made decisions with regard to funding higher education. Fourth, for all states not using a formula, SRI was required to provide general information and to the extent available, specific information regarding how states' funding formulas differentiated between funding for two-year institutions, four-year institutions and research institutions. The fifth requirement was to highlight specific higher education goals associated with the different types of funding methods, with examples from states comparable to Nevada or lessons learned from other states. He relayed the sixth piece as providing information on best practices including performance funding, with clearly defined criteria that could be used to judge different funding approaches, including the NSHE's Alternative Proposal. Last, SRI was charged to provide information analyzing how Nevada's existing formula and the alternative proposal aligned with the state's economic and workforce development goals.

Mr. Haartz pointed out as with the previous SRI deliverables, in terms of acceptance, the Committee had the following options:

1. Accept outright.
2. Accept with revisions as identified by the Committee.
3. Reject the deliverable in need of major work with areas identified by the Committee.

VIII. PRESENTATION AND DISCUSSION REGARDING SRI INTERNATIONAL CONTRACT DELIVERABLE #4, STATES' METHODS OF FUNDING HIGHER EDUCATION.

Roland Stephen and Christina Freyman, SRI International, presented the draft Deliverable D, States' Methods of Funding Higher Education (page 75, [Exhibit A](#)). Dr. Stephen said his team had continued to amend and improve its ideas since sending the draft of the deliverable and provided the updated information in the presentation slides ([Exhibit E](#)). He noted that the latest material in the presentation slides would be included in a final version of the deliverable. The deliverable incorporated many of the concepts previously heard in the meeting along with the work being prepared by the Governor's Office and NSHE, particularly in regard to performance funding. Dr. Stephen thought it was important to remember that a funding model embodied institutional characteristics in which the state might or might not want to amend in

pursuit of the state's policy goals associated with the methodology of the allocation of funding. He said once the policy questions had been addressed by the Committee, the Governor's Office, and the Legislature a funding formula could be developed and adopted. A major part of Deliverable D was to review how states funded higher education and in their presentation, Dr. Stephen said Ms. Freyman intended to discuss other states' funding practices, which would provide fundamental lessons about what Nevada had done in the past and could do in the future. Subsequently, the presentation would include identification and discussion of the policy principles affected by a funding model.

Starting the presentation with slide 2 ([Exhibit E](#)), Dr. Stephen said the chart from College Board, *Trends in Higher Education* (2011), represented year-to-year changes in state funding for higher education and changes in tuition for all 50 states in the U.S. The chart displayed the annual percentage changes in state appropriations for higher education per full-time equivalent student and the changes in inflation-adjusted tuition and fees at four-year institutions. He noted that each time there was a year-to-year collapse in state funding there was a year-to-year increase in tuition. Turning to slide 3, Ms. Freyman said funding for higher education was derived from three general sources. The first type of funding was state appropriations, comprising formula-based, lump sum, base (plus or minus) or a hybrid of these methods. Funding also came from student-derived revenues such as tuition and fees, which in a majority of states were allowed to be kept on campus by the individual institutions. She noted SRI's first deliverable showed that when institutions thought the state did not allocate enough money to support instruction and other activities, then tuition and fees were raised to compensate, and many states allowed differential tuition. For example, Ms. Freyman said in the state of Texas the Legislature set the price for tuition, but an institution was permitted to charge more than the statutory tuition, keeping the extra money. That type of behavior incentivized the institution to perform like a market system where it tried to attract students willing to pay the extra tuition. The last source of funding was designated as other revenues, including indirect cost recovery on research grants, gifts, auxiliary services and miscellaneous funds. Ms. Freyman said slide 4 illustrated the states using a formula; not using a formula (non-formula); and states which had used a formula, but dropped the funding method in recent years, including Nevada. She cited several states had previously used a formula including Florida (discontinued due to budget cuts), New York and Massachusetts (only used a formula for one year and then ceased) and it was difficult to find people in those states who knew how the formula worked. Slide 5 listed the non-formula states, which were divided into two types, base plus/minus and lump; the states' funding allocations were based on policy decisions and SRI did not find any best practices. Ms. Freyman said the non-formula states could incentivize behavior with certain requirements and provided the following examples:

- Colorado – Enrollment factor.
- Kansas – Base amount funded for each institution, with additional individual performance agreements for each institution allowing for supplementary allocation if performance was met.
- Utah – Cost of living increases.
- New Mexico – Performance-based.

