

**K-12 / HIGHER EDUCATION / CIPS JOINT SUBCOMMITTEE
CLOSING LIST #3
May 7, 2015**

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**Nevada Legislative Counsel Bureau
 Budget Closing Action Report
 K-12/Higher Education/CIPs
 Joint Subcommittee**

Budget Account: NSHE System-Wide (Excludes WICHE)

Funding Source (Excludes WICHE)	2013-15 Leg. App. (Millions)	2015-17 Gov. Rec. (Millions)	2015-17 Dollar Change (Millions)	Percent Change
State General Fund	\$971.3	\$1,062.1	\$90.8	9.3%
Student Fees/Tuition Revenue ^a .	\$514.1	\$564.1	\$50.0	9.7%
Federal/Other Funds	\$10.8	\$10.7	-\$0.1	-1.0%
TOTAL^b	\$1,496.1	\$1,636.8	\$140.7	9.4%

^a. Registration (per credit hour) fees, Non-Resident Tuition, Miscellaneous Student Fees. For the 2015-17 Biennium, undergraduate registration fees increase 4.0% per year at the community colleges and universities and 2.5% in FY 2016 and 3.5% in FY 2017 at Nevada State College as approved by the Board of Regents and recommended by the Governor.
^b. The total amounts for the biennium are based on full dollar figures and therefore will not sum to the amounts reflected for the three revenue sources due to rounding.

Nevada System of Higher Education

The Nevada System of Higher Education (NSHE) is governed by an elected, 13-member Board of Regents. The System comprises the Chancellor’s Office; the University of Nevada, Reno (UNR); the University of Nevada, Las Vegas (UNLV); the Nevada State College at Henderson (NSC); the College of Southern Nevada (CSN); Great Basin College (GBC); Truckee Meadows Community College (TMCC); Western Nevada College (WNC); the UNR School of Medicine (UNSOM), the UNLV Law School, the UNLV Dental School and the Desert Research Institute (DRI).

Governor Recommends 9.3 Percent General Fund Increase

The Executive Budget recommends a 9.3 percent or \$90.8 million increase in General Fund appropriations, to \$1.062 billion for the 2015-17 biennium over the 2013-15 biennium. Compared to the FY 2015 General Fund appropriations approved by the 2013 Legislature, the Governor recommends an increase to the seven campus formula accounts of 7.1 percent or \$27.0 million in FY 2016 and 7.4 percent or \$28.1 million in FY 2017. Cumulatively, General Fund appropriations for the DRI and the professional schools, inclusive of the Governor’s recommendation of initial funding for a UNLV Medical School, increase by 9.2 percent or \$4.9 million in FY 2016 and 24.3 percent or \$13.0 million in FY 2017 compared to FY 2015 appropriations approved by the 2013 Legislature. As reflected in the following table, the increases are primarily driven by the existing and proposed Medical Schools and Law School funding. Recommended General Fund appropriations for DRI decrease in each year of the biennium compared to the FY 2015 amount approved by the 2013 Legislature. The balance of the increase recommended in The Executive Budget occurs across the NSHE’s non-formula accounts. The following table provides a comparison with the FY 2015 General Fund appropriation levels.

2015-17 Biennium Governor Recommended Total General Fund Appropriations Compared to FY 2015 (Inclusive of Performance Funding)					
Institution	FY 2015 General Fund (Leg Approved)	FY 2016 General Fund (Gov. Rec.)	% Change Over FY 2015	FY 2017 General Fund (Gov. Rec.)	% Change Over FY 2015
UNLV ¹	\$ 130,431,946	\$ 145,189,585	11.3%	\$ 145,911,069	11.9%
UNR ¹	\$ 91,307,153	\$ 104,375,342	14.3%	\$ 104,533,772	14.5%
CSN ¹	\$ 87,518,652	\$ 88,593,269	1.2%	\$ 88,733,244	1.4%
GBC ¹	\$ 12,733,883	\$ 10,657,052	-16.3%	\$ 10,672,099	-16.2%
TMCC ¹	\$ 30,367,228	\$ 30,349,436	-0.1%	\$ 30,397,388	0.1%
WNC ¹	\$ 13,596,404	\$ 11,880,772	-12.6%	\$ 11,898,224	-12.5%
NSC ¹	\$ 12,568,654	\$ 14,462,027	15.1%	\$ 14,484,876	15.2%
Formula Accounts SUBTOTAL	\$ 378,523,920	\$ 405,507,483	7.1%	\$ 406,630,672	7.4%
MEDICAL (UNSON)	\$ 31,253,285	\$ 32,869,159	5.2%	\$ 34,985,486	11.9%
MEDICAL (UNLV)	\$ -	\$ 1,200,000	n/a	\$ 7,100,000	n/a
LAW	\$ 7,404,114	\$ 9,409,503	27.1%	\$ 9,419,301	27.2%
DENTAL	\$ 7,422,189	\$ 8,214,500	10.7%	\$ 8,302,288	11.9%
DR ²	\$ 7,526,457	\$ 6,858,842	-8.9%	\$ 6,819,009	-9.4%
Professional School SUBTOTAL	\$ 53,606,045	\$ 58,552,004	9.2%	\$ 66,626,084	24.3%
Non-Formula Accounts SUBTOTAL	\$ 59,533,263	\$ 62,264,001	4.6%	\$ 62,479,530	4.9%
NSHE TOTAL	\$ 491,663,228	\$ 526,323,488	7.0%	\$ 535,736,286	9.0%

Notes:
¹ Amounts are inclusive of performance funding.
² As directed by the 2013 Legislature, the Governor's recommended budget for DRI implements the new funding formula to determine General Fund appropriations, which utilizes a sliding scale calculation based on the level of grant activity.

Major Closing Issues

1. General Fund Appropriation to Support New Hotel College Academic Building
2. NSHE Funding Formula and Performance Funding Pool for Instructional Budgets
3. Budgeting of Student-Derived Revenues
4. Medical Education Expansion
5. UNLV Law School
6. Desert Research Institute Funding Formula
7. Funding for the Non-Formula Budgets

Discussion of Major Closing Issues

1. **General Fund Appropriation to Support New Hotel College Academic Building (E-300, NSHE-56)**: The Governor's recommended budget for UNLV includes a General Fund appropriation of \$500,000 in FY 2017 to fund a portion of the construction costs for Capital Improvement Program (CIP) Project 15-C78, Hotel College Academic Building. The Department of Administration indicates that there was no specific use identified for the funding, but that the amount is intended to support the overall costs of the CIP project. On February 27, 2015, the Department of Administration submitted a revision to the 2015 CIP funding, which included the transfer of the \$500,000 General Fund appropriation included in UNLV's state-supported operating budget to the funding to support CIP Project 15-C78. Neither The Executive Budget nor Fiscal staff had included the \$500,000 in the pool of available formula funding given its intended purpose. Fiscal staff recommends that the funds be moved from the UNLV budget to the 2015 CIP budget for CIP Project 15-C78.

Does the Subcommittee wish to approve the elimination of Decision Unit E-300 from UNLV's state-supported operating budget with the understanding that the \$500,000 General Fund appropriation will be considered by the Subcommittee on May 18, 2015, as part of the recommended funding for CIP Project 15-C78, Hotel College Academic Building?

2. **NSHE Funding Formula and Performance Funding Pool for Instructional Budgets**

The Executive Budget for the 2015-17 biennium follows the funding formula policies adopted by the 2013 Legislature. The following summarizes the major components of the NSHE funding formula for the seven instructional budgets:

- a) Weighted Student Credit Hours (WSCH): The 2015-17 biennium instructional budgets for UNLV, UNR, CSN, GBC, TMCC, WNC, and NSC primarily distribute General Fund appropriations based upon completed WSCH by Nevada resident students. The WSCH for non-resident students are excluded. As recommended by the Governor, and consistent with the policy adopted by the 2013 Legislature, the value of each WSCH is uniform across all institutions and is calculated by dividing the available General Fund appropriations in each fiscal year, after any “pre-formula allocations” are distributed, by the total number of FY 2014 WSCH. The WSCH value is an output as the result of this calculation. It is not a pre-determined amount, and is not used to determine General Fund appropriation levels in the budget.

For FY 2016 and FY 2017, the calculated General Fund value of a WSCH is \$153.09 and \$153.33, respectively, compared to the legislatively approved WSCH calculated General Fund value of \$141.50 for FY 2015. After calculating the value of the WSCH, The Executive Budget reallocates available General Fund appropriations through the formula in the M-204 decision unit. Available General Fund appropriations are determined through the traditional base, maintenance, and enhancement methodology, less any pre-formula allocations (i.e., small institution and research Operations & Maintenance (O&M) funding.

Weighting of Credit Hours: The Executive Budget utilizes the same credit hour weighting taxonomy as approved by the 2013 Legislature. The student credit hours are weighted by discipline cluster developed by the National Center for Higher Education Management Systems (NCHEMS), and modified by the 2012 Interim Higher Education Funding Study Committee (S.B. 374, 2011 Session).

- The Executive Budget does not include the separate enhancement requested by NSHE to increase the WSCH value by \$5, which would have increased General Fund appropriations to the seven teaching institutions by \$12.9 million in each year of the 2015-17 biennium.

Does the Subcommittee wish to continue funding the seven state-supported instructional budgets with the funding formula adopted by the 2013 Legislature, as recommended by the Governor, and distributing General Fund appropriations based on the NSHE institutions FY 2014 Weighted Student Credit Hours?

- b) Projection of Weighted Student Credit Hours (M-203, NSHE-25,54,80,86,92,97,102): The Governor recommends the exclusion of FY 2014 WSCH tied to “F” grades for non-attendance/effort for the 2015-17 biennium. The Executive Budget also recommends a caseload adjustment resulting from a system wide 3.5 percent increase in FY 2014 WSCH compared to FY 2012, adjusted for the removal of “F” grades for non-attendance/effort. The funding adjustments to exclude “F” grades and account for the change in WSCH by institution are combined and recommended in the M-203 decision unit and based on the FY 2015 calculated WSCH value of \$141.50, as reflected in the following table. In total, based upon an increase of 86,001 in WSCH, at the FY 2015 rate of \$141.50, the Governor recommends additional General Fund appropriations of \$12.2 million in each year of the 2015-17 biennium. Consistent with the 2013 money committees’ policy, The Executive Budget utilizes the FY 2014 WSCH to reallocate General Fund appropriations through the funding formula in FY 2016 and FY 2017. The caseload adjustment funding is subsequently included in the available funding used to calculate the recommended value of the WSCH for FY 2016 and FY 2017.