Turning to slide 6, Ms. Freyman said for the states utilizing a formula were various funding components, with various methodologies utilized for determining the funding allocations. She indicated instruction was the largest funding component. In many states the funding for instruction was not dedicated, with some money committed to specific programs that were outside the formula. Ms. Freyman said it was important to remember that formulas were not prescriptive and the institutions had some autonomy. The next largest funding component was operations and maintenance (O&M) of the physical plant, but not every state funded O&M or it was a small percentage of the total allocation. As shown in slides 7 to 9, many formula states had different formulas for their institutions with different missions. For example, the state of Alabama had the following different formulas for its different institutions:

- Senior institutions – Academic weights used as factor.
- Community colleges – Funding based on neighboring states funding allocation or median regional state appropriation per full-time equivalent.
- Technical colleges – Actual cost or adjusted expense rate.

Next, Ms. Freyman addressed the state of Virginia where all the institutions had the same formula components; however, there were different weightings for the formula components for each institution type. Furthermore, Virginia split up its universities into the five layers shown on slide 7, each layer had a different percentage, but every institution in a particular layer had the same formula. The state of Texas (slide 8), she stated had many subsets of formulas that applied to different institutions, such as instruction and O&M for their general academic institutions; instruction, O&M and research expenditures at their health related universities; instruction only at the community colleges (O&M and capital provided by local government); and instruction and O&M for their technical colleges. Ms. Freyman said most states recognized that different institutions had different missions so funding based on those missions was a widespread practice and could be considered a best practice. Moving to slide 9, Ms. Freyman reported that the state of Tennessee utilized 100 percent performance funding with different weights for each individual institution based on its mission. Slide 9 included a graph depicting the weighting and output metrics for each institution, which were determined by policy decisions negotiated within the system. Tennessee also included a premium for the production of certain degree outcomes, such as low income or adult student. An explanation of the way instruction, the main funding formula component was typically calculated by the majority of states was shown on slide 10. She indicated instruction was salary driven where states counted up the enrolled credit hours, which were then transformed to the number of credit hours, to the number of full-time students, to the number of faculty positions. Ms. Freyman said states utilized different transformation matrices, and some were more complicated than others, but the matrices were typically based on weights for undergraduate, master's, doctoral, lower and upper undergraduate, disciplines and cost basis (low versus high versus clinical).

Chairman Horsford asked if SRI's data took into consideration the weighting of student credit hours, the type of class and the classification of faculty that taught the class.

Ms. Freyman said SRI did not find any state that explicitly provided that information. Since it was difficult to know the exact cost, she indicated that much of the data on the matrices was cost-informed. As shown on slide 10, many states took the number of faculty positions multiplied by a set amount such as the average faculty salary, average regional peer salary or salary schedules. Ms. Freyman noted that Nevada's current formula utilized a salary schedule.

Chairman Horsford asked if SRI could help to disseminate data that would provide information regarding what level of faculty member was teaching certain levels of classes based on the type and mission differentiation of an institution.

Dr. Stephen clarified that the information Chairman Horsford sought was a comparative analysis of Nevada with other states on what type of faculty member was teaching which classes and at what level and by institution. He said other states did not seem to care about that information and there were only two states that performed real cost estimates, with the rest utilizing average faculty salary. However, he noted that SRI could get the available data.

Continuing, Ms. Freyman turned to slides 11 and 12, which showed the current Nevada student-to-faculty ratios. The matrix split the ratios into clinical, high cost, medium cost and low cost and displayed a variance in the numbers at the different institutions. Among all states, Ms. Freyman reported there was a vast difference in the matrices and how instructional cost was calculated. For example, Nevada multiplied the number 8 (student-faculty ratio for clinical) by the salary schedule to allocate funding for instruction; however, Virginia calculated the full-time enrollment, which was then multiplied by the student-faculty matrix and the average faculty salary (slide 13). As presented on slide 14, she said there were just a few states (Ohio, Texas, Oregon and Idaho) that tried to approximate actual cost. Ohio used a ratio of cost; whereas Texas, Oregon and Idaho used a cost-informed matrix multiplied by a set legislative price. Ohio obtained its data from departments within an institution, which was a self-reported activity, and Texas utilized information from institutions' annual financial reports, which were based on actual costs. Ms. Freyman said the NSHE proposed formula used a cost ratio matrix of student credit hours weighted by the matrix and multiplied by a set price based on the legislative appropriation (slide 15). She stated that the cost matrices for every state were complicated, were not transparent and did not lead to a clear understanding of the actual cost to educate a student to produce a degree (slides 16 and 17). Ms. Freyman pointed out that best practices in most states (slide 18) showed the formulas were driven by enrollment, except for Tennessee and portions of Ohio, which incentivized access but did not incentivize completion. She explained that cost-based formulas were complex and it appeared that there was no true best practice. Cost-based formulas were resource intensive to produce, might quickly go out of date, and did not align with policy goals such as increased outputs. Regarding remedial instruction, Ms. Freyman said no state really included a budgetary component, except for Illinois and Florida, where it was included in their community college instruction formulas (slide 19). She stated that Alabama provided a premium for remedial hours, which were calculated at 115 percent of its credit hours input into its matrix.

Moving to O&M of the physical plant (slide 20). Ms. Freyman said there were two ways of calculation, which included actual square feet versus predicted need (used in six states), or predicted space needs (Texas, Virginia and Arkansas). She said the states using the predicted space needs method ran a model for the calculation. The state of Texas model was very complicated and dependent on credit hours, faculty research expenditures and instruction/operations formula, which were all enrollment-based components. The state of Virginia was also determined to be enrollment-based. Reiterating that instruction and O&M were the largest of states' funding formula components, Ms. Freyman said other components were a much smaller percentage of the allocation. Slides 21 to 24 detailed the other funding components and a listing of the states, which utilized each component, listed as part of their funding formula. For each component, there was an explanation of the basis for Nevada's current formula along with Nevada's proposed formula, where applicable. On slide 25, Ms. Freyman pointed out that no state had a fully funded formula; cost matrixes were approximate and once the funding was allocated the institutions were free to spend it in any manner. She said states' funded various off-formula priorities in ad hoc ways, and even states with formulas had many off-formula allocations ranging in areas from special schools, O&M and student services. Other states provided a lump sum for the off-formula components. Slide 26 showed the states using performance criteria and the implementation method of a performance pool. The chart also included whether the performance funding was from the institutional base or bonus funding.

Continuing with SRI's presentation, Dr. Stephen said Nevada's policy priorities were dependent on the states' goals. Those goals and known aspects of Nevada's situation since the start of the recession would condition certain policy choices, which would be made by the Committee, NSHE, the Governor's Office and the Legislature. Slide 27 identified the goals of Nevada's proposed higher education funding model, which included diversification and innovation. Dr. Stephen indicated Nevada needed to diversify its economy into new targeted economic sectors moving from low-skilled or semi-skilled sectors to those characterized by greater technology and innovation by small and medium-sized enterprises. He noted diversification was critical for Nevada and could be done through a rejuvenated workforce system. The institutions had to prepare students for jobs in demand and support business innovation. However, with Nevada's limited resources and constraints, Dr. Stephen questioned what the state might want to spend in terms of its priorities and thought balance was important. Slide 28 showed there were challenges and constraints with a new funding model. He said in the last 20 to 30 years there was an "ethic of access" and an assumption that the more students enrolled in institutions, the more graduates would be produced, but that was not enough any longer. Preparing students with the types of degrees that aligned with the goals of the state was very important. Dr. Stephen emphasized that much greater alignment around the economic development goals of the state and improvement in performance was needed. There was a higher education performance crisis in states throughout the U.S., which he believed was associated with the long decades of access. Dr. Stephen noted that the NGA produced a valuable publication entitled *Degrees for Which Jobs* and the Georgetown Center was performing research

on workforce and education mapping skill sets that were associated with specific economic sectors back to curricula. He said it was critical for states to collect granular data about both the states' current workforce and the states' desired workforce in relation to the targeted sectors. The data would help to determine the gap between the two in order to gauge the needed curricula at the institutions to fill the gap. Dr. Stephen indicated the constraints to aligning programs and improving performance would be the limited general fund resources and the significant population of poorly prepared students. He said Nevada had an interesting population, which included low income and first-generation. Nevada's population also included many adult students who had some college, which was a high percentage compared to other states. He thought those adults had relocated to Nevada during the boom time in the previous decade to earn money rather than complete college; therefore, a large population of adults developed who were holding credit hours without a completed certificate or degree. One of the tasks of the proposed performance pool was to convert that population of adults into successful completers, which posed an opportunity for Nevada, but a challenge at the same time. If Nevada solved that issue, it would be ahead of other states that had not grasped the implications of big demographic changes, especially since it was known that White/non-Hispanic population at birth was below 50 percent throughout the U.S. Dr. Stephen said the funding model would have financial incentives and institutional practices (slide 29) that met the challenges even though there were constraints. Referring to Dr. Geddes comments earlier in the meeting regarding longitudinal data systems, Dr. Stephen said it was very important to have data systems that tracked students through their educational path. Not only did it help the students themselves, but policy makers, teachers, mentors and family members also benefited. The data systems were critical and he thought for a small amount of money invested it represented changes that would be helpful to meet the challenges with the current constraints. Dr. Stephen said SRI also thought that the practices and incentives should embody the philosophical shift in higher education funding.