Governor's Recommended Weighted Student Credit Hour Caseload Adjustment by Institution					
	FY 2012 WSCH Excludes "F" Grades for Non- Attendance/Effort	FY 2014 WSCH Excludes "F" Grades for Non- Attendance/Effort	WSCH Difference	FY 2015 WSCH Calculated Value (Leg. App.)	FY 2016/2017 Caseload Adjustment (Gov. Rec.)
UNLV	872,181	915,704	43,523	\$ 141.50	\$ 6,158,505
UNR	612,130	655,013	42,883	\$ 141.50	\$ 6,067,945
CSN	586,695	578,716	(7,979)	\$ 141.50	\$ (1,129,029)
GBC	59,134	62,209	3,075	\$ 141.50	\$ 435,113
TMCC	201,083	198,251	(2,832)	\$ 141.50	\$ (400,728)
WNC	69,964	72,151	2,187	\$ 141.50	\$ 309,461
NSC	89,326	94,470	5,144	\$ 141.50	\$ 727,876
Total	2,490,513	2,576,514	86,001	\$ 141.50	\$ 12,169,143

Note: M-203 decision unit funding change combines the adjustments to exclude "F" grades for non-attendance/effort and to address the caseload adjustment resulting from an increase/decrease in WSCH for each institution in FY 2014 compared to FY 2012.

Fiscal staff would note for the Subcommittee that the adjustment to remove “F” grades from the WSCH is a policy decision. As the Subcommittee will recall, the NSHE testified during the February 24, 2015, budget hearing, that the removal of the “F” grades from the WSCH resulted in a shift of funds among the seven teaching institutions, with a decrease in funds to the community colleges and an increase in funds to the universities. The 2013 Legislature directed the NSHE to adjust for the removal of “F” grades in its 2015-17 biennium budget request. The Subcommittee has the authority to determine the recommended budget policy for the 2015-17 biennium in regards to the exclusion of “F” grades in the WSCH.

Does the Subcommittee wish to approve the Governor’s recommendation to fund Weighted Student Credit Hour caseload adjustments, inclusive of the removal of “F” grades for non-attendance/efforts with General Fund appropriations of \$12.2 million in each fiscal year of the 2015-17 biennium?

- c) Small Institution Funding (M-201, NSHE-80,86): The Governor recommends that GBC and WNC cumulatively receive General Fund appropriations totaling \$2.0 million in each fiscal year of the 2015-17 biennium for small institution funding. This funding is allocated prior to the calculation of the WSCH value as a pre-formula allocation in recognition that all institutions have certain fixed administrative costs regardless of size. However, at the larger institutions, sufficient fee revenues are collected to not require additional General Fund support. The level of recommended funding for GBC and WNC is determined by the actual number of WSCHs greater than 50,000, but less than 100,000, with a maximum amount for each institution of \$1.5 million per year. For the purposes of calculating the small institution funding, each WSCH is valued at \$30.00. As shown in the previous table, GBC and WNC had 62,209 and 72,151 “F” grade adjusted WSCH in FY 2014, respectively. Funding for each year of the 2015-17 biennium is based upon 37,791 WSCH for GBC and 27,849 WSCH for WNC. The small institution funding recommended for the 2015-17 biennium is as follows:

Governor's Recommended Small Institution Funding Allocations						
	FY 2015 (Leg. App.)	FY 2016 / FY 2017 M-201 Adj (Gov. Rec.)	FY 2016 (Gov. Rec.)	FY 2017 (Gov. Rec.)	Annual % Change Compared to FY 2015	2015-17 Biennium Total (Gov. Rec.)
GBC	\$ 1,176,930	\$ (43,200)	\$ 1,133,730	\$ 1,133,730	-3.7%	\$ 2,267,460
WNC	\$ 767,580	\$ 67,890	\$ 835,470	\$ 835,470	8.8%	\$ 1,670,940
Total	\$ 1,944,510	\$ 24,690	\$ 1,969,200	\$ 1,969,200	1.3%	\$ 3,938,400
Note: M-201 decision unit reflects net change in funding as base funding includes General Fund appropriations for the Small Institution Funding. This table reflects the total amount requested.						

For the small institution funding, the FY 2015 funding was based upon FY 2012 WSCH of 60,769 for GBC and 74,414 for WNC, which included "F" grades. Staff would note for the Subcommittee that the total funding (\$1.5 million), eligible WSCH (50,000 to 100,000) and resultant \$30 value are set by budget policy and can be recommended to be increased, or decreased, if the Subcommittee desires.

Does the Subcommittee wish to approve the Governor's recommendation that Great Basin College and Western Nevada College receive General Fund appropriations totaling \$2.0 million cumulatively in each fiscal year of the 2015-17 biennium for small institution funding, to be appropriated prior to the calculation of the Weighted Student Credit Hour value as a pre-formula allocation?

- d) Mitigation for GBC and WNC (E-600: NSHE-82, 88): The Executive Budget recommends the elimination of \$5.3 million in one-time General Fund appropriations for GBC (\$3.0 million) and WNC (\$2.3 million) approved by the 2013 Legislature for FY 2015 to offset the General Fund appropriation reductions that occurred at GBC and WNC as a result of distributing funding based upon the WSCH formula. No mitigation funding is recommended for the 2015-17 biennium.

In addition to the General Fund appropriations, Fiscal staff notes that the Board of Regents also approved \$450,002 of self-funded mitigation for GBC (\$175,472) and WNC (\$274,530) in FY 2015. In addition, the NSHE reports that GBC and WNC under-spent the FY 2014 NSHE mitigation funding by \$172,917 and \$750,000, respectively, and have balanced forward those funds for use in FY 2015 (Source: 2013-14 Self-Supporting Budget, Budget to Actual Comparison).

- As the Subcommittee will recall, NSHE requested total mitigation funding of \$5.0 million for GBC (\$3.0 million) and WNC (\$2.0 million) in the 2015-17 biennium.

Does the Subcommittee wish to approve the Governor's recommendation to eliminate \$5.3 million in General Fund appropriations, which supported mitigation funding in FY 2015 for Great Basin College and Western Nevada College?

- e) Research Space Operations & Maintenance Carve-Out (M-200, NSHE-24, 54): The Governor recommends General Fund appropriations of \$9.1 million in research space (i.e., non-instructional space) operations and maintenance (O&M) funding for UNLV (\$5.0 million) and UNR (\$4.1 million) in each year of the 2015-17 biennium. The recommendation represents a combined annual increase of 6.8 percent or \$583,211 compared to the \$8.5 million approved by the 2013 Legislature for FY 2015. This funding is appropriated prior to the calculation of the WSCH value as a pre-formula allocation. The NSHE indicates that the increase in funding for this purpose is based on the square footage and operation costs of building space dedicated for research activities for the 2015-17 biennium. Funding for research O&M is not based upon a uniform cost per square foot (sf). For the 2015-17 biennium, research space O&M is

recommended at \$15.66 per sf at UNLV, and \$8.94 per sf at UNR. Fiscal staff notes that the per sf value of UNLV's research O&M funding is 75.2 percent higher than UNR's due to The Executive Budget recommending that UNLV retain the \$1.7 million redirection of funds from CSN and NSC for research O&M approved by the 2013 money committees, as noted in Footnote 1 in the table below. If the \$1.7 million was not included, UNLV's research O&M funding would be \$10.26 per sf.

In response to questions following the February 24, 2015, budget hearing, the NSHE indicates that research square footage for UNR increased by 8,933 sf to a total of 458,634 sf of dedicated research space. As reflected in the table below, the funding increase for research O&M for UNR represents a 14.5 percent annual increase. This is the result of both the increase in research space and also an increase in the cost per square foot used in the budget. The dedicated research space at UNLV increased by 45,384 sf to a total of 319,883 sf. As noted in the table below, the Governor recommends that UNLV retain the additional \$1.7 million of funding approved by the 2013 Legislature for research O&M in the base budget funding level. This amount is added to the calculated cost of dedicated research space square footage at UNLV.

University Research Space Operation and Maintenance (O&M) Funding Allocations						
	FY 2015 Research O&M (Leg. App.) ¹	FY 2016 / FY 2017 M-200 Adj (Gov. Rec.)	FY 2016 Research O&M (Gov. Rec.)	FY 2017 Research O&M (Gov. Rec.)	Annual % Change Compared to FY 2015	2015-17 Biennium Research O&M (Gov. Rec.)
UNLV	\$ 4,944,173	\$ 64,026	\$ 5,008,199	\$ 5,008,199	1.3%	\$ 10,016,398
UNR	\$ 3,582,891	\$ 519,185	\$ 4,102,076	\$ 4,102,076	14.5%	\$ 8,204,152
Total	\$ 8,527,064	\$ 583,211	\$ 9,110,275	\$ 9,110,275	6.8%	\$ 18,220,550

¹ Of the total amount, the 2013 Legislature approved the redistribution of \$1.7 million "post-formula" to UNLV from CSN (\$1.2 million) and NSC (\$566,616). The Governor is recommending that UNLV retain that level of funding in the base budget, and does not recommend that new General Fund appropriations be added to restore formula funding at CSN and NSC.
Note: M-200 decision unit reflects net change in funding as base funding includes General Fund appropriations for Research O&M. This table reflects the total amount requested.

Staff would note for the Subcommittee that the research O&M funding levels for the universities are set by budget policy and can be increased, or decreased, if the Subcommittee desires.

Does the Subcommittee wish to approve General Fund appropriations of \$9.1 million in each year of the 2015-17 biennium to fund research space operations and maintenance funding for UNLV and UNR cumulatively, and appropriate the funds prior to the calculation of the WSCH value as a pre-formula allocation, as recommended by the Governor?

- f) Performance Funding Pool Set-Aside (E-900 series: NSHE-28,57,83,89,94,99,104): Consistent with the policy adopted by the 2013 Legislature, the Governor recommends a 10.0 percent (\$40.6 million) and 15.0 percent (\$60.9 million) set-aside of General Fund appropriations for the performance funding pool in FY 2016 and FY 2017, respectively. These General Fund appropriations are transferred from each institution's instructional budget to the Performance Funding budget. Based on the institution's performance compared to the prior fiscal year, funds would then be transferred from the performance pool budget to the applicable institution's instructional budget. In order to allow for sufficient advance planning of operational costs and budgeting, the performance funding earned for a fiscal year is based on actual performance from two years preceding the fiscal year in which funds are appropriated. For example, the recommended FY 2016 performance funding transfer would be based on actual FY 2014 performance. This allows for the performance funding to be made available for, and transferred to the institutions at the beginning of the fiscal year in which they will be expended. The majority of the performance metrics are based on the number of students graduating/earning certificates. The following reflects the amount of General Fund appropriations in FY 2016 and FY 2017 that are recommended to be transferred to the Performance Funding Pool in The Executive Budget.