Turning to slide 30, Dr. Stephen pointed out that approximately half of the states used formulas driven by cost estimates and half provided lump sum payments or cost plus. He questioned whether that was a way to run a business and whether an institution should be paid on the costs it incurred, or paid on what it produced. That was the thinking behind the state of Tennessee's shift to a 100 percent performance funding model. He noted that the Committee had discussed whether the state should pay Nevada institutions for "F" grades and by comparison, Tennessee was not concerned about that issue any longer because it paid for graduates. An institution would inherently strive for students to receive passing grades because it was paid on outputs rather than inputs. Dr. Stephen said the customer for the end product was the state and the students and performance applied to the students and their institutions. He pointed out that states could pay for outcomes (slide 31) they valued through a performance pool and students could pay for programs and degrees they valued through differential fees and tuition. Regarding the base formula in NSHE's proposed formula, Dr. Stephen said SRI thought it should be a short-term measure as Nevada made a philosophical shift to 100 percent performance funding based on what an institution produced. SRI recommended a mix of both the base formula, which was cost informed and

performance funding, which should be developed as a long-term goal to shrink the base while building the performance pool. Dr. Stephen indicated the state could achieve alignment by producing graduates with mid-level skills in targeted sectors across all NSHE institutions (slide 32). He acknowledged the SRI/Brookings report also noted an emphasis on mid-level skills among the seven economic development sectors, as did Mr. Reindl earlier in the meeting. Another means of achieving alignment was to grant two-year colleges significant autonomy, local governance and local revenues. Dr. Stephen said most community college systems around the country had local governance and local sources of revenue for capital and O&M, which helped to achieve alignment. If institutions were tied into local needs and local businesses there would be a shared responsibility for a tighter alignment. The Chancellor's report *Fresh Look at Nevada's Community Colleges Task Force* (August 2011) agreed that alignment was most important. Achieving alignment also meant aligning research support around targeted sectors and innovation (slide 33). He noted that NSHE institutions rewarded STEM (science, technology, engineering and math), Allied Health and degrees aligned around targeted economic sectors. As one of the largest contract research firms in the world, SRI was in favor of research; however, the definition of research was a policy question for the state to decide. He pointed out that the definition of research in the NSHE proposed performance pool included many types of expenditures by an institution classified as research. Dr. Stephen questioned if that was how the state wanted to spend its money. He explained the alternative proposal had research folded in by the inclusion of a bonus for upper division and graduate classes at the research institutions. SRI proposed that research be funded separately through the Knowledge Fund, which was a specialized fund and dedicated source that would not suffer the biennial fluctuations of new money from the state General Fund. He advocated finding a dedicated source of money to infuse the Knowledge Fund and to use it as specified in the legislation, including for research at Nevada's research institutions aligned around economic development targeted sectors through partnerships, innovation, and joint research projects.

Chairman Horsford agreed there were many policy implications associated with the NSHE proposal and other proposals. He wanted the Committee to understand the policy questions along with the associated pros and cons in order to make informed decisions and recommendations to the Governor and the Legislature. Chairman Horsford said the 2011 Legislature in passing A.B 449 created the Knowledge Fund for the purpose of having a method to fund research beyond what was available in higher education's base funding as part of reforming the economic development structure in recognition of alignment with higher education. He asked if SRI was proposing for graduate degree programs offered at UNR and UNLV and research performed at the Desert Research Institute not to receive a base level of funding as was current practice, but to only be funded through the Knowledge Fund.

Dr. Stephen acknowledged there were many ways to obtain research funding and posed the question of whether the state should be one of those ways. He said graduate instruction was funded through a research component and thought the production of master's degrees as part of graduate programs was a highly desirable output.