FY 2016 General Fund Appropriation Performance Funding Set-Aside			FY 2017 General Fund Appropriation Performance Funding Set-Aside		
Institution	FY 2016 Total Budgeted General Funds (Gov. Rec.)	10% Set-Aside	Institution	FY 2017 Total Budgeted General Funds (Gov. Rec.)	15% Set-Aside
UNLV	\$ 145,189,585	\$ 14,518,958	UNLV ¹	\$ 145,411,069	\$ 21,811,660
UNR	\$ 104,375,342	\$ 10,437,534	UNR	\$ 104,533,772	\$ 15,680,066
CSN	\$ 88,593,269	\$ 8,859,327	CSN	\$ 88,733,244	\$ 13,309,987
GBC	\$ 10,657,052	\$ 1,065,705	GBC	\$ 10,672,099	\$ 1,600,815
TMCC	\$ 30,349,436	\$ 3,034,944	TMCC	\$ 30,397,388	\$ 4,559,608
WNC	\$ 11,880,772	\$ 1,188,077	WNC	\$ 11,898,224	\$ 1,784,733
NSC	\$ 14,462,027	\$ 1,446,203	NSC	\$ 14,484,876	\$ 2,172,731
TOTAL	\$ 405,507,483	\$ 40,550,748	TOTAL	\$ 406,130,672	\$ 60,919,600

¹ Excludes the \$500,000 recommended to support a portion of the construction costs for the new Hotel College Academic Building CIP Project (15-C78).

As noted above, the performance funding for FY 2016 is based on the actual performance outcomes for FY 2014. The institutions performance is based on a year-over-year comparison, and as such, each institution is “competing” against its own prior year performance rather than against each other. However, staff notes that only a small portion of the performance funding is actually “at risk” of not being earned back by the institutions. With the exception of NSC, the institutions would earn 98 percent of the performance funds set aside in FY 2016 by maintaining its performance without any improvement in performance levels in FY 2014. Under the methodology, NSC would earn 96 percent.

The NSHE has reported that all institutions except UNLV achieved their targets for FY 2014, which determines the performance funding in FY 2016. For the Subcommittee’s reference, the NSHE FY 2014 performance outcomes are included in **Attachment 1**. Additionally, the system indicates that both GBC and TMCC achieved actual performance above the targets by an amount sufficient to receive 100 percent of the performance funding to be set aside in FY 2016, and also to earn back the unearned funds of \$15,083 for GBC and \$12,091 for TMCC from FY 2015. Given that NSHE has the performance results for FY 2014, which drive the amount of performance funding earned in FY 2016, the Subcommittee may want to consider not transferring funds to the Performance Pool in FY 2016 (only), and just account for the amounts in the appropriation for the institutional budgets. If the FY 2016 performance funding, based on FY 2014 performance, was not transferred to the Performance Pool and instead accounted for in the appropriation for the institutional budgets, this would eliminate the need for the institutions to submit work programs for consideration by the Interim Finance Committee to facilitate a transfer. Fiscal staff notes that both GBC and TMCC would need to submit work programs to have the unearned funds from FY 2015 transferred to their state-supported budgets in FY 2016. The following table reflects the FY 2014 actual performance achieved as a percentage of each institution’s performance target, and the amount of funding earned for FY 2016 that would be otherwise set-aside.

FY 2016 General Fund Appropriation Performance Funding Based on Actual FY 2014 Performance					
Institution	FY 2016 Total Budgeted General Funds (Gov. Rec.)	10% Set-Aside	Actual FY 2014 Performance % of Target	Actual FY 2016 Performance Funding	Difference Between Set- Aside and Actual
UNLV	\$ 145,189,585	\$ 14,518,958	97.8%	\$ 14,199,540	\$ 319,417
UNR	\$ 104,375,342	\$ 10,437,534	107.0%	\$ 10,437,534	\$ -
CSN	\$ 88,593,269	\$ 8,859,327	116.9%	\$ 8,859,327	\$ -
GBC ¹	\$ 10,657,052	\$ 1,065,705	112.2%	\$ 1,065,705	\$ -
TMCC ¹	\$ 30,349,436	\$ 3,034,944	107.7%	\$ 3,034,944	\$ -
WNC	\$ 11,880,772	\$ 1,188,077	107.0%	\$ 1,188,077	\$ -
NSC	\$ 14,462,027	\$ 1,446,203	107.6%	\$ 1,446,203	\$ -
TOTAL	\$ 405,507,483	\$ 40,550,748		\$ 40,231,330	\$ 319,417

¹ The FY 2016 Performance Funding amounts for GBC and TMCC do not include the amount of unearned funds of \$15,083 and \$12,091, respectively, that each institution earned back based on FY 2014 performance.

Does the Subcommittee wish to approve the Governor’s recommendation, consistent with the policy adopted by the 2013 Legislature, to approve performance funding levels as a 10.0 percent (\$40.6 million) and 15.0 percent (\$60.9 million) set-aside of General Fund appropriations for the performance funding pool in FY 2016 and FY 2017, respectively?

If the Subcommittee approves the performance funding levels as recommended, does the Subcommittee wish to include the FY 2016 performance funding in each institution’s General Fund appropriation amount and thus avoid the need for the institutions to submit work programs for Interim Finance Committee consideration to facilitate a known transfer of performance funding for FY 2016?

3. Budgeting of Student-Derived Revenues

The budgeting of student-derived revenues is based upon policy decisions adopted by prior Legislatures rather than being a function of the funding formula or a statutory requirement. In addition, whether student-derived revenues are counted first and/or considered an offset to General Fund appropriations is not dictated by the funding formula. The Executive Budget continues the policy adopted by the 2013 money committees that for purposes of determining the level of General Fund appropriations to be budgeted in NSHE’s state-supported operating budgets, projected non-General Fund revenues do not offset the amount of General Fund appropriations that would otherwise be appropriated. Prior to the policy adopted by the 2013 money committees, in determining General Fund appropriation “need,” student registration fees, non-resident tuition and miscellaneous student fees were the first dollars counted and treated as an offset to calculating the General Fund need.

As shown in the following tables, The Executive Budget recommends student registration fee and non-resident tuition revenues over the 2015-17 biennium of \$431.2 million and \$126.9 million, respectively, for the seven teaching institutions and three professional schools. Non-General Fund revenue increases/decreases compared to the adjusted base budget are recommended in the M-210 decision unit (NSHE-26-27, 37, 55-56, 67, 71, 81, 87, 92-93, 98, 103).

Governor's Recommended 2015-17 Biennium Registration Fee Revenues						
Institution	FY 2015 Leg. App.	FY 2015 Leg App Adjusted for IFC/Board of Regents Augmentations (YTD)	FY 2016 Gov. Rec.	%Change FY 2016/ FY 2015 (YTD)	FY 2017 Gov. Rec.	%Change FY 2017/ FY 2015 (YTD)
UNLV	\$ 69,600,488	\$ 76,169,797	\$ 73,836,901	-3.1%	\$ 76,590,833	0.6%
UNR ¹	\$ 51,854,750	\$ 59,878,500	\$ 59,039,589	-1.4%	\$ 62,581,540	4.5%
CSN	\$ 37,770,684	\$ 37,770,684	\$ 36,522,404	-3.3%	\$ 38,256,780	1.3%
GBC	\$ 3,273,904	\$ 3,273,904	\$ 3,780,304	15.5%	\$ 3,924,899	19.9%
TMCC ¹	\$ 11,828,349	\$ 11,828,349	\$ 11,633,189	-1.6%	\$ 12,025,650	1.7%
WNC	\$ 4,429,311	\$ 4,429,311	\$ 4,624,306	4.4%	\$ 4,794,258	8.2%
NSC	\$ 5,183,791	\$ 6,499,668	\$ 5,412,115	-16.7%	\$ 5,601,539	-13.8%
Subtotal	\$ 183,941,277	\$ 199,850,213	\$ 194,848,808	-2.5%	\$ 203,775,499	2.0%
UNSOM	\$ 5,036,120	\$ 5,036,120	\$ 5,038,334	0.0%	\$ 5,184,115	2.9%
UNLV Dental	\$ 6,974,652	\$ 6,974,652	\$ 7,216,979	3.5%	\$ 7,481,352	7.3%
UNLV Law	\$ 4,684,078	\$ 4,684,078	\$ 3,767,458	-19.6%	\$ 3,928,354	-16.1%
Subtotal	\$ 16,694,850	\$ 16,694,850	\$ 16,022,771	-4.0%	\$ 16,593,821	-0.6%
Totals	\$ 200,636,127	\$ 216,545,063	\$ 210,871,579	-2.6%	\$ 220,369,320	1.8%

1. UNR FY 2015 amount includes \$421,000 in unexpended Registration Fees collected in FY 2014 and balanced forward into FY 2015. TMCC includes \$232,813 in FY 2014 Registration Fees balanced forward in FY 2015. Both actions are pursuant to Section 25 of SB 521 (Authorization Act) of 2013 Session.