Dr. Stephen indicated that the state wanted upper division classes, but it was possible that the formula as proposed by NSHE did not have the weights for those classes high enough. The NSHE proposal included a 10 percent add on for research; however, Dr. Stephen thought a weight should be assigned to the upper division classes, which correlated to the value the state placed on those classes. Then the state could pay for the research it wanted aligned around its clearly articulated economic development goals and targeted sectors.

Chairman Horsford had recently read an article about a renewable energy center at UNLV that did not receive any state support for the research it conducted. He needed to have a better understanding of what research was funded or not funded in order to derive appropriate policy decisions.

Mr. Aizley asked if Dr. Stephen was distinguishing between the two kinds of research, one conducted by students striving toward a Ph.D. or “instructional research” as termed by Dr. Stephen, and the other performed by a professor who had a project to continue their research.

Dr. Stephen explained that a Ph.D. student working in an area with a reasonable connection to targeted economic development sectors could receive funding from the Knowledge Fund or a student working on a similar project could get federal grant funding. He thought it would be a complicated judgment to determine which project would be funded through which method. Furthermore, Dr. Stephen pointed out a professor working on a research project might get money from the Knowledge Fund to assist with the patenting process, which would help to transfer the project’s technology to businesses, leading to economic development. Those types of situations led back to a question he posed earlier in his presentation on what kind of research the state wanted to fund.

Mr. Aizley noted that some research was done without a known outcome or if it would lead to economic development. Part of the nature of research was that the researcher did not know what was going to happen, along with any subsequent results.

Dr. Stephen indicated research was valuable, but basic science research was the responsibility of the federal government.

Mr. Aizley thought the U.S. needed to perform that kind of research and for Nevada’s campuses to participate. Dr. Stephen added the research should be performed using federal funding and Mr. Aizley concurred with that idea.

Dr. Stephen understood there would be many objections to SRI’s view of having research federally funded. However, he wanted the state to be mindful in what it funded and suggested the state did not fund everything within the category of research that was proposed by the System.

Chairman Horsford noted that a component of A.B. 449 called for a competitive funding process in which people applied for funding and their application was reviewed by a committee to assess appropriation of funding. He said the policy decision at the passage of the legislation in 2011 was for funding to be beyond the state's base level appropriation. Chairman Horsford wanted to clarify that Dr. Stephen thought the state, in addition to funding research through the Knowledge Fund, might still need to increase the weights of graduate degree instruction.

Dr. Stephen said the Chairman's understanding was correct. Dr. Stephen believed SRI's suggestions were a more honest and clarifying approach for how the state could spend its resources. He acknowledged their ideas might be disregarded, but he wanted to present them nonetheless.

Mrs. Gansert said the Knowledge Fund statute was written specifically around economic development. She explained it was an economic development tool and to keep that in mind when discussing something more expansive.

Dr. Stephen acknowledged it might require an amendment to the statute. Addressing off-formula payments, he said the current Nevada funding formula included many off-formula payments, which as a general principle should be avoided because they were primarily driven by politics. He commented that the professional schools should operate from money received from tuition and not be funded off formula.

Continuing with his presentation, Dr. Stephen turned to measures for improving performance (slide 34) and the first measure was the importance of supporting and rewarding remedial success. He emphasized it was imperative for Nevada to provide resources for remedial classes and then to reward institutions after students taking those classes were successful in subsequent 100-level classes, especially given the composition of the state's incoming student body. Dr. Stephen reported that Complete College America identified there was a remediation crisis in the U.S. Remediation was not successfully being implemented throughout the nation so Dr. Stephen said it was important for Nevada fund a successful program at any price. Another measure for improving performance was to achieve seamless articulation among institutions so a student could transfer from one institution to another without losing credit hours. Loss of credit hours delayed a students' time to degree, which Dr. Stephen described as the enemy of success. In the years ahead, students would be accumulating their portfolio of credit hours from many different directions and Dr. Stephen said it was important by institutional design that students found it easy to apply those credits to their degrees. He stated that rewarding institutions for producing more graduates in less time and adopting independent measures of quality were also measures to improving performance. Like Mr. Reindl earlier in the meeting, Dr. Stephen recommended for Nevada to use the Collegiate Learning Assessment (CLA) as a tool toward longitudinal data measuring improvement and skills for a student over a period of time.