Governor's Recommended 2015-17 Biennium Non-Resident Tuition Revenues						
Institution	FY 2015 Leg. App.	FY 2015 Leg App Adjusted for IFC/Board of Regents Augmentations (YTD)	FY 2016 Gov. Rec.	%Change FY 2016/ FY 2015 (YTD)	FY 2017 Gov. Rec.	%Change FY 2017/ FY 2015 (YTD)
UNLV	\$ 27,809,892	\$ 29,596,597	\$ 27,293,039	-7.8%	\$ 27,420,764	-7.4%
UNR	\$ 16,427,234	\$ 26,611,381	\$ 23,511,661	-11.6%	\$ 24,874,442	-6.5%
CSN	\$ 6,123,272	\$ 6,123,272	\$ 7,449,262	21.7%	\$ 7,614,823	24.4%
GBC	\$ 245,688	\$ 245,688	\$ 231,263	-5.9%	\$ 237,045	-3.5%
TMCC	\$ 1,019,693	\$ 1,486,964	\$ 1,120,816	-24.6%	\$ 1,244,326	-16.3%
WNC	\$ 1,738,917	\$ 1,738,917	\$ 361,289	-79.2%	\$ 370,321	-78.7%
NSC	\$ 387,307	\$ 508,424	\$ 436,057	-14.2%	\$ 453,499	-10.8%
Subtotal	\$ 53,752,003	\$ 66,311,243	\$ 60,403,387	-8.9%	\$ 62,215,220	-6.2%
UNSOM	\$ 876,960	\$ 876,960	\$ 576,726	-34.2%	\$ 528,300	-39.8%
UNLV Dental	\$ 751,130	\$ 1,129,920	\$ 1,308,676	15.8%	\$ 1,361,035	20.5%
UNLV Law	\$ 428,404	\$ 428,404	\$ 283,444	-33.8%	\$ 260,279	-39.2%
Subtotal	\$ 2,056,494	\$ 2,435,284	\$ 2,168,846	-10.9%	\$ 2,149,614	-11.7%
Totals	\$ 55,808,497	\$ 68,746,527	\$ 62,572,233	-9.0%	\$ 64,364,834	-6.4%

On March 25, 2015, the NSHE submitted a request to revise the student driven non-General Fund revenues for each of the seven instruction budgets based on updated enrollment projections. Fiscal staff notes that the NSHE indicated there are no changes to the fee revenue projections for the Medical, Law and Dental schools. Based on the projections, Fiscal staff has made technical adjustments to the M-210 decision unit to reflect the changes. The following tables reflect the revised student registration fee and non-resident tuition revenues as provided by NSHE compared to the amounts in The Executive Budget.

NSHE Revised 2015-17 Biennium Registration Fee Revenues						
Institution	FY 2016 Gov. Rec.	FY 2016 NSHE Revised	Difference NSHE Revised vs Gov. Rec.	FY 2017 Gov. Rec.	FY 2017 NSHE Revised	Difference NSHE Revised vs Gov. Rec.
UNLV	\$ 73,836,901	\$ 78,986,926	\$ 5,150,025	\$ 76,590,833	\$ 81,952,037	\$ 5,361,204
UNR	\$ 59,039,589	\$ 65,215,407	\$ 6,175,818	\$ 62,581,540	\$ 71,626,177	\$ 9,044,637
CSN	\$ 36,522,404	\$ 37,053,837	\$ 531,433	\$ 38,256,780	\$ 38,637,964	\$ 381,184
GBC	\$ 3,780,304	\$ 3,780,304	\$ -	\$ 3,924,899	\$ 3,924,899	\$ -
TMCC	\$ 11,633,189	\$ 11,096,559	\$ (536,630)	\$ 12,025,650	\$ 11,470,916	\$ (554,734)
WNC	\$ 4,624,306	\$ 4,356,778	\$ (267,528)	\$ 4,794,258	\$ 4,531,050	\$ (263,208)
NSC	\$ 5,412,115	\$ 6,078,592	\$ 666,477	\$ 5,601,539	\$ 6,266,644	\$ 665,105
Total:	\$ 194,848,808	\$ 206,568,403	\$ 11,719,595	\$ 203,775,499	\$ 218,409,687	\$ 14,634,188

NSHE Revised 2015-17 Biennium Non-Resident Tuition Revenues						
Institution	FY 2016 Gov. Rec.	FY 2016 NSHE Revised	Difference NSHE Revised vs Gov. Rec.	FY 2017 Gov. Rec.	FY 2017 NSHE Revised	Difference NSHE Revised vs Gov. Rec.
UNLV	\$ 27,293,039	\$ 29,957,557	\$ 2,664,518	\$ 27,420,764	\$ 30,089,244	\$ 2,668,480
UNR	\$ 23,511,661	\$ 23,511,661	\$ -	\$ 24,874,442	\$ 24,874,442	\$ -
CSN	\$ 7,449,262	\$ 7,299,511	\$ (149,751)	\$ 7,614,823	\$ 7,404,986	\$ (209,837)
GBC	\$ 231,263	\$ 160,000	\$ (71,263)	\$ 237,045	\$ 164,000	\$ (73,045)
TMCC	\$ 1,120,816	\$ 1,530,325	\$ 409,509	\$ 1,244,326	\$ 1,559,661	\$ 315,335
WNC	\$ 361,289	\$ 332,643	\$ (28,646)	\$ 370,321	\$ 352,901	\$ (17,420)
NSC	\$ 436,057	\$ 463,772	\$ 27,715	\$ 453,499	\$ 482,304	\$ 28,805
Total	\$ 60,403,387	\$ 63,255,469	\$ 2,852,082	\$ 62,215,220	\$ 64,927,538	\$ 2,712,318

Fiscal staff notes that in addition to the registration fee and non-resident tuition revenue revisions reflected in the tables above, the NSHE revisions also included minor reductions to miscellaneous student fee revenues for GBC (\$46,575), CSN (\$8,820), WNC (\$3,200), and TMCC (\$27,079) over the 2015-17 biennium. Including all seven institutions, the technical adjustment to revise each of the student driven non-general fund revenues based on updated projections from NSHE increases funding by \$14.5 million in FY 2016 and by \$17.3 million in FY 2017. As a result, the seven teaching institutions state-supported operating budgets include \$425.0 million in registration fees and \$128.2 million in non-resident tuition over the 2015-17 biennium. These amounts do not include the projected registration fee revenues that will be budgeted in the NSHE self-supported operating budgets. For example, the Board of Regents approved student fee revenue of \$108.0 million in FY 2015 in the NSHE's self-supporting budgets for the seven instructional institutions (Source: 2014-15 Self-Supporting Budget). It would be reasonable to expect that the NSHE would budget at a similar or increased level of student fee revenue in its self-supporting budgets for each year of the 2015-17 biennium.

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

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

4. Medical Education Expansion

- a) UNLV School of Medicine – Major Budget Initiative (E-282, NSHE-59, MAJOR BUDGET INITIATIVES-18): The Governor recommends General Fund appropriations of \$1.2 million in FY 2016 and \$7.1 million in FY 2017 to provide start-up costs for the development of a “full-scale research-intensive” allopathic medical school at UNLV. To account for these new appropriations and expenditures associated with a new UNLV School of Medicine, the Governor recommends the creation of this new operating budget.

The Governor’s recommended budget would support 3 professional and 2 classified positions and continue the planning efforts for the new medical school in FY 2016, delaying General Fund appropriations for the new school by one year in comparison to NSHE’s request. The Governor’s recommended budget supports salaries for 18 professional and 16 classified positions in FY 2017 to continue the planning and accreditation efforts with the Liaison Committee on Medical Education (LCME), and begin the implementation and recruitment efforts of staff and faculty for the new medical school.

The initial entering class for the new UNLV School of Medicine is targeted to include the enrollment of 60 students, with annual class size increases to 65, 80, 100 and 120 students over a four-year period after the inaugural entering class. With the funding requested by NSHE, the entering class was anticipated to enroll in the Fall 2017 semester. With the Governor’s recommendation to delay funding by one year, the NSHE indicates that the entering class could be delayed by one to four years, depending upon approved appropriation levels by the 2017 Legislature, which may have impacts to the timeframe for accreditation and approval from the LCME.

The NSHE indicates that if the new medical school is approved, plans include the construction of a new facility to be built on Clark County land in the Las Vegas Medical District, immediately north of the UNLV Shadow Lane Campus. The building is planned as a 150,000 square foot facility with an estimated project budget of approximately \$80.0 million. The building would include classrooms, study space, gross anatomy teaching facilities, medical simulation facility spaces, faculty offices and other support facilities. The NSHE indicates that the construction project is planned to be funded through donor funding. It is anticipated that construction of the building would be complete, and the facility ready for occupancy in August 2019. Prior to the new facility being completed, the NSHE indicates that an agreement has been reached with the Veterans Affairs (VA) Southern Nevada Healthcare System to rent space in the North Las Vegas VA Medical Center as an interim solution for space.

If the Subcommittee approves recommending funding for the new medical school, the Subcommittee may wish to recommend a letter of intent, directing the NSHE to report to the Interim Finance Committee on a biannual basis, with the first report covering the July 1, 2015, to December 31, 2015, period, identifying milestones reached in the implementation of the new medical school, and direct staff to include any specific reporting requirements in the letter of intent so that expenditures can be analyzed in preparation of future biennia funding requests,

- As the Subcommittee will recall, the NSHE had requested \$26.7 million over the 2015-17 biennium (FY 2016: \$7.1 million, FY 2017: \$19.6 million) for implementation of the school and staff/faculty recruitment, including efforts to achieve accreditation from the Liaison Committee on Medical Education.

Does the Subcommittee wish to approve General Fund appropriations of \$1.2 million in FY 2016 and \$7.1 million in FY 2017 to provide start-up costs for the development of an allopathic medical school at UNLV, as recommended by the Governor?

Does the Subcommittee wish to recommend a letter of intent, directing the NSHE to report to the Interim Finance Committee on a biannual basis, with the first report covering the July 1, 2015, to December 31, 2015, period, identifying milestones reached in the implementation of the new medical school, and direct staff to include any specific reporting requirements in the letter of intent so that expenditures can be analyzed in preparation of future biennia funding requests?

- b) University of Nevada School of Medicine (E-283 & E-285, NSHE-38-39): The Executive Budget recommends General Fund appropriations of \$2.5 million over the 2015-17 biennium to purchase video equipment and fund public medical education expansion through Project Echo Nevada for telehealth linkage that connects university faculty specialists with primary care providers in rural, underserved areas. Of the \$2.5 million, \$480,000 is recommended over the biennium to support 2.66 full-time equivalent (FTE) positions for Project Echo, \$75,000 for Project Echo equipment, and \$500,000 for the purchase of video equipment.

The remaining \$1.5 million of recommended funding supports 8.95 FTE positions in FY 2017 to assist with the Renown Partnership to expand medical education programs for students and resident physicians. The partnership aims to increase the number of physicians who train and practice in Nevada, and support the University of Nevada School of Medicine (UNSOM) to transition to a full four-year campus as part of the overall medical education expansion efforts of the NSHE. The partnership will develop the clinical and academic infrastructure for academic space at Renown Health to support 3rd and 4th year medical student education, expand the existing curriculum available to UNSOM students, and expand residency slots in Northern Nevada.

Overall, the Governor recommends funding of \$38.5 million in FY 2016 and \$38.6 million in FY 2017 for the UNSOM, including General Fund appropriations of \$32.9 million in FY 2016 and \$35.0 million in FY 2017.