Chairman Horsford equated Dr. Stephen's comments on measuring a student's improvement to what had been enacted for the K-12 growth model. He commented that

if the state could not measure growth year-over-year regarding what a student knew at the beginning of the year and what they knew at the end of the year, he questioned what purpose the institution served and how the institution benefitted students. In his opinion, higher education institutions in Nevada were not measuring how well they produced outcomes for their students.

Referring to K-12, No Child Left Behind, Dr. Stephen commented there were many ideas which were good in theory; however, were poor in practice. There were many problems with the program and one of the biggest was that teachers were not the center of the practice. He explained that states needed to rely on the professional ethic of faculty as the first and most important check on quality, along with independent measures of quality like the CLA. Dr. Stephen said graduation rate was very important because it correlated with the number of graduates an institution produced. If an institution had good graduation rates then it would produce more graduates, which saved the state money by getting students to earn their degrees faster. Moving to performance metrics, slides 35 to 37 displayed the value (from light to heavy) that SRI thought should be placed on certain graduation performance metrics at Nevada's institutions. Slide 35 showed metrics for UNR and UNLV, slide 36 showed metrics for NSC and slide 37, the two-year colleges. Dr. Stephen pointed out if a state wanted more graduates, especially for the targeted economic sectors, then it should pay for those graduates. SRI placed a heavy emphasis six-year graduation rates; however, that was a policy discussion for the Committee. Additionally, as previously discussed, Dr. Stephen said a remedial student performance metric was important to track the student's progress. Another important metric to include was at-risk student graduates, which he thought would encourage institutions to collect that data. Performance metrics provided incentive and information in order for institutional leaders and faculty to engage in performing better in development of graduates.

Chairman Horsford questioned the inclusion of STEM graduates on the listing for NSC (slide 36) because its mission did not focus on those areas, nor did it primarily train and teach in those areas. He thought Healthcare, Education and Business might be more appropriate.

Dr. Stephen thought the Chairman made a good point and maybe STEM could be removed from the performance metrics for NSC and replaced with others that aligned with its mission. However, he indicated that a STEM degree was multi-purpose credential and generically valuable even if it was not the particular mission of an institution. The performance metrics for the two-year colleges (slide 37) included certificate and associate graduates, transfer of students with 24 credits or associate's degree to other institutions, 3-year graduation rates (slide showed incorrect information of 6-year graduation rate), student credit accumulation, remedial student progress and at-risk graduates. Turning to slide 38, Dr. Stephen addressed the implementation of the performance metrics. A combination of financial incentives and institutional changes were needed to formulate a new funding model and he said it should be adopted over several years, with threshold limits (stop-loss) on the initial impact for the individual institutions. SRI thought adoption of a steadily increasing scale starting at greater than

or equal to 25 percent of the state support would be a positive measure. Dr. Stephen noted for the Committee that tuition was approximately 40 percent of an institutions budget, while state funding was approximately 60 percent; therefore, 25 percent performance funding of 60 percent state funding was much less than 25 percent of the whole budget amount. Another part of the implementation was the adoption through stakeholder consultation, and in SRI's view, the ultimate goal should be 100 percent performance based. He questioned whether Nevada could implement 100 percent performance funding in the first five years and suggested to have an intervening goal of 25 percent, or some lower number to achieve over a five-year period. Dr. Stephen said portions of the performance pool would be painful, there would be aspects people would not be sure about and certain parts would lead to unintended circumstances, but he stressed not to let those issues stop the adoption of the policy. He wanted those issues to be the reasons to amend and improve the policy after utilizing the performance funding for an appropriate period of time. He cautioned not to make changes every year because it would not set the incentive structure, but to wait and revisit it after four to five years or perhaps two biennia.