Options for Subcommittee Consideration:

- a) **Does the Subcommittee wish to approve the University of Nevada School of Medicine budget, including the enhancement of \$2.5 million in General Fund appropriations over the 2015-17 biennium to purchase video equipment and fund public medical education expansion through Project Echo Nevada and to expand medical education programs for students and resident physicians with the Renown Partnership, as recommended by the Governor?**

OR

- b) **Alternatively, does the Subcommittee wish to not approve the enhancement of \$2.5 million in General Fund appropriations over the 2015-17 biennium to purchase video equipment and fund public medical education expansion through Project Echo Nevada and to expand medical education programs for students and resident physicians with the Renown Partnership, but approve the remainder of the budget as recommended by the Governor?**

5. UNLV Law School (E-277, NSHE-67-68)

The Governor recommends General Fund appropriations of \$1.5 million in each year of the 2015-17 biennium to partially offset a revenue reduction resulting from lower enrollments at the UNLV Boyd School of Law. The NSHE projects an annual revenue reduction at the law school of \$3.0 million beginning in 2016. Due to declining law school enrollments nationwide, the Board of Regents and UNLV Boyd School of Law have intentionally reduced class sizes to maintain student quality. The NSHE indicates that class sizes at the school have been reduced from 150 to 110 students, and that in addition to the requested new General Fund support, a combination of expenditure reductions and fee increases will assist in addressing the reduced funding. In addition, the school indicates it has engaged in private fundraising efforts to secure funds for scholarships,

offset portions of faculty salaries, and the Annual Fund to assist in addressing the revenue shortfall resulting from enrollment reductions. In response to questions following the budget hearing, the NSHE indicates that the \$1.5 million annual increase in General Fund appropriations be treated as a permanent adjustment to base in future biennia.

Staff also notes that in decision unit M-210 (NSHE-67), the Law School is projecting a decrease of fees and tuition of \$1.1 million in FY 2016 and \$944,319 in FY 2017. These appear to be the revenue losses for which the NSHE and Governor recommend \$1.5 million in General Fund appropriations in each year. Instead of only covering its reduced fee and tuition revenue in each year, it appears that the law school will receive funding of \$417,950 in FY 2016 and \$555,681 in FY 2017 in excess of the projected reduction in fee and tuition revenues.

During the budget hearing, the Law School testified the additional funding was intended to offset decreases in the schools self-supporting budget. This would be a departure of money committee policy of approving General Fund appropriations to fund self-supporting budget costs. In response to questions following the budget hearing, the NSHE indicates that funding for five positions was moved from the state-supported operating budget to the Law School's self-supporting budget during the state budget cuts. In addition, the NSHE indicates that \$982,000 in Law Library acquisitions had also been moved to the self-supporting budget from the state-supported operating budget during the state budget cuts. If the increase in General Fund appropriations is approved, the NSHE requests that the five positions and Law Library acquisitions would be moved back to the state-supported operating budget.

Overall, the Governor recommends funding of \$13.5 million in FY 2016 and \$13.6 million in FY 2017 for the Law School, including General Fund appropriations of \$9.4 million in each year of the 2015-17 biennium.

Options for Subcommittee Consideration:

a) **Does the Subcommittee wish to approve the UNLV Law School budget, including the enhancement of \$1.5 million in General Fund appropriations in each year of the 2015-17 biennium to offset a revenue reduction resulting from lower enrollments, as recommended by the Governor?**

OR

b) **Alternatively, does the Subcommittee wish to not approve the enhancement of \$1.5 million in General Fund appropriations in each year of the 2015-17 biennium to offset a revenue reduction resulting from lower enrollments, but approve the remainder of the budget as recommended by the Governor?**

6. Desert Research Institute (DRI) Funding Formula

As directed by the 2013 Legislature, The Executive Budget recommends funding for DRI based on the new formula model for institutional support and research administration functions. The formula model is a sliding scale calculation based on the level of grant activity. State support is calculated at 12 percent of the first \$25 million of grants and contracts. An additional 7.5 percent would be calculated on the next \$5 million in grants and contracts (from \$25 million to \$30 million), 6 percent of the next \$5 million in grants and contracts (from \$30 million to \$35 million), and 5 percent of any additional grants and contracts above \$35 million. The Desert Research Institute's O&M costs continue to be funded using the existing Base, Maintenance, and Enhancement methodology. Based upon the formula, the Governor recommends decreases in General Fund appropriations of \$975,718 and \$1.1 million in FY 2016 and FY 2017, respectively (M-207; NSHE-77). As a result, The Executive Budget recommends General Fund appropriations of \$6.9 million in FY 2016 and \$6.8 million in FY 2017, compared to the FY 2015 legislatively approved amount of \$7.5 million. The

following table represents the Governor's recommended General Fund appropriation funding level for each year of the 2015-17 biennium.

Governor's Recommended Funding for the Desert Research Institute					
FY 2016			FY2017		
Grant & Contract Funds Awarded (Increments)	% Per Step	Gen Fund (Gov Rec)	Grant & Contract Funds Awarded (Increments)	% Per Step	Gen Fund (Gov Rec)
\$ 25,000,000	12.0%	\$ 3,000,000	\$ 25,000,000	12.0%	\$ 3,000,000
\$ 5,000,000	7.5%	\$ 375,000	\$ 5,000,000	7.5%	\$ 375,000
\$ 5,000,000	6.0%	\$ 300,000	\$ 5,000,000	6.0%	\$ 300,000
\$ 868,929	5.0%	\$ 43,446	\$ 868,929	5.0%	\$ 43,446
\$ 35,868,929		\$ 3,718,446	\$ 35,868,929		\$ 3,718,446
	O&M	\$ 3,140,396		O&M	\$ 3,100,563
Total General Fund		\$ 6,858,842	Total General Fund		\$ 6,819,009

In addition to the General Fund appropriations, the Governor recommends other funding of \$148,486 in each year of the 2015-17 biennium for the DRI budget.

- As the Subcommittee will recall, NSHE requested General Fund appropriations of \$125,312 in each year of the biennium, indicating that the amount would provide an increase equal to the funding requested for the seven teaching institutions through a \$5 increase to the WSCH value.
- In addition, NSHE requested General Fund appropriations of \$352,000 in each year of the biennium for bridge funding to assist DRI in adjusting to the decreased appropriations resulting from the funding formula.

Does the Subcommittee wish to approve the Desert Research Institute's budget including the implementation of the new formula model, as recommended by the Governor?

7. Funding for the Non-Formula Budgets without Major Enhancements

The following table reflects the Governor's recommended General Fund appropriations for the NSHE's non-formula state-supported budgets in each fiscal year of the 2015-17 biennium as compared to the legislatively approved funding for FY 2015. These budgets do not contain any major enhancements.

2015-17 Biennium Governor Recommended General Fund Appropriations Compared to FY 2015					
Budget	FY 2015 Gen. Fund (Leg Approved)	FY 2016 General Fund (Gov. Rec.)	% Change Over FY 2015	FY 2017 General Fund (Gov. Rec.)	% Change Over FY 2015
Special Projects	\$ 1,974,778	\$ 1,989,445	0.7%	\$ 1,988,735	0.7%
Intercollegiate Athletics - UNR	\$ 4,972,752	\$ 5,200,306	4.6%	\$ 5,204,327	4.7%
Statewide Programs - UNR	\$ 7,364,608	\$ 8,105,767	10.1%	\$ 8,106,616	10.1%
System Administration	\$ 4,653,275	\$ 4,506,088	-3.2%	\$ 4,500,897	-3.3%
Intercollegiate Athletics - UNLV	\$ 7,049,245	\$ 7,328,356	4.0%	\$ 7,324,002	3.9%
Agricultural Experiment Station	\$ 4,872,744	\$ 5,108,856	4.8%	\$ 5,110,891	4.9%
Cooperative Extension Service	\$ 3,490,641	\$ 3,748,710	7.4%	\$ 3,751,799	7.5%
System Computing Center	\$ 16,870,709	\$ 17,558,385	4.1%	\$ 17,743,953	5.2%
State-Funded Perkins Loan	\$ 35,793	\$ 35,793	0.0%	\$ 35,793	0.0%
University Press	\$ 406,989	\$ 423,876	4.1%	\$ 422,774	3.9%
Statewide Programs - UNLV	\$ 2,866,667	\$ 3,004,580	4.8%	\$ 3,004,186	4.8%
Dental School - UNLV	\$ 7,422,189	\$ 8,214,500	10.7%	\$ 8,302,288	11.9%
Business Center North	\$ 1,829,353	\$ 1,940,955	6.1%	\$ 1,951,821	6.7%
Business Center South	\$ 1,642,847	\$ 1,731,192	5.4%	\$ 1,743,266	6.1%
Health Laboratory and Research	\$ 1,502,862	\$ 1,581,692	5.2%	\$ 1,585,182	5.5%
Education for Dependent Children	\$ -	\$ -	n/a	\$ 5,288	n/a
TOTAL	\$ 66,955,452	\$ 70,478,501	5.3%	\$ 70,781,818	5.7%

The overall increases in General Fund appropriations are mainly driven by adjustments to personnel costs in the base budget, such as the elimination of furlough and classified merit increases. For the Statewide Programs UNR budget, the increase is also attributable to the transfer of the Nevada Industry Excellence program to this budget.

New Base Funding – Education for Dependent Children (NSHE-23): The Governor recommends the inclusion of the Education for Dependent Children budget in The Executive Budget. Pursuant to NRS 396.545, the Trust Account for the Education of Dependent Children was established by the 1995 Legislature, and currently is a non-executive budget, requiring specific legislation to appropriate General Funds to the account. The fund supports costs for registration fees, laboratory fees and expenses for textbooks and course material incurred by dependent children of Public Safety Officers who were killed in the line of duty. Including the budget in The Executive Budget and providing a \$5,288 General Fund appropriation in FY 2017 removes the need for specific legislation to fund this program. The budget includes funding to support the costs of four students in each year of the 2015-17 biennium.

Does the Subcommittee wish to approve the Governor’s recommended 2015-17 biennium funding levels for the NSHE non-formula, state-supported operating budgets, inclusive of establishing the Trust Account for the Education for Dependent Children in The Executive Budget?

Other Closing Items

1. Appropriation Act Language

The 2013 Legislature approved the addition of “back language” to the Appropriation Act (A.B. 507 of the 2013 Session) for the 2015-17 biennium. The added language (Section 55) authorizes the transfer of General Fund appropriations between the NSHE’s state-supported operating budgets subject to the recommendation of the Governor and the approval of the Legislature’s Interim Finance Committee. The 2013 Legislature approved the change in order to provide the NSHE with flexibility to respond to budget adjustments if necessary. Similar language was also approved by the 2011 Legislature.

In addition to the transfer authority considered to implement a system of performance funding, does the Subcommittee wish to continue the NSHE's existing general authority to transfer General Fund appropriations between NSHE budget accounts subject to the recommendation of the Governor and the approval of the Interim Finance Committee?

2. Authorization Act Language

As noted under Major Closing Issue 3, The Executive Budget continues the policy adopted by the 2013 money committees that for purposes of determining the level of General Fund appropriations to be budgeted in NSHE's state-supported operating budgets, projected non-General Fund revenues do not offset the amount of General Fund appropriations that would otherwise be appropriated. As part of the policy decision, language was included in Section 25 of S.B. 521 of the 2013 Session (Authorization Act) allowing the NSHE to balance forward any unexpended non-General Fund revenues to the next fiscal year for authorized purposes.

Does the Subcommittee wish to direct Fiscal staff to include back language in the 2015-17 biennium Authorization Act to authorize the NSHE to balance forward any unexpended non-General Fund revenues to the next fiscal year for authorized purposes in the NSHE state-supported operating budgets?

3. Technical Adjustments

For all NSHE state-supported operating budgets, Fiscal staff requests authority to make any necessary technical adjustments.

ATTACHMENT (3 PAGES)

NSHE PERFORMANCE POOL			
(2013-14 - Year 2 Outcomes for FY2016 Performance Funding)			
		Year 2	
		2013-14 Target	
UNLV (2% Target)	Weights	Points	Weighted Pts.
Bachelor's Degrees	30%	3,777	1,133.1
At-Risk Bachelor's Graduates (Minority x .4)	"	646	193.7
At-Risk Bachelor's Graduates (Pell-Eligible x .4)		314	94.1
Master's and Doctoral Degrees	10%	1,052	105.2
At-Risk Master's and Doctoral Graduates (Minority x .4)	"	118	11.8
At-Risk Master's and Doctoral Graduates (Pell-Eligible x .4)		91	9.1
Sponsored/External Research Expenditures in \$100,000's	15%	474.9	71.2
Transfer Students w/a transferable associate's degree	5%	1,915	95.8
Efficiency - Awards per 100 FTE	20%	25.0	5.0
Economic Development (STEM and Allied Health) Graduates	20%	947	189.4
Economic Development (business and management) Graduates	"	1,491	298.2
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	2,206.6
TOTAL WEIGHTED POINTS - TARGET		--	2,256.0
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			97.8%
FY2016 Performance Pool Funds Earned Back			TBD
UNR (2% Target)	Weights	Points	Weighted Pts.
Bachelor's Degrees	30%	2,743	822.9
At-Risk Bachelor's Graduates (Minority x .4)	"	308	92.5
At-Risk Bachelor's Graduates (Pell-Eligible x .4)		313	94.0
Master's and Doctoral Degrees	10%	730	73.0
At-Risk Master's and Doctoral Graduates (Minority x .4)	"	54	5.4
At-Risk Master's and Doctoral Graduates (Pell-Eligible x .4)		48	4.8
Sponsored/External Research Expenditures in \$100,000's	15%	911.9	136.8
Transfer Students w/a transferable associate's degree	5%	1,483	74.2
Efficiency - Awards per 100 FTE	20%	24.0	4.8
Economic Development (STEM and Allied Health) Graduates	20%	1,315	263.0
Economic Development (psychology) Graduates	"	205	41
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	1,612.3
TOTAL WEIGHTED POINTS - TARGET		--	1,506.4
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			107.0%
FY2016 Performance Pool Funds Earned Back			TBD
NSC (4% Target)	Weights	Points	Weighted Pts.
Bachelor's Degrees	50%	361	180.5
At-Risk Bachelor's Graduates (Minority x .4)	"	65	32.6
At-Risk Bachelor's Graduates (Pell-Eligible x .4)		31	15.6
Gateway Course Completers	5%	764	38.2
Transfer Students w/a transferable associate's degree	5%	403	20.2
Efficiency - Awards per 100 FTE	20%	16.6	3.3
Economic Development (STEM and Allied Health) Graduates	20%	159	31.8
Economic Development (business and management) Graduates	"	36	7.2
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	329.4
TOTAL WEIGHTED POINTS - TARGET		--	281.7
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			116.9%
FY2016 Performance Pool Funds Earned Back			TBD

Year 2
2013-14 Target

CSN (2% Target)	Weights	Points	Weighted Pts.
1 to 2 Year Certificate	10%	238	23.8
At-Risk Certificate Recipients (Minority x .4)	"	47	4.7
At-Risk Certificate Recipients (Pell-Eligible x .4)	"	18	1.8
Associate's and Bachelor's Degrees	30%	2,645	793.5
At-Risk Associate's and Bachelor's Graduates (Minority x .4)	"	499	149.6
At-Risk Associate's and Bachelor's Graduates (Pell-Eligible x .4)	"	261	78.2
Transfer Students w/24 credits or associate's degree	10%	3,376	337.6
Efficiency - Awards per 100 FTE	20%	15.5	3.1
Gateway Course Completers	10%	13,254	1,325.4
Economic Development (STEM and Allied Health) Graduates	20%	878	175.6
Economic Development (business and management) Graduates	"	486	97.2
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	2,990.5
TOTAL WEIGHTED POINTS - TARGET		--	2,665.4
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			112.2%
FY2016 Performance Pool Funds Earned Back			TBD

GBC (2% Target)	Weights	Points	Weighted Pts.
1 to 2 Year Certificate	10%	200	20.0
At-Risk Certificate Recipients (Minority x .4)	"	23	2.3
At-Risk Certificate Recipients (Pell-Eligible x .4)	"	23	2.3
Associate's and Bachelor's Degrees	30%	328	98.4
At-Risk Associate's and Bachelor's Graduates (Minority x .4)	"	28	8.5
At-Risk Associate's and Bachelor's Graduates (Pell-Eligible x .4)	"	45	13.6
Transfer Students w/24 credits or associate's degree	10%	70	7.0
Efficiency - Awards per 100 FTE	20%	30.7	6.1
Gateway Course Completers	10%	1,156	115.6
Economic Development (STEM and Allied Health) Graduates	20%	194	38.8
Economic Development (mechanic and repair technologies) Graduates	"	52	10.4
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	323.0
TOTAL WEIGHTED POINTS - TARGET		--	299.8
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			107.7%
FY2016 Performance Pool Funds Earned Back			TBD

GBC's adjusted Year 2 target is 306.7. It over performed by the 6.9 weighted points needed in 2013-14 to earn back the 2.4 percent of funding not earned in 2012-13.

TMCC (2% Target)	Weights	Points	Weighted Pts.
1 to 2 Year Certificate	10%	93	9.3
At-Risk Certificate Recipients (Minority x .4)	"	11	1.1
At-Risk Certificate Recipients (Pell-Eligible x .4)	"	29	2.9
Associate's Degrees	30%	1,191	357.3
At-Risk Associate's Graduates (Minority x .4)	"	153	45.8
At-Risk Associate's Graduates (Pell-Eligible x .4)	"	182	54.5
Transfer Students w/24 credits or associate's degree	10%	1,067	106.7
Efficiency - Awards per 100 FTE	20%	23.0	4.6
Gateway Course Completers	10%	4,207	420.7
Economic Development (STEM and Allied Health) Graduates	20%	394	78.8
Economic Development (precision production) Graduates	"	9	1.8
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	1,083.5
TOTAL WEIGHTED POINTS - TARGET		--	1,012.6
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			107.0%
FY2016 Performance Pool Funds Earned Back			TBD

TMCC's adjusted Year 2 target is 1,020.5. It over performed by the 7.9 weighted points needed in 2013-14 to earn back the 1 percent of funding not earned in 2012-13.

Year 2
2013-14 Target

WNC (2% Target)	Weights	Points	Weighted Pts.
1 to 2 Year Certificate	10%	33	3.3
At-Risk Certificate Recipients (Minority x .4)	"	4	0.4
At-Risk Certificate Recipients (Pell-Eligible x .4)		8	0.8
Associate's and Bachelor's Degrees	30%	531	159.3
At-Risk Associate's and Bachelor's Graduates (Minority x .4)	"	44	13.3
At-Risk Associate's and Bachelor's Graduates (Pell-Eligible x .4)		98	29.5
Transfer Students w/24 credits or associate's degree	10%	263	26.3
Efficiency - Awards per 100 FTE	20%	26.2	5.2
Gateway Course Completers	10%	1,632	163.2
Economic Development (STEM and Allied Health) Graduates	20%	127	25.4
Economic Development (construction trades) Graduates	"	16	3.2
TOTAL WEIGHTED POINTS - ACTUAL	100%	--	429.9
TOTAL WEIGHTED POINTS - TARGET		--	399.5
FY 2016 Performance Funding Carve-Out			TBD
Percent of Target Achieved			107.6%
FY2016 Performance Pool Funds Earned Back			TBD

Title: W.I.C.H.E. ADMINISTRATION
 Account: 101 - 2995

Budget Page: WICHE-3, Volume I

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
GENERAL FUND	328,459	338,108	2.94	350,617	3.70	353,708	0.88
REVERSIONS	(2,396)						
Total Revenues	326,063	338,108	3.69	350,617	3.70	353,708	0.88
Total FTE		2.20		2.00		2.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Increase General Fund appropriation to add payroll assessment	87	87
M300	00	2501	Decrease General Fund appropriation for payroll assessment adjustment	(11)	(11)
E286	00	2501	Increase General Fund appropriation to add payroll assessment	101	101
Sub-total				177	177
Line Item Changes to Revenues				177	177

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	01	5000	Adjust payroll assessment	87	87
M300	01	5000	Adjust payroll assessment	(11)	(11)
E286	01	5000	Adjust payroll assessment	101	101
Sub-total				177	177
Line Item Changes to Expenditures				177	177

Total	0	0
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Grand Total General Fund Impact of Closing Changes	177	177
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Overview

This budget provides for the costs of administering Nevada's Western Interstate Commission for Higher Education (WICHE) program, including the Professional Student Exchange Program (PSEP) and Health Care Access Program (HCAP) stipends and loans paid out of the WICHE Loan and Stipend budget. The WICHE administrative budget is funded entirely from State General Fund appropriations. Pursuant to NRS Chapter 397, a three-member commission appointed by the Governor oversees the Nevada WICHE program and Nevada's participation in the regional consortium. One Commissioner must be an educator engaged in the field of higher education in Nevada. The term for each Commissioner is four years. As a cost-saving measure, the 2009 Legislature approved the Governor's recommendation to transfer the WICHE program to the Nevada System of Higher Education (NSHE).