Dr. Geddes was excited about the SRI deliverable and commended their work on the report. He wanted to make sure that an "apples to apples" comparison was being made between the current formula, the proposed NSHE formula and the comparison to states. He noted that SRI was asked to collect data about the type of professors teaching classes and he wanted to clarify that the current formula included instruction, student services, academic support and O&M, while the proposed formula compressed all of those budgetary functional areas into one. Dr. Geddes was concerned about receiving an accurate comparison when data was presented due to the variation between the two formulas. For example, it would be inaccurate to compare a professor at UNLV who had a student coming from high school with a 4.0 GPA with a professor at CSN who had a student who academically just made it into the college. The student services and academic support required by those two students would be quite different. Therefore, he thought it was important not to limit a comparison just to instruction, but to include academic support and student services as well. Pointing out that he liked the Knowledge Fund and the economic development goal, Dr. Geddes said it served a specific purpose, but it did not meet all of the state's objectives, especially in regard to research and teachers. He said teachers were not addressed in the Knowledge Fund. Although STEM was addressed, he thought unless teaching was emphasized in relation to STEM in grades K-12 there was no point in measuring it at the higher education level. Dr. Geddes stressed to incentivize the preparation of students going all the way through the system. There were also other important areas of research study besides what was included in the seven clusters. He cited infrastructure as an example in relation to the UNR Earthquake Lab, which provided data and research to help the state build better bridges, freeways and buildings. Dr. Geddes said the lab received some primary funding, but also sought other additional funding sources. In regard to alignment, he thought the state had a unique opportunity. Every college had a foundation board made up of private sector individuals who raised money for the college and every college president had an advisory board consisting of community members providing advice on new programs and workforce development. Dr. Geddes indicated that there were many

programs at the colleges created as a result of input from the community. He explained it was important to focus on the goal of alignment to determine the outcomes desired by the state. Lastly, Dr. Geddes said Nevada had a unique higher education system consisting of a research institute, a state college, research universities and community colleges all together in one system. If true articulation, true alignment, differentiation, 12-credit certificates, two-year degree, four-year degree and pure transfer was desired, he thought Nevada, due to the nature of the partnership between the Board of Regents, the Governor and the Legislature, had opportunities to do things other states could not because of their different governing boards.

Chairman Horsford thought there would be time during the upcoming work session to debate the various policies surrounding the issue of local government support of the community colleges. He said local partners were not going to provide money unless they had some input into the governance and deliverables of the community colleges. Chairman Horsford indicated the Legislature was close to an agreement with local government in 2009; however, the issue of governance disrupted the arrangement.

Mrs. Smith wanted clarification from Ms. Freyman regarding O&M and if it was embedded in the NSHE proposed formula, which made it different from other states that took into consideration factors such as the age of the building and the square footage.

Concurring, Ms. Freyman explained the NSHE instructional component of the proposed formula included O&M of buildings and was unique compared to other states because it funded O&M as a function of credit hours. Some states funded O&M off formula and others funded on credit hours, but did not bundle it all together as NSHE was proposing.

Dr. Stephen added that buildings were tightly tied to instruction and thought the way NSHE proposed to fund O&M was the right direction.

Mrs. Smith asked Mrs. Gansert to comment on Dr. Stephen's remark regarding remedial classes. She noted that Dr. Stephen said it would be a positive move for the performance metrics to not only include the completion of remediation, but also the completion of the next course, which would show the student's progress. However, Mrs. Smith was unsure if Mrs. Gansert and Nevada's Grant Leadership Team performance pool committee were in agreement with that idea. She wondered if a student's success was measured the same way in both the SRI and committee recommendation.

Since Mrs. Gansert had stepped out of the room at the time of the question, Dr. Stephen answered that the proposal was hers explicitly and he thought it was a particularly desirable metric because it showed the progression of a remediated student. Dr. Stephen suggested that a student's success be measured as per the SRI and the committee's recommendation.

Chairman Horsford thanked Dr. Stephen and Ms. Freyman for their presentation. He asked them to provide a formula calculator whereby an electronic spreadsheet could

be used to “plug in” funding allocation numbers for the various institutions and for specific programs in order for the Committee to see different scenarios on how certain allocations worked. He wanted to see what the numbers meant based on the Chancellor’s proposed funding formula.

Chairman Horsford said the Funding Formula Subcommittee was scheduled to meet on July 11, 2012, and August 15, 2012 and the full Committee on August 29, 2012. He asked for SRI to work with Legislative staff on the formula calculator, determining what the drivers for the numbers would be so the Committee could input its own numbers based on the policy decisions the Governor and the Legislature made together.

Dr. Stephen said SRI would provide a formula calculator for the Committee to utilize in August. Ms. Freyman added that it would interesting to see the sensitivity analysis as the Committee discussed policy questions in relation to the weights and its effect on the overall picture.

Chairman Horsford asked for a motion to accept, accept with rework or reject the deliverable presented by SRI.

MR. ANDERSON MOVED TO ACCEPT THE DELIVERABLE AS PRESENTED BY SRI INTERNATIONAL. THE MOTION WAS SECONDED BY MR. PAGE.