Major Closing Issue

Transition of WICHE from NSHE Back to an Independent Entity

Discussion of Major Closing Issue

Transition of WICHE from NSHE Back to an Independent Entity (E-286, WICHE-4): As indicated in the overview, WICHE was organizationally transferred from being a standalone commission to the Nevada System of Higher Education (NSHE) effective in FY 2010 to facilitate efficiency and effectiveness

of the program, generate cost savings, and to enhance the administrative functioning of WICHE. The transfer included the elimination of 1.5 full-time equivalent positions consisting of the full-time WICHE Director and a part-time Program Officer. The budget retained a Program Officer position to serve as the WICHE Director and an Account Technician. The agency also paid a portion of a Budget Analyst (0.20 FTE) position at NSHE. As approved by the Nevada WICHE Commission at its October 6, 2014, meeting, The Executive Budget proposes to reverse the previous action and restore the WICHE as an independent entity no longer under the NSHE administrative structure. The recommendation does not include the restoration of previously eliminated positions but does include elimination of the 0.20 FTE for NSHE budget support.

The Nevada WICHE Commission approved the reclassification of the classified Program Officer position that was fulfilling the duties of the previously eliminated Director position, to a professional Director level position effective October 1, 2011, at its August 29, 2011, meeting. Prior to the transfer of WICHE to NSHE, the Director position was included in the unclassified service of the state, and as such, the position's maximum salary amount was set in the unclassified pay bill. As recommended in The Executive Budget, the Director position would serve in the unclassified service if WICHE is restored as an independent entity, and as such, the position's salary would be set in the Unclassified Pay Bill. There is no recommended change to the salary level of the Director position.

The WICHE Commission indicates the move would allow for greater efficiency and effectiveness, and to address consistency issues currently experienced. WICHE indicates the recommendation would allow the WICHE Commission to operate independently from the Board of Regents, allow for standalone flexibility in decision-making, and eliminate administrative conflicts for WICHE staff who currently are NSHE employees, but still have the responsibility to support the WICHE Commission in executing its statutory duty. The NSHE concurs with the proposed change. There would be no required statutory changes to facilitate the recommendation.

No new funding is included in The Executive Budget to facilitate the recommendation as the commission indicates there is no fiscal impact resulting from the transfer. However, Fiscal staff has made a technical adjustment to add the Division of Human Resource Management payroll assessment for the two WICHE staff, increasing General Fund appropriations by \$177 in each fiscal year of 2015-17 biennium. The WICHE staff are currently located at the NSHE System Administration Office on the University of Nevada, Reno campus. WICHE indicates that they are currently in the process of securing office space to relocate. The recommended budget does include funding for non state-owned building rent.

Does the Subcommittee wish to approve the Governor's recommendation to restore the Nevada Western Interstate Commission for Higher Education as an independent entity no longer under the Nevada System of Higher Education administrative structure, with the technical adjustment noted by Fiscal staff?

Informational Item – No Action Required

Senate Bill 195, as amended by the Senate Committee on Education, and passed by the Senate on April 15, 2015, would establish the Office of the Western Regional Higher Education Compact within the Office of the Governor. Fiscal staff understands that both the Office of the Governor and the Nevada WICHE Commission support the recommendation to move WICHE under the Office of the Governor. If the legislation is approved, there would be no fiscal impact to the budget. However, Fiscal staff notes that the bill, unless amended, would place the employees of the office in the non-classified service of the state. Senate Bill 195 was approved by the Assembly Committee on Education on April 29, 2015.

Title: W.I.C.H.E. LOAN & STIPEND
 Account: 101 - 2681

Budget Page: WICHE-6, Volume I

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(15,821)	33,588	(312.30)				
GENERAL FUND	724,451	757,357	4.54	765,994	1.14	773,572	0.99
OTHER FUND	442,102	293,965	(33.51)	338,460	15.14	367,178	8.48
REVERSIONS	(142,495)						
Total Revenues	1,008,237	1,084,910	7.60	1,104,454	1.80	1,140,750	3.29

Total FTE

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total

0 0

Grand Total General Fund Impact of Closing Changes

0 0

Overview

In 1959, the Nevada Legislature approved Nevada's participation as a member of the Western Interstate Commission for Higher Education (WICHE) to provide educational assistance to Nevada students seeking education in health care-related professional fields of study not offered by higher education institutions within Nevada. The 16 WICHE members are Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, and the Commonwealth of the Northern Mariana Islands.

The Nevada WICHE program manages Nevada's participation in the regional Professional Student Exchange Program (PSEP) and the Nevada-oriented Health Care Access Program (HCAP). The PSEP is a loan forgiveness program that funds high-need fields including optometry, pharmacy and veterinary medicine, in return for admission preference and reduced tuition. The HCAP was approved by the 1997 Legislature and expanded the mission of the WICHE program by providing an option for students to receive financial support to earn health profession degrees at in-state public and private institutions. For both programs, WICHE support for participants is provided by means of a "support fee" comprised of a loan component and a stipend component. Repayment of all or part of the stipend component can be waived if the student returns to, or remains in, Nevada and practices his profession in the state.

Professional Student Exchange Program (PSEP)

With the exception of pharmacy students, Nevada PSEP students typically attend out-of-state institutions. The main aspects of the PSEP are:

- Students accepted in the PSEP generally receive preference in admission and pay reduced tuition -- typically in-state tuition at public institutions and approximately one-third the standard tuition at private institutions;
- Students' out-of-state tuition will be reduced by the support fee amount, which varies by academic field, are established by the regional WICHE office, are uniform across states and institutions, and are intended to reduce the cost of the students' tuition;
- 25 percent of the total support fee is a loan which must be repaid, with interest (8 percent), within 5 to 10 years after graduation (NV specific rule);
- 75 percent of the support fee is a stipend for which repayment is waived if the student returns to Nevada upon graduation and practices the same number of years for which financial assistance was provided. Students who do not practice in Nevada upon graduation are required to repay the entire support fee (loan & stipend) plus interest (8 percent) (NV specific rule).

Health Care Access Program (HCAP)

The HCAP program offers two financial support options: a support fee paid to a school on behalf of a new or current student and a support fee paid to the student loan processor on behalf of an already graduated, licensed and working health care professional. The main aspects of the HCAP program are:

- Students do not receive admission preferences, however, the WICHE program pre-screens and selects the most outstanding applicants in their particular field;
- Support fee levels are established by the Nevada WICHE Commission;
- 10 percent of the total support fee is a loan which must be repaid, with interest (8 percent), within 10 years after graduation;
- 90 percent of the support fee is a stipend, which is waived if the student practices for two years in a medically underserved area or with a medically underserved population in Nevada. Students who do not do so may be required to repay triple the support fee (loan & stipend) plus interest.
- A licensed health care professional practicing in a medically underserved area or with a medically underserved population in Nevada can apply for student loan repayment support on an annual basis. If approved, WICHE pays the student support fee directly to the professional's student loan processor.

As shown below, in FY 2014, WICHE supported a total of 66 participants (35 PSEP and 31 HCAP) who attended optometry, pharmacy, physician assistant, veterinary medicine, physical therapy, and nursing programs in the following states:

FY 2014 Distribution of Nevada WICHE Students

<u>State</u>	<u># Students</u>	<u>State</u>	<u># Students</u>
Arizona	1	Nevada	35
California	3	Oregon	13
Colorado	10	Washington	4

An additional 21 HCAP loan repayment slots for dental, nursing and mental health professionals were funded and filled in FY 2014. WICHE indicates that no slots remained unfilled in FY 2014 as non-General Fund revenues were sufficient to fill budgeted slots at capacity.

The Executive Budget recommends General Fund support of \$765,994 in FY 2016 and \$773,572 in FY 2017, or \$1.54 million for the 2015-17 biennium. This is an increase of \$57,758, or 3.9 percent, from the \$1.48 million in General Fund support for the 2013-15 biennium. Total recommended funding is \$1.1 million in each year of the 2015-17 biennium.

Major Closing Issue

PSEP and HCAP Participant Slot Changes

Discussion of Major Closing Issue

PSEP and HCAP Participant Slot Changes (E-276, WICHE-6): As presented to the Subcommittee at the February 24, 2015, budget hearing, the Governor recommends a total of 64 slots in FY 2016 and 56 slots in FY 2017. However, at that time, the per slot fees and number of participants in the recommended HCAP Psychiatric Nursing Pilot program was unknown. The Nevada WICHE Commission has subsequently finalized the slot fees and recommended number of participants. As revised, a total of 76 slots in FY 2016 and 59 slots in FY 2017 are recommended. This is a decrease of 13 slots in FY 2016 from the 89 approved for FY 2015 by the 2013 Legislature, as reflected in the table below. The decrease in the number of slots is the result of a structural change to the HCAP in support of behavioral mental health expansion through the creation of two new professional areas: Psychology Internships and Post-graduate Psychiatric Nurses. The two new programs are discussed in more detail below, along with additional changes to program areas. The recommended slots for the 2015-17 biennium have been approved by the Nevada WICHE Commission and are the result of a healthcare workforce needs assessment. Attachment A is the detailed participant slot matrix contained in The Executive Budget for the 2015-17 biennium.

PSEP and HCAP Participant Slots for FY 2014 through FY 2017				
Programs	FY 2014 Actual	FY 2015 Leg Approved	FY 2016 Gov Rec	FY 2017 Gov Rec
PSEP Slots	41	42	45	48
HCAP Tuition Assistance Slots	25	26	10	0
HCAP Loan Repayment Slots	21	21	0	0
HCAP Mental Health Expansion Project (recommended)	n/a	n/a	21	8
Total:	87	89	76	56

Professional Student Exchange Program (PSEP)

For the 2015-17 biennium, the professions recommended for state support in PSEP are optometry (continuing students only), pharmacy, physical therapy, physician assistant and veterinary medicine. The Executive Budget includes support for 45 PSEP students in FY 2016 at a cost of \$857,854, and 48 PSEP students in FY 2017 at a cost of \$940,750. By way of comparison, 42 slots were approved for FY 2015, at a cost of \$830,172. A combination of General Fund appropriations, student loan/stipend repayments, loan interest and student fees (all non-General Fund sources are reflected in The Executive Budget as miscellaneous revenue) fund the support fees paid on each student’s behalf. As shown in Attachment A, the “Student Slot Matrix,” 14 slots would be filled by new students and 31 slots would support continuing students in FY 2016, and 14 slots for new students and 34 slots for continuing students in FY 2017. There are two notable changes to the professions recommended in the PSEP program, as follows.

1. The phased elimination of optometry. No new slots are recommended beginning in FY 2016; however, since the loan duration is for a four-year period for participants, funding would continue to be budgeted for continuing participants through FY 2018. The agency testified during the February 24, 2015, budget hearing that the optometry slots were being phased out as the result of a shift in priorities and as the result of having a sufficient number of optometrists statewide.

2. The addition of physical therapy (2 new, 4 continuing). These slots were previously funded in the HCAP program. The agency indicates that the shift of slots from the HCAP program to the PSEP program will provide Nevada residents expanded access opportunities in that they could attend either the University of Nevada, Las Vegas, or out-of-state institutions at a reduced cost that offer Physical Therapy programs.

Health Care Access Program (HCAP)

For the 2015-17 biennium, the professions recommended for state support in HCAP are mental health and nursing. The Executive Budget includes support for a total of 31 HCAP slots in FY 2016 at a cost of \$246,596, and 11 slots in FY 2017 at a cost of \$199,994. By way of comparison, 47 HCAP slots were supported in FY 2015, at a cost of \$221,150. As with the PSEP slots, a combination of General Fund appropriations, student loan/stipend repayments, loan interest and student fees fund the support fees paid on each student's behalf. Changes to the recommended slots in the HCAP program are as follows:

1. Physical therapy slots are recommended to shift from the HCAP program to the PSEP program;
2. Dentistry slots are recommended for elimination for the 2015-17 biennium. In response to a question from the Subcommittee regarding the elimination of the dentistry slots, the WICHE testified that it had analyzed the relative need for slots for each profession in Nevada and realized that numerous slots offering small stipends were not influencing or impacting the number of practitioners. As a change in its priorities, the WICHE testified that the funding previously used to support dentistry slots would be repurposed for the expanded mental health programs;
3. Existing annual mental health slots, are recommended to be replaced by new doctoral psychology internship slots (Mental Health Expansion). During the budget hearing, the WICHE testified that the state's psychology slots are at 50 percent of the state's need in comparison to the national average. The new program would provide annual support of \$37,500 for four internship slots in each year of the 2015-17 biennium. WICHE indicates that the internships would be served at the following four locations: Southern Nevada Adult Mental Health System, Northern Nevada Adult Mental Health System, Carson Mental Health Center, and Lake's Crossing;
4. No new professional slots are recommended for the existing 2-year nursing slots. However, funding is recommended in FY 2016 to fulfill the second year obligation for continuing participants;
5. There are 17 new slots for post-graduate psychiatric nurses recommended in FY 2016, with 7 of the slots continuing in FY 2017. In coordination with the Department of Health and Human Services (DHHS) and the Orvis School of Nursing at the University of Nevada, Reno, this new program would support the costs associated with post-graduate psychiatric nurses achieving credentials. The recommended slot matrix would fund 10 slots in FY 2016 to offer coursework for psychiatric nurse credentialing and competencies for participants to become certified for psychiatric medication management. The per slot fee was finalized by the Nevada WICHE Commission after the budget hearing, and is recommended at \$2,400 in FY 2016.

In addition, 7 slots are recommended for a two-year program that would allow registered nurses (RNs) to become Advanced Practice Registered Nurses (APRNs) and offer psychiatric coursework that may allow the participants to test for national certification. The per slot fee for this part of the program is \$6,428 in FY 2016 and \$7,142 in FY 2017.

Does the Subcommittee wish to approve the Nevada WICHE Commission's recommended PSEP and HCAP student slot matrix with total funding of \$1.1 million in each year of the 2015-17 biennium, and authorize Fiscal staff to make any necessary technical adjustments?

Other Closing Items

Letter of Intent Issued by 2013 Legislature: The 2013 Legislature's money committees continued (reissued) the letter of intent issued to WICHE by the 2009 and 2011 Legislatures' money committees permitting WICHE to administratively adjust the number of slots per profession to meet student demand. The money committees directed that WICHE inform LCB Fiscal staff in writing of any changes to the mix of slots approved by the Legislature within 30 days from the date the number of slots is altered so that the information could be reported to the Interim Finance Committee on a semi-annual basis. The money committees also requested that WICHE report on an annual basis if slots had been reduced because of insufficient repayment revenues being received. According to WICHE, the mix of slots did not change in the 2013-15 biennium.

Additionally, the 2013 Legislature's money committees approved WICHE's request to be allowed to balance forward unexpended fee revenues received after May 15 of each year if the balanced forward revenues were to be expended on increasing the number of Health Care Access Program (HCAP) loan repayment slots. In FY 2014, \$33,588 was balanced forward to FY 2015 and will be applied to loan repayments for the HCAP.

Does the Subcommittee wish to issue a letter of intent permitting WICHE to continue to administratively adjust the number of slots per profession to meet student demand, as well as to permit WICHE to balance forward unexpended fee revenues received after May 15 of each year to increase the number of HCAP slots?

Informational Item – No Action Required

Senate Bill 76 makes various updates to the Western Regional Higher Education Compact; authorizes the Nevada WICHE Commission to adopt regulations to carry out the provisions of the compact and to delegate certain functions; and amends requirements for allocation and forgiveness of stipends. Language in Section 5 of the bill authorizes WICHE to choose applicants for a program of a 100 percent stipend and prohibits WICHE from discriminating applicants based on residency. This language is necessary to implement the recommended psychology internship slots. The Senate Committee on Education approved an Amend, Do Pass for the bill on February 19, 2015, and the bill was re-referred to the Senate Committee on Finance on April 8, 2015.

ATTACHMENT (1 page)

Nevada Western Interstate Commission for Higher Education
 Governor's Recommended 2015-2017 Biennial Budget
 Loan & Stipend (Programs) Account 2681

FIELD	2014-15				2015-2016				2016-2017						
	NEW	CONT	TOTAL	FEE	FUNDING	NEW	CONT	TOTAL	FEE	FUNDING	NEW	CONT	TOTAL	FEE	FUNDING
REGIONAL: PROFESSIONAL STUDENT EXCHANGE PROGRAM (PSEP)															
OPTOMETRY															
TOTAL-4 Year Program	2	5	7	\$ 16,800	\$ 117,600	0	5	5	\$ 17,100	\$ 85,500	0	4	4	\$ 17,425	\$ 69,700
PHARMACY*															
4 Year Program	0	0	0	\$ 7,400	\$ -	0	1	1	\$ 7,525	\$ 7,525	0	1	1	\$ 7,700	\$ 7,700
3 Year Program						5	8	13	\$ 10,033	\$ 130,429	5	10	15	\$ 10,267	\$ 154,000
UOP Years 1 & 2	2	2	4	\$ 11,100	\$ 44,400										
UOP Year-3	0	0	0	\$ 7,400	\$ -										
MDWST Yrs 1 & 2	0	0	0	\$ 9,867	\$ -										
MDWST Year-3	0	0	0	\$ 9,867	\$ -										
Roseman	3	7	10	\$ 9,867	\$ 98,670										
TOTAL	5	9	14		\$ 143,070	5	9	14		\$ 137,954	5	11	16		\$ 161,700
PHYSICAL THERAPY															
TOTAL	0	0	0		\$ -	2	4	6	\$ 14,300	\$ 85,800	2	4	6	\$ 14,575	\$ 87,450
PHYSICIAN ASSISTANT															
TOTAL-2 Year Program	3	3	6	\$ 16,667	\$ 100,002	3	3	6	\$ 17,000	\$ 102,000	3	3	6	\$ 17,250	\$ 103,500
VETERINARY MEDICINE															
TOTAL-4 Year Program	4	11	15	\$ 31,300	\$ 469,500	4	10	14	\$ 31,900	\$ 446,600	4	12	16	\$ 32,400	\$ 518,400
PSEP TOTAL:	14	28	42		\$ 830,172	14	31	45		\$ 857,854	14	34	48		\$ 940,750
NEVADA: HEALTH CARE ACCESS PROGRAM (HCAP)															
DENTISTRY															
Federal-Match Program	2	2	4	\$ 14,400	\$ 57,600										
Loan-Repayment	3	1	4	\$ 14,400	\$ 57,600										
TOTAL	5	3	8		\$ 115,200										
MENTAL HEALTH:															
Federal-Match Loan-Repay.	2	2	4	\$ 2,000	\$ 8,000										
Loan-Repayment:	2	2	4	\$ 2,000	\$ 8,000										
Psychology Internships						4	0	4	\$ 37,500	\$ 150,000	4	0	4	\$ 37,500	\$ 150,000
TOTAL	4	4	8		\$ 16,000	4	0	4		\$ 150,000	4	0	4		\$ 150,000
NURSING															
Loan-Repayment	3	2	5	\$ 1,450	\$ 7,250										
Undergraduate	7	7	14	\$ 2,400	\$ 33,600	0	7	7	\$ 2,400	\$ 16,800					
Masters	2	2	4	\$ 2,400	\$ 9,600	0	2	2	\$ 2,400	\$ 4,800					
PhD	1	1	2	\$ 5,100	\$ 10,200	0	1	1	\$ 6,000	\$ 6,000					
Psychiatric Nursing Pilot:															
Psychiatric Credentialing						10	0	10	\$ 2,400	\$ 24,000					
RN to APRN Program						7	0	7	\$ 6,428	\$ 44,996	0	7	7	\$ 7,142	\$ 49,994
TOTAL	13	12	25		\$ 60,650	17	10	27		\$ 96,596	0	7	7		\$ 49,994
PHYSICAL THERAPY															
Year-1	2	0	2	\$ 7,300	\$ 14,600										
Year-2	0	2	2	\$ 6,250	\$ 12,500										
Year-3	0	2	2	\$ 1,100	\$ 2,200										
TOTAL	2	4	6		\$ 29,300										
HCAP TOTAL	24	23	47		\$ 221,150	21	10	31		\$ 246,596	4	7	11		\$ 199,994
ALL FIELDS - TOTAL	38	51	89		\$ 1,051,322	35	41	76		\$ 1,104,450	18	41	59		\$ 1,140,744