THE MOTION WAS UNANIMOUSLY APPROVED.

IX. PUBLIC COMMENT.

Chairman Horsford asked for public comment from Las Vegas, Carson City and Elko.

Tom Rosenberger, Department Chair, Hospitality Management Program, CSN, asked the Committee members to be careful what elements they chose to incentivize and to provide protection for the students at the community colleges. Recognizing that SRI said the state needed to make matriculation easier between schools, Mr. Rosenberger was concerned that if there was a monetary incentive for the number of students enrolled in certain programs the four-year schools would change their degree programs to capitalize on that funding, which he feared would render a two-year degree worthless. He said CSN worked with UNLV to change their degree program in Hospitality Management so that 95 percent of a CSN student’s credits would transfer. However, he reported those credit were currently down from 95 percent to approximately 65 percent. Mr. Rosenberger thought that it was “gamesmanship” and a way of “protecting your turf.” He asked for a safeguard to be built in for the students so their credits would be transferrable. Nevada was one of a few states that did not have protection for a student attending a two-year program with the intent to transfer to a four-year program. Many states had protections in place to avoid elitism, but there was no requirement in Nevada

for the university or the four-year program to accept those credits, which he reasoned as completely wrong. He said having a student graduate and having a student completing a course were different goals. Mr. Rosenberger relayed a conversation with a former CSN graduate who was making a good living as a dealer in a casino. The graduate expressed that his associate's degree held no value for working as a dealer in a casino. The casino did not require a degree to perform the job so the degree meant nothing. Mr. Rosenberger said the graduate often referred people to take courses at CSN. However, the graduate advised them all not to get a degree because CSN offered courses for students to better themselves without obtaining a degree, such as through the culinary or welding program. Mr. Rosenberger said a student could take three classes in air conditioning and start working making \$50,000 a year. He believed the state needed more people making good salaries because those citizens paid taxes and those types of students were important to CSN as well as important to the state. Mr. Rosenberger stressed for the performance metrics to include an additional component other than just a graduate with an associate's degree or certificate. He said the degrees and certificates were important, but the state needed to look at the student as a whole keeping in mind that no one could determine what success meant to somebody else. Mr. Rosenberger commented that to him a successful student was one who became a good citizen, paid taxes and raised a family in Nevada.

Chairman Horsford provided two observations regarding Mr. Rosenberger's comments. The first point, as previously discussed in the meeting, was the suggestion from the NGA and SRI to include a student progression incentive (accumulation of 12, 24, 36 credits) at the community colleges. He thought that would be a good measure of a student's accomplishment, especially for the people who were paying for those students to attend college. Chairman Horsford's second observation was regarding an incentive for transferring from a two-year institution to a four-year program. He believed there should be an incentive for the universities to work closely with the community colleges to accept the students coming from a two-year institution and the credits that those students earned. He indicated those points would continue to be in the Committee's discussion and final recommendation.

Mr. Rosenberger asked the Committee to be mindful that 90 percent of students attending any of Nevada's community colleges worked full time with the majority of students paying their own tuition and expenses. He conducted a survey of 150 students in the Spring 2012 semester to determine if a student's source of funding for college was their parents. Only one student answered their parents were paying for their education and all the rest were paying for themselves. Mr. Rosenberger noted that today's community college student was not the traditional student from 20 years prior and was different from many of the traditional university students.

Chairman Horsford thanked Mr. Rosenberger for his testimony and continued input.

There was no further public comment.

X. ADJOURNMENT.

Chairman Horsford thanked staff and the presenters for their hard work. He announced the full Committee would meet on August 29, 2012, at CSN, and asked the members to plan to attend the meeting for the entire day. Chairman Horsford explained the meeting would follow a work session format and the materials the members would receive in advance of the meeting would identify each of the key policies including the pros and cons. He asked the members to be prepared to debate, come to agreement and make motions on the issues in order to move forward on a final recommendation.

There was no further business to come before the committee; Chairman Horsford adjourned the meeting at 1:15 p.m.

Respectfully submitted,

Patti Sullivan, Committee Secretary

APPROVED:

Steven A. Horsford, Chairman

Date: _____

Copies of exhibits mentioned in these minutes are on file in the Fiscal Analysis Division at the Legislative Counsel Bureau, Carson City, Nevada. The division may be contacted at (775) 684-6821.